12 May 2014

KEFI Minerals Plc.
("KEFI" or the "Company")

Results for the twelve months to 31 December 2013

KEFI Minerals Plc (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, announces its full year results for the twelve months ended 31 December 2013.

FY 2013 Highlights

- Foundations laid to transition from exploration phase to become a developer and producer of gold
- Strategically focused to become a key gold producer in the Arabian-Nubian Shield (ANS), which is similar to the Precambrian shields of Australia and Canada, but underexplored
- Acquired 75% of the advanced Tulu Kapi gold project in Ethiopia, which contains 2Moz JORC compliant Mineral Resources, including 1Moz Probable Reserves
- Significant progress made with Jibal Qutman project in the Kingdom of Saudi Arabia: PFS commenced in September and concluded, post period end, in March 2014
- Ended the year with 1.7Moz attributable JORC compliant Mineral Resources

Tulu Kapi Project

- Acquired 75% of the advanced Tulu Kapi project, from Nyota Minerals (Ethiopia) Limited ("Nyota"), in Ethiopia for £4.5m
- Approximately $50m spent by previous owner to reach Definitive Feasibility Study ("DFS") stage identifying Ore Reserves of 1.0Moz
- During due diligence, identified that, by adopting a revised development strategy, which included selective mining of the orebody, the Company could potentially reduce the capital requirement and increase the grade of material mined

Jibal Qutman Project

- In May 2013, posted maiden JORC compliant Inferred Resources and shortly thereafter announced 33% increase in total Inferred Resources
- Accelerated expansion of mineralisation on all four drilled deposits
- In November 2013, increased JORC compliant Resource again with approximately 77% of the total resource, by volume, upgraded to an Indicated Resource category
- New area of mineralisation discovered, called the East Zone, and drill tested

Post Period Highlights

Tulu Kapi Project

Operational Update:

- Progressing towards implementation of revised strategy to reduce capital expenditure
- VAT liability settled with Ethiopian Government with an agreed three-year payment schedule
- Trenching commenced in February 2014 to aid geological structural interpretation
- Drilling programme underway and independent consultants formally engaged to modify DFS
- Expected to complete revised DFS and Mining Licence application by Q4 2014

Resource Upgrade:

- Tulu Kapi Mineral Resource increased to 2.05Moz (24.1Mt at 2.64g/t Au) and upgraded to 90% being classified in the Indicated category

Jibal Qutman Project

Operational Update:

- Development drilling continues and mineralisation remains open in three of the five adjacent open pits
- In March 2014, completed the Pre-feasibility Study: Mining Licence Application for review within the Company's Gold and Minerals joint venture ("G&M") ahead of submittal to the authorities

Resource Upgrade:

- In February 2014, JORC compliant Mineral Resource increased to 495Koz and upgraded to 88% being classified in the Indicated category
- Drilling on three deposits with best RC drill results of 17m at 1.92g/t Au (including 7m at 3.53g/t Au), 16m at 1.24g/t Au (including 6m at 2.35g/t), 18m at 1.07g/t Au and 7m at 1.33g/t Au

Jeffrey Rayner, Managing Director of KEFI Minerals, said: "In 2013 we strategically moved ourselves a step closer to becoming a gold developer through the acquisition of the Tulu Kapi project in Ethiopia. Since the acquisition, as indicated by the resource upgrade and other work-in-progress, this project is performing ahead of our high expectations. We are also pleased to report the substantial progress made in our Jibal Qutman project.

"Looking ahead, we have entered 2014 in a better position than any previous occasion with a stronger team and portfolio of projects in the underexplored Arabian Nubian Shield. We are on track this year to complete the Definitive Feasibility Study for Tulu Kapi and re-activation of its mining licence, and the submission of a Mining Licence application for Jibal Qutman. As a result of this, and the tight planning, the Board is confident of commencing production in 2016."

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Further information on KEFI Minerals is available at www.kefi-minerals.com

KEFI Minerals reports in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

References in this announcement to exploration results and resources have been approved for release by Mr Jeffrey Rayner (BSc.Hons). Mr Rayner is a geologist and has more than 25 years relevant experience in the field of activity concerned. He is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has consented to the inclusion of the material in the form and context in which it appears.

Operational Review

2013 has been a period of growth and evolution for KEFI Minerals during which the Company set down foundations through the substantial resource increase for Jibal Qutman and the transformational acquisition of the Tulu Kapi project in Ethiopia. These assets provide KEFI with a healthy platform that envisages gold production commencing in 2016 and progressing towards a targeted production-rate of 80,000 ounces per year in 2017.

The Company finished the year with Mineral Resources totalling with 1.7 million attributable gold ounces of JORC compliant Mineral Resources and surrounded by exciting potential for greater growth through further exploration.

The key milestones achieved during the period include:

- **May 2013**: Maiden Resource for Jibal Qutman of 313,000 ounces
- **November 2013**: Jibal Qutman Resource increased to 480,000 ounces
- **December 2013**: Acquisition of Tulu Kapi

Post period, the momentum continued and the Company reported the following:

- **March 2014**: Jibal Qutman Resource increased to 495,000 ounces and upgraded to 88% being classified in the Indicated category
- **March 2014:** Tulu Kapi Resource increased to 2.05 million ounces and upgraded to 90% being classified in the Indicated category

Key Objectives for Ethiopia - Tulu Kapi

Since acquiring Tulu Kapi in December 2013, the Company has been reviewing and interpreting the extensive data already assembled as well as trenching and drilling to collect further data.

As stated previously, KEFI is pursuing its own revised strategy for Tulu Kapi. The planned size of the processing plant has been reduced to a targeted 1.2 million tonnes per annum ("Mtpa"), which is expected to deliver the following potential advantages:

- Reduce capital expenditure by circa 50%
- Increase the mined gold head grade
- Improve project returns and thereby facilitate the necessary financing

The Company's objectives and work programme for the remainder of 2014 at Tulu Kapi include:

- Completing the trenching and RC drilling program to confirm and extend current resource
- Updating the resource and reserve estimates
- Progressing financing proposals with potential lenders, including development banks
- Completing a refined DFS
- Reactivation of the Mining Licence application

This work programme is aimed at achieving a target gold production of circa 80,000-85,000 ounces per year with the ramp-up commencing in 2016, which should provide robust cash flows by producing gold at a targeted All-in Costs (including operating, capital and closure) of circa $700 per ounce. There is also potential for expanding the open-pit under higher gold price scenarios and for discovering satellite deposits.

Key Objectives for Saudi Arabia - Jibal Qutman

Since the Jibal Qutman Exploration Licence was granted in July 2012, KEFI Minerals has rapidly advanced this project from grassroots exploration to delineation of an Indicated resource and to completion of a PFS, which is required in order to submit a Mining Licence application. However, it is important to note that mineralisation remains open in three of the five adjacent potential open pits included in the mineral resource and drilling is continuing to expand the resources.

Drilling to date has already identified a JORC compliant resource of 16.7 million tonnes at 0.92g/t gold, containing 495,000 ounces (with 88% in the Indicated category).

In March 2014, the PFS was completed for review with partner ARTAR, the G&M joint venture partner, and by the Saudi authorities. Financial modelling has indicated a profitable carbon-in-leach ("CIL") operation with All-in Costs (including operating, capital and closure) less than $1,000 per ounce.

Jibal Qutman's work programme for 2014 is summarised below:

- Further drilling aimed at further increasing resources and improving project economics
- Update the resource estimate and announce initial reserve estimate
- Submit the Mining Licence application
- Initiate a DFS

This work programme prudently progresses the permitting and evaluation of Jibal Qutman.

<u>Outlook</u>

KEFI Minerals is now positioned as the operator of two gold development projects as well as a cost-effective explorer of its portfolio in the highly prospective Arabian-Nubian Shield, which is one of the largest underexplored mineral provinces in the world.

KEFI is also prioritising prospects for drilling in order to provide further resources for its two key projects as well as advancing grassroots prospects within the updated business plan.

