Management Discussion and Analysis
Financial Review continued

To minimise the effect on the working capital of the Company caused by the delay between production of copper/gold concentrate and payments for the material from the refinery, the Company has entered into a facility with a precious metals trading group whereby the Company can obtain an advance payment for the copper/gold concentrate once it has left the port in Belem, Brazil, secured against the debt due from the refinery. As at 31 December the total funds received by the Company under this facility was US$16.21 million of which US$8.44 million has been repaid out of the receipts from the sale of copper and gold following refining, and the remaining sum of US$7.76 million is owed by the Company at the period-end and will be repaid from the sale of the copper and gold extracted from the concentrate when the refining of the unprocessed material is completed. The total amount of monies received of US$16.21 million represents the advance payments of the 1,100 tonnes of recognised sales as well as a further 160 tonnes of copper/gold concentrate which had left the port in Belem en route to Hamburg, but at the end of the period had not yet been recognised as a sale. At 31 December 2013, as the Company had not generated any production of copper/gold concentrate at that time there was no requirement for any similar financing facility.

The Company acquired certain assets during 2013 and 2014 under finance leases. At 31 December 2014 the Company had liabilities under these financial leases of US$0.72 million due within one year (31 December 2013: US$0.60 million). The leases are for a term of three years and carry interest at a rate of 6.45% per annum. (See below for further details on the amounts owed in more than one year).

The Company repaid on 31 October 2014 a convertible loan stock instrument for UK£300,000 (31 December 2013: US$440,083). Non-current liabilities have increased by US$1.89 million from US$2.72 million at 31 December 2013 to US$4.62 million at 31 December 2014 of which US$1.17 million relates the property acquisition payment due to the past owner of the Sao Chico property.

Liabilities under lease finance arrangements have reduced by US$0.58 million and the lease agreements continue to mature whilst long term trade liabilities have reduced by US$0.15 million again as staged payment settlement agreements mature.

The Company makes provision for the future estimated rehabilitation costs for its mine sites at Palito and Sao Chico. The value of the provision carried by the Company has increased from US$1.48 million at 31 December 2013 to US$2.83 million at 31 December 2014. Of the increase US$0.57 million represents the discounted value of the estimated future costs relating to the remediation of the Sao Chico Mine site whilst approximately US$1.21 million is attributable to a re-estimation of the likely future costs required for the remediation of the Palito Mine site. The Company has during the year released US$0.30 million in provisions for other potential liabilities that it now considers are no longer required.

The Company does not have any asset backed commercial paper investments.

Non-IFRS Financial Measures

The gold mining industry has sought to establish a common voluntary standard to enable investors to assess and compare the performance of companies engaged in gold mining activities. The Company has elected to provide calculations of Cash Costs and All-In Sustaining Costs and has conformed its calculation of these performance measurements with the guidance notes released by the World Gold Council. The measures seek to capture all of the important components of the Company's production and related costs. In addition, management utilises these and similar metrics as a valuable management tool to monitor cost performance of the Company's operations. These measures and similar measures have no standardised meaning under IFRS and may not be comparable to similar measures presented by other companies. This measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IRFS.