In Saudi Arabia, drilling results during 2013 have highlighted the quality of the granted Exploration Licences ("ELs"). The Company continues to wait for more ELs to be granted so that it can progress to drilling very prospective targets already identified from surface sampling and reconnaissance by KEFI Minerals, as well as historical mine workings in some areas.

In Ethiopia, the potential of ELs near Tulu Kapi have been evaluated and the trenching and RC drilling on high priority targets have already commenced.

The Board is confident that the chosen strategy, combined with the appropriate mix of technical and financial expertise, will enable the Company to prudently progress the projects into profitable gold mines with the aim of maximising and returning value to shareholders via share price appreciation and dividends.

Consolidated statement of income statement

Year ended 31 December

	Notes	2013	2012
Revenue		**-**	-
Exploration costs		**(148)**	(93)
Gross loss		**(148)**	(93)
Administrative expenses		**(779)**	(716)
Share-based payments	16	**(286)**	(265)
Share of loss from jointly controlled entity	17	**(1,228)**	(612)
Change in value of available-for-sale financial assets	12	**2**	(33)
Operating loss	5	**(2,439)**	(1,719)
Interest income		**4**	-
Foreign exchange loss		**(158)**	(9)
Loss before tax		**(2,593)**	(1,728)
Tax	7	**-**	-
Loss for the year		**(2,593)**	(1,728)
Other comprehensive income:			
Exchange differences on translating foreign operations		**(7)**	21
Total comprehensive loss for the year		**(2,600)**	(1,707)
Basic and fully diluted loss per share (pence)	8	**(0.53)**	(0.39)

The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. Loss after taxation amounting to GBP2.5 million (2012: GBP1.5 million) has been included in the financial statements of the parent company.

The following notes are an integral part of these consolidated financial statements.

Statements of financial position

31 December

	Notes	The Group 2013	The Company 2013	The Group 2012	The Company 2012
ASSETS					
Non-current assets					
Property, plant and equipment	9	**252**	**-**	1	-
Intangible assets	10	**6,900**	**-**	-	-
Fixed asset investments	11.1	**-**	**3,097**	-	1
Investments in joint ventures	11.2	**-**	**181**	67	181
		7,152	**3,278**	68	182
Current assets					
Financial assets at fair value through profit or loss	12	**80**	**12**	10	10
Trade and other receivables	13	**655**	**594**	302	249
Cash and cash equivalents	14	**3,279**	**3,231**	1,924	1,910
		4,014	**3,837**	2,236	2,169
Total assets		**11,166**	**7,115**	2,304	2,351
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	**8,535**	**8,535**	4,712	4,712
Share premium	15	**7,660**	**7,660**	4,439	4,439
Share options reserve	16	**794**	**794**	541	541
Foreign exchange reserve		**(156)**	**-**	(149)	-
Accumulated losses		**(10,062)**	**(10,006)**	(7,502)	(7,563)
		6,771	**6,983**	2,041	2,129
Non-controlling interest	11.1	**1,032**	**-**	-	-
Total equity		**7,803**	**6,983**	2,041	2,129
Current liabilities					
Trade and other payables	18	**3,363**	**132**	263	222
		3,363	**132**	263	222
Total liabilities		**3,363**	**132**	263	222
Total equity and liabilities		**11,166**	**7,115**	2,304	2,351

Consolidated statement of changes in equity

Year ended 31 December 2013

Attributable to the owners of the Company

	Share capital	Share premium	Share options reserve	Foreign exchange reserve	Accumulated losses	Non-controlling interest	Total
At 1 January 2012	3,650	2,719	385	(170)	(5,883)	-	701
Loss for the year	-	-	-	-	(1,728)	-	(1,728)
Other comprehensive income	-	-	-	21	-	-	21
Total Comprehensive Income	-	-	-	21	(1,728)		(1,707)
Recognition of share based payments	-	-	265	-	-	-	265
Exercise of options/warrants	-	-	(35)	-	35	-	-
Forfeit of options/warrants	-	-	(74)	-	74	-	-
Issue of share capital	1,062	1,829	-	-	-	-	2,891
Share issue costs	-	(109)	-	-	-	-	(109)
At 31 December 2012	**4,712**	**4,439**	**541**	**(149)**	**(7,502)**	**-**	**2,041**
Loss for the year	**-**	**-**	**-**	**-**	**(2,593)**	**-**	**(2,593)**
Other comprehensive income	**-**	**-**	**-**	**(7)**	**-**	**-**	**(7)**
Total Comprehensive Income	**-**	**-**	**-**	**(7)**	**(2,593)**	**-**	**(2,600)**
Recognition of share based payments	**-**	**-**	**286**	**-**	**-**	**-**	**286**
Exercise of options	**-**	**-**	**(4)**	**-**	**4**	**-**	**-**
Forfeit of options	**-**	**-**	**(29)**	**-**	**29**	**-**	**-**
Issue of share capital	**3,823**	**3,739**	**-**	**-**	**-**	**-**	**7,562**
Share issue costs	**-**	**(518)**	**-**	**-**	**-**	**-**	**(518)**
Transactions with owners of the Company	**8,535**	**7,660**	**794**	**(156)**	**(10,062)**	**-**	**6,771**
Acquisition of subsidiary with non-controlling interest	**-**	**-**	**-**	**-**	**-**	**1,032**	**1,032**
At 31 December 2013	**8,535**	**7,660**	**794**	**(156)**	**(10,062)**	**1,032**	**7,803**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	**Description and purpose**
Share capital	amount subscribed for share capital at nominal value
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve	reserve for share options granted but not exercised or lapsed
Foreign exchange reserve	cumulative foreign exchange net gains and losses recognised on consolidation
Accumulated losses	cumulative net gains and losses recognised in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income
Non-controlling interest (NCI)	the portion of equity ownership in a subsidiary not attributable to the parent company

The following notes are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 December 2013

	Share capital	Share premium	Share options reserve	Accumulated losses	Total
At 1 January 2012	3,650	2,719	385	(6,142)	612
Comprehensive loss for the year	-	-	-	(1,530)	(1,530)
Recognition of share based payments	-	-	265	-	265
Exercise of options	-	-	(35)	35	-
Forfeit of options	-	-	(74)	74	-
Issue of share capital	1,062	1,829	-	-	2,891
Share issue costs	-	(109)	-	-	(109)
At 31 December 2012	**4,712**	**4,439**	**541**	**(7,563)**	**2,129**
Comprehensive loss for the year		**-**	**-**	**(2,476)**	**(2,476)**
Recognition of share based payments	**-**	**-**	**286**	**-**	**286**
Exercise of options	**-**	**-**	**(4)**	**4**	**-**
Forfeit of options	**-**	**-**	**(29)**	**29**	**-**
Issue of share capital	**3,823**	**3,739**	**-**	**-**	**7,562**
Share issue costs	**-**	**(518)**	**-**	**-**	**(518)**
At 31 December 2013	**8,535**	**7,660**	**794**	**(10,006)**	**6,983**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	**Description and purpose**
Share capital	amount subscribed for share capital at nominal value
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve	reserve for share options granted but not exercised or lapsed
Accumulated losses	cumulative net gains and losses recognised in the statement of comprehensive income

The following notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 December 2013

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,593)**	(1,728)
Adjustments for:			
Depreciation of property, plant and equipment	9	**-**	1
Net (gain)/ loss on financial assets at fair value through profit or loss	12	**(2)**	33
Share based payments	16	**195**	199
Issue of warrants	15	**91**	66
Share of loss from jointly controlled entity	17	**1,228**	612
Exchange differences on borrowings		**18**	(15)
Exchange difference		**158**	9
		(905)	(823)
Changes in working capital:			
Trade and other receivables		**(352)**	(216)
Trade and other payables		**(163)**	12
Net cash used in operating activities		**(1,420)**	(1,027)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash acquired.	11.1	**(1,083)**	-
Repayments from joint venture		**176**	-
Advances to joint venture		**(1,053)**	(471)
Net cash used in investing activities		**(1,960)**	(471)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	15	**5,253**	2,891
Issue costs	15	**(518)**	(109)
Net cash from financing activities		**4,735**	2,782
Net increase in cash and cash equivalents		**1,355**	1,284
Cash and cash equivalents:			
At beginning of the year	14	**1,924**	640
At end of the year	14	**3,279**	1,924

The following notes are an integral part of these consolidated financial statements.

Non-cash transactions

On 30 December 2013, the company issued 107,081,158 shares of GBP0.01 at a price of GBP0.0185 per share as part of the consideration to acquire 75% of the share capital of Nyota Minerals (Ethiopia) Limited (note 11.1).

Company statement of cash flows

Year ended 31 December 2013

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,476)**	(1,530)
Adjustments for:			
Impairment of intercompany balances		**-**	78
Net (gain)/loss on financial assets at fair value through profit or loss	12	**(2)**	33
Share based payments	16	**195**	199
Issue of warrants	15	**91**	66
Impairment of loan to subsidiary		**70**	-
Impairment of amount receivable from Saudi Arabia joint venture		**927**	461
Exchange differences on borrowings		**43**	37
Exchange difference		**-**	(13)
		(1,152)	(669)
Changes in working capital:			
Trade and other receivables		**(142)**	(246)
Trade and other payables		**(90)**	(5)
Net cash used in operating activities		**(1,384)**	(920)
CASH FLOW FROM INVESTING ACTIVITIES			
Repayment from joint venture		**176**	
Advances to joint venture		**(1,053)**	(461)
Acquisition of subsidiary, net of cash acquired		**(1,083)**	-
Loan to subsidiary		**(70)**	(78)
Net cash used in investing activities		**(2,030)**	(539)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	15	**5,253**	2,891
Issue costs	15	**(518)**	(109)
Repayment of loan from related party		**-**	(24)
Net cash from financing activities		**4,735**	2,758
Net increase in cash and cash equivalents		**1,321**	1,299
Cash and cash equivalents:			
At beginning of the year	14	**1,910**	611
At end of the year	14	**3,231**	1,910

The following notes are an integral part of these consolidated financial statements.

Non-cash transactions

See Consolidated Cash Flow Statement

Notes to the consolidated financial statements

Year ended 31 December 2013

1. Incorporation and principal activities

Country of incorporation

KEFI Minerals Plc (the "Company") was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28, Eastcastle Street, London W1W 8DH.

Principal activities

The principal activities of the Group for the year were:

- To explore for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- To evaluate mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- To develop mineral deposits and market the metals produced.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented in these financial statements unless otherwise stated.

Basis of preparation and consolidation

The Company and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They comprise the accounts of KEFI Minerals Plc and all its subsidiaries made up to 31 December 2013. The Company and the consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

The Company's subsidiary KEFI Minerals (Ethiopia) Limited has a statutory reporting period ending on 30 June. Financial information has been included in these consolidated financial statements from the date of acquisition 31 December 2013.

Going concern

The Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future.

The financial information has been prepared on the going concern basis, the validity of which depends principally on the discovery of economically viable mineral deposits and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Company's and Group's exploration activities. The financial information does not include any adjustments that would arise from a failure to complete either option.

Functional and presentational currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which for the Company is British Pounds (GBP). The financial statements are presented in British Pounds (GBP).

Foreign currency translation

(1) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the statement of comprehensive income.

(2) Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly in which case they are recorded at the actual rate. Exchange differences arising, if any, are recognised in the foreign currency translation reserve and as a component of other comprehensive income, and recognised in profit or loss on disposal of the foreign operation.

Revenue recognition

The Group had no sales/revenue during the period under review.

2. Accounting policies (continued)

Property plant and equipment

Property plant and equipment are stated at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition less depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life. The annual depreciation rates used are as follows:

Furniture, fixtures and office equipment	10%
Motor Vehicles	20%

Acquisitions and goodwill

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. Any costs directly attributable to the business combination are written off to the statement of comprehensive income. The acquirees identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date. Where the Group acquires a subsidiary for less than the fair value of its assets and liabilities, this results in negative goodwill which is recognized in profit and loss.

Purchased goodwill is capitalized and classified as an asset on the statement of financial position. Goodwill arising on acquisition is recognized 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 recognized.

Goodwill is reviewed for impairment on an annual basis. When the directors consider the initial value of the acquisition to be negligible, the goodwill is written off to the statement of comprehensive income immediately. Trading results of acquired subsidiary undertakings are included from the date of acquisition.

Goodwill is deemed to be impaired when the present value of the future cash flows expected to be derived is lower than the carrying value. Any impairment is charged to the statement of comprehensive income immediately.

Interest in joint ventures

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has joint control are referred to as jointly controlled entities. The results and assets and liabilities of joint ventures are included in these financial statements for the period using the equity method of accounting.

Finance costs

Interest expense and other borrowing costs are charged to the statement of comprehensive income as incurred.

Tax

The tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income 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.

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 statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized to the extent that taxable profits will be available against which deductible temporary differences can be utilized.

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 the deferred taxes relate to the same fiscal authority.

Investments

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified, in the Company accounts. These investments are consolidated in the Group accounts.

2. Accounting policies (continued)

Exploration costs

The Group has adopted the provisions of IFRS 6 "Exploration for and Evaluation of Mineral Resources".

Exploration, evaluation and development expenditure, including acquisition costs of licences, in respect of each identifiable area of interest is expensed to the statement of comprehensive income as incurred, until the point at which development of a mineral deposit is considered economically viable.

Once the Board decides on the development of a project, development expenditure will be capitalized as incurred and amortized over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

The directors consider that the stage of development of its license areas in Saudi Arabia has not yet met its criteria for capitalization. Capitalized development costs for the Group's project in Ethiopia have been recognized on acquisition, and will continue to be capitalised since this date, in accordance with IFRS 6.

A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated capitalized costs in relation to an abandoned area of interest will be written off in full against profit in the year in which the decision to abandon the area is made. Capitalized development expenditure will be amortized from the date at which production commences on a unit of production basis over the lifetime of the ore reserves for the area to which the costs relate.

Share-based compensation benefits

IFRS 2 "Share-based Payment" requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each statement of financial position date. The total amount expensed is recognized over the vesting period, which is the period over which performance conditions are to be satisfied.

The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Financial instruments

<u>Financial assets at amortized cost</u>

Loans and receivables are recognized when the Group becomes party to the contractual provisions of the financial instrument. Trade receivables, loans, and other receivables 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 amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss are initially measured at fair value, which generally equates to acquisition cost. Subsequent to initial recognition, when a financial asset is designated as such on initial recognition, it is classified as held at fair value through profit or loss. Assets other than held for trading are designated at fair value through profit and loss when the Group manages the holdings and makes purchase and sale decisions based on fair value assessments and documented risk management and investment strategies. Attributable transaction costs and changes in fair value are recognized in profit or loss.

<u>Financial liabilities - equity</u>

Financial liabilities are recognized when the Group becomes party to the loan. Financial liabilities represent trade payables and are initially measured at fair value and subsequently at amortized cost.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

<u>Cash and cash equivalents</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand with an original maturity date of less than three months.

3. Financial risk management

Financial risk factors

The Group is exposed to market risk (interest rate risk and currency risk), liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Market risk - Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2013	2012
Variable rate instruments		
Financial assets	**3,291**	1,934

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2013 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be no impact on profit and other equity.

	Equity 2013	**Profit or Loss 2013**	Equity 2012	Profit or Loss 2012
Variable rate instruments				
Financial assets	**35**	**35**	19	19

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the functional currency of the entity.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, Turkish Lira, US Dollar, Ethiopia ETB and Saudi Arabian Riyal. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities 2013	**Assets 2013**	Liabilities 2012	Assets 2012
Euro	**17**	**3**	15	3
Turkish Lira	**2**	**59**	1	65
US Dollar	**-**	**75**	-	249
Saudi Arabian Riyal	**58**	**-**	25	-
Ethiopia ETB	**3,212**	**190**	-	-

Sensitivity analysis

A 10% strengthening of the British Pound against the following currencies at 31 December 2013 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the loss and equity.

3. Financial risk management (continued)

	Equity 2013	**Profit or Loss 2013**	Equity 2012	Profit or Loss 2012
Euro	**1**	**1**	1	1
Turkish Lira	**(6)**	**(6)**	(6)	(6)
US Dollar	**(8)**	**(8)**	25	25
Saudi Arabian Riyal	**6**	**6**	(3)	(3)
Ethiopia ETB	**302**	**302**	-	-

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Group's contractual cash flows for its financial liabilities are all due within 3 months or less. In January 2014 and agreement was made with the tax authorities to pay the VAT over a period of three years (principal and interest). Refer to note 23.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. This is done through the close monitoring of cash flows.

The capital structure of the Group consists of cash and cash equivalents of GBP3,279,000 (2012: GBP1,924,000) and equity attributable to equity holders of the parent, comprising issued capital of GBP8,535,000 (2012: GBP4,712,000), reserves of GBP8,298,000, (2012: GBP4,831,000) and accumulated losses of GBP10,062,000 (2012: GBP7,502,000). The Group does not use derivative financial instruments and has no long term debt facilities.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

	Carrying Amounts		**Fair Values**	
	2013	2012	**2013**	2012
Financial assets				
Cash and cash equivalents (Note 14)	**3,279**	1,924	**3,279**	1,924
Financial assets designated at fair value through profit and loss (Note 12)	**80**	10	**80**	10
Trade and other receivables (Note 13)	**655**	302	**655**	302
Financial liabilities				
Trade payables (Note 18)	**3,363**	263	**3,363**	263

Financial assets designated at fair value through profit and loss are classified as Level 1 within the fair value hierarchy, based on prices quoted (unadjusted) in active markets for identical assets or liabilities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

3. Financial risk management (continued)

The Group used a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the statement of financial position date.

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Use and revision of accounting estimates and judgements

The preparation of the financial report requires the making of estimations and assumptions that affect the recognized amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There were no significant accounting estimates being made.

Significant judgements include:

Fair value of acquisitions
The 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. Fair value estimates are required. In calculating the fair value estimates of net identifiable net assets on acquisition significant judgements and estimates are required.

Going concern
The going concern presumption depends principally on the discovery of economically viable mineral deposits and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Company's and Group's exploration activities.

Share based payments
In calculating the fair value at the grant date, the Black Scholes model requires us to estimate the inputs to this model, in particular in respect of volatility. This assessment is based on historical share price movements assuming these will continue into the future.

Impairment review of asset carrying values
Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Where the recoverable amounts of Group cash generating units are assessed by analyses of discounted cash flows, the resulting valuations are particularly sensitive to changes in estimates of long term commodity prices, exchange rates, operating costs, the grouping of assets within cash-generating units and discount rates.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2013

4. Operating segments

The Group has only one distinct operating segment, being that of mineral exploration. The Group's exploration activities are located in the Kingdom of Saudi Arabia (through the jointly controlled entity), Ethiopia (75% acquisition of Kefi Minerals Ethiopia Limited) and its administration and management is based in Cyprus.

	Cyprus	Turkey	Bulgaria	Ethiopia	Total
2013					
Operating loss	**(1,147)**	**(60)**	**(4)**	**-**	**(1,211)**
Foreign exchange profit/(loss)	**(171)**	**10**	**3**	**-**	**(158)**
Interest	**4**	**-**	**-**	**-**	**4**
	(1,314)	**(50)**	**(1)**	**-**	**(1,365)**
Share of loss from jointly controlled entity					**(1,228)**
Loss before tax					**(2,593)**
Tax					**-**
Loss for the year					**(2,593)**
Total assets	**3,761**	**61**	**4**	**7,340**	**11,166**
Total liabilities	**132**	**4**	**15**	**3,212**	**3,363**
Depreciation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**

	Cyprus	Turkey	Bulgaria	Ethiopia	Total
2012					
Operating loss	(1,013)	(95)	1	-	(1,107)
Foreign exchange profit/(loss)	12	(18)	(3)	-	(9)
	(1,001)	(113)	(2)	-	(1,116)
Share of loss from jointly controlled entity					(612)
Loss before tax					(1,728
Tax					-
Loss for the year					(1,728)
Total assets	2,235	66	3	-	2,304
Total liabilities	248	1	14	-	263
Depreciation of property, plant and equipment	-	1	-	-	1

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

5. Expenses by nature

	2013	2012
Acquisition costs	**260**	-
Exploration costs	**148**	93
Staff costs (Note 6)	**24**	59
Depreciation of property, plant and equipment (Note 9)	**-**	1
Warrants issue costs (Note 15)	**91**	66
Share based benefits to employees (Note 16)	**72**	67
Share of losses from jointly controlled entity (Note 4)	**1,228**	612
Change in value of available-for-sale financial assets (Note 12)	**(2)**	33
Directors' fees and other benefits (Note 19.1)	**400**	358
Consultants' costs	**36**	192
Travelling expenses	**136**	43
Auditors' remuneration - audit current year	**46**	48
- audit previous year	**-**	15
- other	**-**	17
Other expenses	**-**	115
Operating loss	**2,439**	1,719

The Group's stages of operations in Saudi Arabia as at the year-end and as at the date of approval of these financial statements have not yet met the criteria for capitalization of exploration costs. Costs have been capitalized for the operations in Ethiopia.

6. Staff costs

	2013	2012
Salaries	**21**	53
Social insurance costs and other funds	**3**	6
	24	59
Average number of full time equivalent employees	**1**	2

Following the acquisition of 75% of KEFI Minerals Ethiopia Limited on 30 December 2013, the Group now has 48 employees.

7. Tax

	2013	2012
Loss before tax	**(2,593)**	(1,728)
Tax calculated at the applicable tax rates	**(387)**	(245)
Tax effect of expenses not deductible for tax purposes	**446**	208
Tax effect of tax loss for the year	**50**	82
Tax effect of allowances and income not subject to tax	**(109)**	(45)
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes.

A deferred tax asset of GBP730,709 (2012: GBP680,056) has not been accounted for due to the uncertainty against future recoverability.

Cyprus

The corporation tax rate is 10%. Under certain conditions interest income may be subject to defence contribution at the rate of 15%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter. Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2013, the balance of tax losses which is available for offset against future taxable profits amounts to GBP6,220,480 (2012: GBP3,135,571).

Bulgaria

Mediterranean Minerals (Bulgaria) EOOD, the 100% subsidiary of the Company, is resident in Bulgaria for tax purposes. The corporation tax rate is 10%. Due to tax losses sustained in the period, no tax liability arises on the Mediterranean Minerals (Bulgaria) EOOD. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following five years. As at 31 December 2013, the balance of tax losses which is available for offset against future taxable profits amounts to GBP166,250 (2012: GBP189,250).

Turkey

Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket (Doğu Akdeniz Mineralleri), the 100% subsidiary of Mediterranean Minerals (Bulgaria) EOOD, and ultimately 100% subsidiary of the Company, is resident in Turkey for tax purposes. The corporation tax rate is 20%. Under local tax legislation, exploration costs are can only be set off against income from mining operations. Tax losses may be carried forward and be set off against taxable income of the five succeeding years As at 31 December 2013, the balance of exploration costs that is available for offset against future income from mining operations amount to GBP871,424 (2012: GBP1,939,824).

Ethiopia

KEFI Minerals Ethiopia Limited is subject to other direct and indirect taxes in Ethiopia through its foreign operations. The mining industry in Ethiopia is relatively undeveloped. As a result, tax regulations relating to mining enterprises are evolving. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

During the year, the House of People's Representatives passed an amendment to the Mining Income Tax Proclamation, subsequent to the end of the Financial Year, reducing income tax from 35% to 25% and had received an initial draft of proposed amendments to the Mining Proclamation, which includes a reduction in royalty on gold production from 8% to 7%.

8. Loss per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	2013	2012
Net loss attributable to equity shareholders	**(2,593)**	(1,728)
Average number of ordinary shares for the purposes of basic loss per share (000's)	**493,356**	443,124
Loss per share:		
Basic and fully diluted loss per share (pence)	**(0.53)**	(0.39)

The effect of share options and warrants on losses per share is anti-dilutive.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

9. Property, plant and equipment

	Motor Vehicles	Property	Furniture, fixtures and office equipment	Total
The Group				
Cost				
At 1 January 2012	31	-	13	44
Disposals	-	-	(2)	(2)
At 31 December 2012 / 1 January 2013	31	-	11	42
Additions				
Acquisitions (Note 11.1)	29	180	42	251
At 31 December 2013	60	180	53	293
Accumulated Depreciation				
At 1 January 2012	31	-	11	42
Charge for the year	-	-	1	1
Disposals	-	-	(2)	(2)
At 31 December 2012 / 1 January 2013	31	-	10	41
Charge for the year	-	-	-	-
At 31 December 2013	31	-	10	41
Net Book Value at 31 December 2013	29	180	43	252
Net Book Value at 31 December 2012	-	-	1	1

The above property, plant and equipment is located in Turkey and Ethiopia.

10. Intangible assets

	Goodwill	Deferred exploration costs
The Group		
Cost		
At 1 January 2012	364	-
Additions on acquisition	-	-
At 31 December 2012 / 1 January 2013	**364**	**-**
Additions on acquisition	**-**	6,900
At 31 December 2013	**364**	**6,900**
Accumulated Impairment		
At 1 January 2012	364	-
Charge for the year	-	-
At 31 December 2012 / 1 January 2013	**364**	**-**
Impairment Charge for the year	**-**	-
At 31 December 2013	**364**	**-**
Net Book Value at 31 December 2013	**-**	**6,900**
Net Book Value at 31 December 2012	-	-

The goodwill arose on the acquisition of Mediterranean Minerals (Bulgaria) EOOD in 2006 and was impaired in the year of acquisition of the Company.

The purchase of 75% of the issued share capital by the Company in KEFI Minerals Ethiopia Limited on 30 December 2013 (see note 11.1) indicated a valuation of approximately GBP6,900,479 for the Tuli Kapi project. Management considers this to be the most useful in assessing the fair value less costs to dispose ("FVLCD") of Tulu Kapi. Cost to purchase is based on management's best estimates of future selling costs at the time of calculating FVLCD.

The impairment review compared the recoverable amount of assets to the carrying value. The recoverable amount of an asset is assessed by reference to the higher of value in use ("VIU"), being the net present value ("NPV") of future cash flows expected to be generated by the assets, and fair value less costs to dispose ("FVLCD"). The FVLCD is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm's length basis. The Company is currently performing a valuation of the deferred exploration costs. At the date of acquisition, the project had already undergone significant technical evaluation and deferred exploration costs of GBP29,000,000 had been expended. The use of VIU for the company's assets was not considered appropriate given the uncertainty concerning permitting with respect to the Tulu Kapi asset.

Nyota Minerals Limited announced a maiden Ore Reserve in respect of Tulu Kapi as part of the Feasibility Study ("FS") in December 2012. The company has already upgraded the indicated resource by 65% to 1.86 million ounces and by 31 December 2014 aims to have a definitive feasibility study signed off and its mining licence application resubmitted.

KEFI Minerals Ethiopia also holds three other mining exploration licenses in Ethiopia. The three other licenses are Yubdo exploration license, the Billa Gulisso exploration license and the Ankore exploration license.

The Yubdo exploration license is subject to the 8th annual renewal process but requires approval from the Minister of Mines because of the final expiration in June 2013. The company has submitted a work program for the approval of the fourth renewal of the Billa Gulisso exploration license, however, we are still waiting for this renewal. There is no guarantee that these licences will be renewed, although a verbal confirmation has been obtained and there is no evidence to suggest the renewals will not be forthcoming.

11. Investments

11.1 Fixed asset investments

The Company	2013	2012
Cost		
At 1 January	**1**	1
Acquisitions	**3,096**	-
At 31 December	**3,097**	1
Provision for impairment		
At 1 January	**-**	-
Reversal of impairment	**-**	-
At 31 December	**-**	-
Net Book Value	**3,097**	1

Subsidiary companies	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket	08/11/2006	Turkey	100%-Indirect
KEFI Minerals Ethiopia Limited-30 June Statutory year End	30/12/2013	United Kingdom	75%-Direct

On 8 November 2006, the Company entered into an agreement to acquire from EMED Mining Public Limited the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company.

Mediterranean Minerals (Bulgaria) EOOD owns 100% of the share capital of Doğu Akdeniz Mineralleri ("Dogu"), a private limited liability company incorporated in Turkey, engaging in activities for exploration and developing of natural resources.

In July 2011, KEFI Minerals completed the sale of the Company's Artvin Project in North-Eastern Turkey to a Turkish mining company. The Artvin Project comprised 15 Exploration Licences (totalling 254km2) located in the Eastern Pontide Belt in north-eastern Turkey. Kackar Madencilik San. Tic. Ltd, KEFI Mineral's subsidiary holding these licences, was sold in return for a cash payment of US$100,000 (GBP61,957) and a 1% Net Smelter Royalty on all future mineral production from the Artvin licences.

Acquisition of 75% of KEFI Minerals Ethiopia Limited (KME) Previously known as Nyota Minerals Ethiopia Limited

On 30 December 2013, the Company obtained majority control of KEFI Minerals Ethiopia Limited (KME) acquiring 75% of KME share capital. The Company identified a gold opportunity in the Arabian-Nubian Shield ("ANS") of Western Ethiopia, the Tulu Kapi gold deposit, that was owned by Nyota Minerals Limited ("Nyota"). On 30 December 2013 the Company acquired 75% of the issued share capital of Nyota Minerals (Ethiopia) Limited, a wholly owned subsidiary of Nyota and the holder of the Tulu Kapi exploration licence and rounding ELs with Nyota retaining a participating 25% interest.

The Company has devised an alternative approach at Tulu Kapi, which it believes will reduce the anticipated capital and operating expenditure. Working in partnership with Nyota, KEFI Minerals already has a team on site focused initially on revising the mineral resources during Q1-2014. KEFI Minerals has also triggered refinement of the DFS (Definitive Feasibility Study) with a view to re-activating by the end of 2014 the suspended mining lease and appropriate development funding.

On 16 October 2013 Nyota Minerals (UK) Limited entered into a Loan Facility Agreement with KEFI. The facility was to be used for general working capital needs and costs related to the transaction and the maximum available facility was GBP360,000. At 31 December 2013 the total drawn-down facility of GBP285,000 was off-set against the share consideration component at an agreed price of GBP0.03 per share. As a result, the number of consideration shares received by Nyota was reduced by 9,585,509. The acquisition was initially due for settlement in cash of GBP1.3 million (circa $2.086 million) and by issuing 107,081,158 new Ordinary shares of the Company. The fair value of the equity shares issued was based on the market value of the Company's traded shares on the acquisition date.

In terms of the sale agreement KEFI Minerals unconditionally and irrevocably undertook to pay a loan amount of GBP174,213 which was outstanding between KEFI Minerals Ethiopia Limited to Towchester Investment Company Limited ("Towchester"). Nyota Minerals Bermuda Limited agreed to a reduction in the Consideration Payment of GBP174,213. Nyota Minerals Bermuda Limited confirmed that the payment of the GBP174,213 was in full and final settlement of all outstanding indebtedness owed by KEFI Minerals Ethiopian Limited to Towchester.

Recognized amounts of identifiable net assets:	
Property plant and equipment	251
Intangible assets (provisional amounts) *	6,900
Financial asset	68
Trade and other receivables	88
Cash and cash equivalents	32
VAT reverse tax liability	(3,027)
Trade and other payables	(184)
Total identifiable assets and liabilities	4,128
Non-Controlling Interest	(1,032)
	3,096
Consideration	
Cash	1,289
Fair Value of 107,081,158 shares (note 15)	1,981
Less Towchester Loan	(174)
Total consideration transferred	3,096

Acquisition costs of GBP260,095 were incurred and are included in the administrative expenses in the statement of comprehensive income.

The purchase price of GBP4.5 million to acquire 75% of the issued share capital of Nyota Minerals (Ethiopia) Limited was made up of a cash component of GBP1.3 million and of 107,081,158 new Ordinary shares at 3p per share that had a market value of GBP 2 million. In addition, the Towchester loan amount was deducted from the cash contribution.

*Intangible assets (provisional amounts). The current figure of GBP6,900,000 is based on information provided at the acquisition date that has been processed to date. The Company is gathering all the necessary information to determine the fair value of the Deferred Exploration Costs as at the 31 December 2013.

11.2 Investment in joint ventures

	2013	2012
The Group		
At 1 January	**67**	181
Retranslation of investment	**-**	(16)
	67	165
Less share of loss of joint venture	**(67)**	(98)
At 31 December	**-**	67
The Company		
At 1 January/31 December	**181**	181

Notes to the consolidated financial statements (continued)

Year ended 31 December 2013

11.2 Investment in joint ventures (continued)

Joint venture	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Gold and Minerals Co. Limited (G&M)	04/08/2010	Saudi Arabia	40%-Direct

12. Financial assets at fair value through profit or loss

	2013	2012
The Group		
On 1 January	**10**	43
Acquisition of subsidiary	**68**	-
Change in value of available-for-sale financial assets	**2**	(33)
On 31 December	**80**	10

The acquisition relates to five-year Ethiopian government bonds with a fixed interest rate of 6% per annum.

	2013	2012
The Company		
On 1 January	**10**	43
Change in value of available-for-sale financial assets	**2**	(33)
On 31 December	**12**	10

The Company successfully divested four Licences in July 2011 to AIM listed Ariana Resources (AIM:AAU) for a nominal cash payment of 10,000 Turkish Lira, 910,747 new ordinary shares in Ariana as consideration for the acquisition of relevant mineral exploration data and drill core samples and a Net Smelter Royalty ("NSR") of 2%. The NSR is payable by Ariana's wholly owned Turkish subsidiary Galata Madencilik San. ve Tic. Ltd. ("Galata") to KEFI Mineral's Turkish Subsidiary, Dogu, on commercial production of any mineral from the licences. No value has been attributed in these financial statements for the NSRs.

13. Trade and other receivables

	2013	2012
The Group		
Trade receivables	**6**	1
Placing Funds	**328**	-
Loan Facility Nyota Minerals Limited (Note 11.1 and Note 19.3)	**174**	-
Amount receivable from Saudi Arabia Joint Venture (Note 19.3)	**73**	249
VAT	**41**	46
Deposits and prepayments	**33**	6
	655	302

The Company raised GBP 4.5 million on 30 December 2013 but an amount of GBP328,000 was not received as at 31 December 2013.

	2013	2012
The Company		
Deposits	**19**	-
Placing Funds	**328**	-
Loan Facility Nyota Minerals Limited (Note 11.1 and Note 19.3)	**174**	-
Amount receivable from Saudi Arabia Joint Venture (Note 19.3)	**73**	249
	594	249

Amounts owed by group companies total GBP Nil (2012: GBP78,000). Balances have been fully provided for due to the uncertainty over the timing of future recoverability.

14. Cash and cash equivalents

	2013	2012
The Group		
Cash at bank and in hand	**3,279**	1,924
The Company		
Cash at bank and in hand	**3,231**	1,910

15. Share capital

	Number of shares '000	**Share Capital**	**Share premium**	**Total**
Issued and fully paid				
At 1 January 2012	365,180	3,650	2,719	6,369
Issued 17 February 2012 at GBP 0.03	61,666	617	1,233	1,850
Issued 10 July 2012 at GBP 0.023	42,000	420	546	966
Issued 1 November 2012 at GBP 0.03	2,500	25	50	75
Share issue costs	-	-	(109)	(109)
At 31 December 2012	**471,346**	**4,712**	**4,439**	**9,151**
Issued 10 July 2013 at GBP 0.021	**27,191**	**272**	**299**	**571**
Issued 6 August 2013 at GBP 0.0125	**830**	**8**	**2**	**10**
Issued 16 October 2013 at GBP 0.0225	**22,222**	**222**	**278**	**500**
Issued 30 December 2013 at GBP 0.0185	**107,081**	**1,071**	**910**	**1,981**
Issued 30 December 2013 at GBP 0.02	**225,000**	**2,250**	**2,250**	**4,500**
Share issue costs	**-**	**-**	**(518)**	**(518)**
At 31 December 2013	**853,670**	**8,535**	**7,660**	**16,195**

Issued capital

2013

On 10 July 2013, 27,190,476 shares of GBP 0.01 were issued at a price of GBP 0.021 per share. Upon the issue, an amount of GBP299,095 was credited to the Company's share premium reserve.

On 6 August 2013, 830,000 shares of GBP 0.01 were issued at a price of GBP 0.0125 per share. Upon the issue, an amount of GBP2,075 was credited to the Company's share premium reserve.

On 16 October 2013, 22,222,222 shares of GBP 0.01 were issued at a price of GBP 0.0225 per share. Upon the issue, an amount of GBP277,778 was credited to the Company's share premium reserve.

On 30 December 2013, 107,081,158 shares of GBP 0.01 were issued at a price of GBP 0.0185 per share. Upon the issue, an amount of GBP910,190 was credited to the Company's share premium reserve.

On 30 December 2013, 225,000,000 shares of GBP 0.01 were issued at a price of GBP 0.02 per share. Upon the issue, an amount of GBP2,250,000 was credited to the Company's share premium reserve.

2012

On 17 February 2012, 61,666,667 shares of GBP 0.01 were issued at a price of GBP 0.03 per share. Upon the issue, an amount of GBP1,233,333 was credited to the Company's share premium reserve.

On 6 July 2012, 42,000,000 shares of GBP 0.01 were issued at a price of GBP 0.023 per share. Upon the issue, an amount of GBP546,000 was credited to the Company's share premium reserve.

On 1 November 2012, 2,500,000 shares of GBP 0.01 were issued at a price of GBP 0.03 per share. Upon the issue, an amount of GBP50,000 was credited to the Company's share premium reserve.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

15. Share capital (continued)

Warrants

2013

On 4 July 2013, the Company issued 1,309,523 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.021 per share.

On 16 October 2013, the Company issued 1,111,111 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.0225 per share.

On 27 December 2013, the Company issued 13,500,000 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.02 per share.

2012

On 20 February 2012, the Company issued 2,916,667 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.03 per share.

Details of warrants outstanding as at 31 December 2013:

Grant date	Expiry date	Exercise price	Number of warrants 000's
22 February 2011	21 February 2016	5p	780
20 February 2012	19 February 2017	3p	2,917
4 July 2013	3 July 2018	2.1p	1,310
16 October 2013	15 October 2018	2.25p	1,111
27 December 2013	26 December 2016	2p	13,500
			19,618

The Company has issued warrants to advisers to the Group. All warrants, except those noted below expire five years after grant date and are exercisable at the exercise price.

	Number of warrants 000's
Outstanding warrants at 1 January 2013	4,527
- granted	15,921
- exercised	(830)
Outstanding warrants at 31 December 2013	19,618

The estimated fair values of the warrants were calculated using the Black Scholes option pricing model.

The inputs into the model and the results are as follows:

	27 Dec 13	16 Oct 13	10 July 2013	20 Feb 12	22-Feb-11
Closing share price at issue date	1.89p	2.44p	2.63p	3.19p	7.5p
Exercise price	2p	2.25p	2.10p	3p	5p
Expected volatility	62.32%	65%	62.6%	84.6%	162%
Expected life	3yrs	5yrs	5yrs	5yrs	5yrs
Risk free rate	0.87%	5%	5%	5%	4.75%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Discount factor	50%	0%	0%	0%	0%
Estimated fair value	0.4p	1.48p	1.60p	2.26p	7.12p

Expected volatility was estimated based on the likely range of volatility of the share price.

For 2013, the impact of issuing warrants is a net charge to income of GBP91,000 (2012: GBP66,000). At 31 December 2013, the equity reserve recognized for share based payments, including warrants, amounted to GBP794,000 (2012: GBP541,000).

16. Share options reserve

	2013	2012
Opening amount	**541**	385
Warrants issued costs (Note 5)	**91**	66
Share options issued to employees (Note 5)	**72**	67
Share options issued to directors (Note 5)	**123**	132
Exercise of options	**(4)**	(35)
Forfeit of options	**(29)**	(74)
Closing amount	**794**	541

Details of share options outstanding as at 31 December 2013:

Grant date	**Expiry date**	**Exercise price**	**Number of shares 000's**
18-Dec-06	18-Dec-14	4p	14,000
24-Jun-08	23-Jun-14	3.25p	50
12-Jun-09	11-Jun-14	2.4p	8,285
28-Feb-11	27-Feb-16	7.1p	200
29-Sep-11	28-Sep-16	3.78p	1,000
13-Sep-12	12-Sep-18	4p	14,350
18-Feb-13	17-Feb-19	3.6p	250
27-Mar-13	26-Mar-19	3.43p	100
09-Apr-13	08-Apr-19	3.1p	100
24-May-13	23-May-19	2.915p	1,000
03-Sep-13	02-Sep-18	2.94p	1,000
08-Oct-13	07-Oct-18	2.27p	350
			40,685

	Weighted average ex. price	**Number of shares 000's**
Outstanding options at 31 December 2012		38,935
- granted	2.98p	2,800
- exercised	-	-
- cancelled/forfeited	4.50p	(1,050)
Outstanding options at 31 December 2013		40,685

The Company has issued share options to directors, employees and advisers to the Group. All options, except those noted below, expire six years after grant date and are exercisable at the exercise price in whole or in part no more than one third from the grant date, two thirds after two years from the grant date and the balance after three years from the grant date.

On 18 December 2006, 12,000,000 options were issued which expired six years after the grant date, and were exercisable at any time within that period. On 18 December 2012, the expiry date of these options was extended to 18 December 2014, with the exercise price increased from 3p per Ordinary Share to 4p per Ordinary Share and at the same time and extra 2,000,000 options were issued at 4p per Ordinary Share, expiring on 18 December 2014.

On 12 June 2009, 9,000,000 options were issued which expire five years after the grant date, and are exercisable at any time within that period. On 28 February 2011, 550,000 options were issued which expire five years after the grant date, and are

16. Share options reserve (continued)

exercisable at any time within that period. On 29 September 2011, 2,000,000 options were issued which expire five years after the grant date, and are exercisable at the exercise price in whole or in part no more than one half after one year from the grant date and one half two years from the grant date.

On 13 September 2012, 15,500,000 options were issued which expire six years after the grant date, and are exercisable at the exercise price in whole or in part no more than one half after one year from the grant date and one half two years from the grant date.

On 18 February 2013, 250,000 options were issued which expire six years after the grant date, and are exercisable at any time within that period. On 27 March 2013, 100,000 options were issued which expire six years after the grant date, and are exercisable at any time within that period. On 9 April 2013, 100,000 options were issued which expire six years after the grant date, and are exercisable at any time. On 24 May 2013 1,000,000 options were issued which expire six years after the grant date and are exercisable in part no more than one half after one year from the grant date and one half two years from the grant date. On 3 September 2013 1,000,000 options were issued and on 8 October 2013, 350,000 options were issued both which expire five after the grant date and are exercisable in part no more than one half after one year from the grant date and one half two years from the grant date

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid Ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the Ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of Ordinary shares. The estimated fair values of the options were calculated using the Black Scholes option pricing model. The inputs into the model and the results are as follows:

	Closing share price at issue date	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividend yield	Discount factor	Estimated fair value
08-Oct-13	2.69p	2.27p	63.83%	5yrs	1.70%	Nil	50%	0.80p
03-Sep-13	2.76p	2.94p	63.63%	5yrs	1.70%	Nil	50%	0.75p
24-May-13	2.19p	2.92p	59.80%	6yrs	5.00%	Nil	0%	1.18p
09-Apr-13	3.10p	3.10p	52.36%	6yrs	5.00%	Nil	0%	1.17p
27-Mar-13	3.43p	3.43p	52.36%	6yrs	5.00%	Nil	0%	1.90p
18-Feb-13	3.60p	3.60p	52.36%	6yrs	5.00%	Nil	0%	2.00p
18 Dec. 2012	3.17p	4.00p	53.80%	2 yrs	5.00%	Nil	0%	0.08p
13 Sep. 2012	3.63p	4.00p	56.90%	6 yrs	5.00%	Nil	0%	2.05p
29 Sep. 2011	3.78p	3.78p	105.51%	5 yrs	5.00%	Nil	0%	2.99p
28 Feb. 2011	6.4p	6.4p	162.00%	5 yrs	5.00%	Nil	0%	5.98p
12 Jun. 2009	2.00p	2.40p	238.50%	5 yrs	5.00%	Nil	55%	0.89p
24 Jun. 2008	3.25p	3.25p	147.60%	6 yrs	5.00%	Nil	30%	2.13p

Expected volatility was estimated based on the likely range of volatility of the share price.

16. Share options reserve (continued)

For 2013, the impact of share option-based payments is a net charge to income of GBP286,000 (2012: GBP265,000). At 31 December 2013, the equity reserve recognized for share option-based payments, including warrants, amounted to GBP794,000 (2012: GBP541,000).

17. Joint ventures

17.1 Joint Venture with Centerra Gold (KB) Inc.

On 22 October 2008, the Company entered into a Joint Venture Agreement ("Joint Venture Agreement") in respect of its 100%-owned Artvin Project with Centerra Gold (KB) Inc ("Centerra KB"), a wholly-owned subsidiary of Centerra Gold Inc. In August 2011, KEFI Mineral's subsidiary holding these licences, was sold in return for a cash payment of US$100,000 and a 1% Net Smelter Royalty on all future mineral production from the Artvin licences.

17.2 Joint Venture with Gold and Minerals

Company name	**Date of incorporation**	**Country of incorporation**	**Effective proportion of shares held at 31 December**
Gold & Minerals Co. Limited	3 August 2010	Saudi Arabia	40%

	SAR'000		**GBP'000**	
Amounts relating to the Joint Venture	**2013**	2012	**2013**	2012
Non-current assets	**1,011**	949	**63**	63
Current assets	**1,473**	4,043	**95**	266
	2,484	4,992	**158**	329
Non-current liabilities	**32,021**	19,146	**2,079**	1,261
Current liabilities	**1,218**	832	**71**	55
	33,239	19,978	**2,150**	1,316
Net (liabilities)/assets	**(30,755)**	(14,986)	**(1,992)**	(987)
Share capital	**2,500**	2,500	**165**	165
Accumulated losses	**(33,275)**	(17,486)	**(2,157)**	(1,152)
	(30,755)	(14,986)	**(1,992)**	(987)
Exchange rates SAR to GBP				
Closing rate			**0.1617**	0.1647

In May 2009, KEFI Minerals announced the formation of a new minerals exploration joint venture, Gold & Minerals Co. Limited ("G&M"), a limited liability company in Saudi Arabia, with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI Minerals is the operating partner with a 40% shareholding in G&M with ARTAR holding the other 60%. KEFI Minerals provides G&M with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that G&M remains in compliance with all governmental and other procedures. G&M is treated as a joint venture and has been equity accounted and has reconciled its share in G&M's losses.

The above figures reported in 2013 and 2012 represent cumulative exploration activity incurred by G&M since its incorporation in 2009. The accounting policy for exploration costs recorded in the G&M audited financial statements is to capitalise qualifying expenditure and review for impairment, if applicable. This is in contrast to the Group's accounting policy relating to exploration costs which is to expense costs through profit and loss until the Board decides on the development of a project (Note 2). Consequently, exploration costs of G&M at 31 December 2013 amounting to SAR33.2 million (2012: SAR17.4 million) have been adjusted to bring the figures in line with the Group's accounting policies.

17. Joint ventures (continued)

17.2 Joint Venture with Gold and Minerals (continued)

A loss of GBP1,228,000 was recognized by the Group for the year ended 31 December 2013 (2012: GBP612,000) representing the Group's share of losses in the year.

As at 31 December 2013 KEFI Minerals owed ARTAR an amount of GBPNil (2012: receivable GBP25,000) - Note 19.4.

As at 31 December 2013, G&M owed KEFI Minerals an amount of GBP73,000 (2012: GBP249,000) – Note 19.3.

18. Trade and other payables

The Group	2013	2012
Accruals and other payables	**165**	141
Payable to shareholders (Note 19.2)	**-**	97
Payable to joint venture partner (Note 19.4)	**-**	25
VAT Liability (a)	**3,027**	-
Towchester	**171**	-
	3,363	263

(a) On 28 October 2013, the Ethiopian Revenue and Customs Authority ("ERCA") issued an assessment notice against KEFI Minerals (Ethiopia) Ltd in respect of unpaid VAT totalling GBP 3 million (ETB96,713,122 (comprising principal of ETB73,497,020 and interest of ETB23,216,102)). The balance requested reflects Reverse VAT charged on foreign services into Ethiopia; primarily in relation to the drilling contract entered into initially in 2010 in respect of the work to be undertaken at Tulu Kapi. Refer to note 23 for further details about the payment agreement that was reached with ERCA at the end of January 2014.

The Company

	2013	2012
Accruals and other payables	**132**	125
Payable to shareholders (Note 19.2)	**-**	97
	132	222

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Compensation of key management personnel

The total remuneration of the Directors and other key management personnel was as follows:

	2013	2012
Directors' fees *	**243**	189
Directors' other benefits	**34**	37
Share option-based benefits to directors (Note 16)	**123**	132
	400	358

	2013	2012
Other key management personnel fees	**-**	-

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

19. Related party transactions (continued)

* The Managing Director's salary up to 30 September 2012 was paid by the Company. As from 1 October 2012, and after an agreement with G&M, part of the salary of the Managing Director is paid directly by G&M.

The Company has an on-going service agreement with EMED Mining Public Ltd for provision of management and other professional services (Note 19.5).

Share-based benefits

The Company has issued share options to directors and key management. All options, except those noted in Note 16, expire six years after grant date and are exercisable at the exercise price in whole or in part no more than one third from the grant date, two thirds after two years from the grant date and the balance after three years from the grant date.

19.2 Payable to shareholders

			2013	2012
Name	**Nature of transactions**	**Relationship**		
EMED Mining Public Ltd	Finance	Shareholder	**-**	97

19.3 Receivable from related parties

The Group			**2013**	2012
Name	**Nature of transactions**	**Relationship**		
Gold & Minerals Co. Limited	Finance	Joint Venture	**73**	249
Nyota Minerals Limited	Finance	Shareholder	**174**	-
			247	249

The Company			**2013**	2012
Name	**Nature of transactions**	**Relationship**		
Gold & Minerals Co. Limited	Finance	Joint Venture	**73**	249
Nyota Minerals Limited	Finance	Shareholder	**174**	-
			247	249

19.4 Payable to related parties

The Group			**2013**	2012
Name	**Nature of transactions**	**Relationship**		
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Joint Venture Partner	**-**	25
			-	25

19.5 Transactions with shareholders

			2013	2012
Name	**Nature of transactions**	**Relationship**		
EMED Mining Public Ltd	Provision of management and other professional services	Shareholder	**104**	117

20. Contingent liabilities

In 2006, EMED Mining Public Ltd acquired a proprietary geological database that covers extensive parts of Turkey and Greece and also EMED transferred to the Company that part of the geological database that relates to areas in Turkey.

Under the agreement, the Company has undertaken to make a payment of approximately GBP56,500 (AUD105,000) for each tenement it is subsequently awarded in Turkey and which was identified from the database. The maximum number of such payments required under the agreement is four, resulting in a contingent liability of up to GBP226,000. These payments are to be settled by issuing shares in the Company. To date, only one tranche of shares have been issued under this agreement in June 2007 for GBP43,750 (AUD105,000).

21. Relationship deed

A Relationship Deed between EMED and the Company dated 7 November 2006, by which EMED agrees not to operate in Bulgaria and Turkey, and the Company agrees not to operate in Albania, Armenia, Azerbaijan, Cyprus, Greece, Hungary, Iran, Oman, Romania, Saudi Arabia, Serbia or Slovakia the "EMED Area".

The Relationship Deed provides that EMED has the right to appoint one non-executive director of the Company. It also provides EMED with a right of first refusal in respect of funding any proposed mining or exploration project of the Company. The Relationship Deed provides that the Company shall refer any opportunity to conduct mining or exploration activity in the EMED Area to EMED, and EMED shall refer any such opportunity in Bulgaria or Turkey to the Company.

EMED has since granted the Company the right to explore in Saudi Arabia in return for which it will receive, to the extent possible under legislation in Saudi Arabia, first right of refusal over participation in any projects developed (or not taken up) by the joint venture established on 28 May 2009 in that country with Abdul Rahman Saad Al-Rashid & Sons Company Limited.

22. Capital commitments

The Group has the following capital or other commitments as at 31 December 2013 (2012:nil),

(i) Exploration program commitments

	2013	2012
Exploration program commitments payable:		
Within one year	**797**	-
	797	-

23. Events after the reporting date

In January 2014 an agreement was made with Ethiopian Revenue and Customs Authority ("ERCA") to repay the balance of the VAT liability plus interest accruing on the unpaid principal amount over a three-year payment plan in accordance with the relevant tax proclamation, 25% of the assessed outstanding amount is payable immediately and the balance under an agreed payment schedule. This initial payment, of ETB27,111,509 (approximately GBP848,590), equivalent to 25% of the assessed tax amount outstanding, was made in January 2014. The balance of the liability plus interest accruing on the unpaid principal amount will be paid subject to a three-year payment plan formally agreed with ERCA. The total amount that will paid over the three years (principal and interest) is calculated by ERCA to be ETB128,461,525 (approximately GBP4,020,845).

On 27 March 2014, 22,000,000 options were issued to the Directors and a further 4,975,000 options have been granted to other non-board members of the senior management team. Of the options issued, previously granted options over 22,100,000 Ordinary shares which were due to expire during 2014 have all been cancelled and the new grants of options have been made, in accordance with the terms of the Scheme.

On the 4 April 2014 a further 500,000 options were issued to a consultant at a price of 2.3p.

During May 2014 two exploration licenses granted were relinquished.

There were no other material events, after the period, which have a bearing on the understanding of the financial statements.

24. Adoption of new and revised International Financial Reporting Standards (IFRSs)

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) as adopted by EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2013. This adoption did not have a material effect on the accounting policies of the Company. At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some, but not all of these were adopted by the European Union. The Board of Directors expects that the adoption of these accounting standards in future periods will not have an impact on the financial statements of the Company other than the following:

(i) Standards and Interpretations adopted by the EU

New standards

IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014 for EU companies). This includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

Amendments

Amendment to IAS 36 "Impairment of Assets" relating to disclosure of recoverable amount (effective for annual periods beginning on or after 1 January 2014 for EU companies). The amendment revises disclosure requirements related to the measurement of the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

(ii) Standards and Interpretations not adopted by the EU

New standards

IFRS 9 "Financial Instruments" issued in November 2009 and amended subsequently introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition (no stated effective date).

The Board of Directors expects that the adoption of these accounting standards in future periods will not have an impact on the financial statements of the Company other than disclosure, with the exception of IFRS 9, the impact of which is being evaluated.