NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied to all years presented.

These consolidated and parent financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The consolidated financial statements have been prepared under the historical cost convention.

NEW AND REVISED STANDARDS EFFECTIVE FOR 31 DECEMBER 2014 YEAR END

There were no new standards issued in respect of the year ended 31 December 2014 that were relevant for adoption by the Group.

NEW AND REVISED STANDARDS ISSUED BUT NOT EFFECTIVE FOR 31 DECEMBER 2014 YEAR END

There were no new standards issued but not effective for the year ended 31 December 2014 that would be relevant for adoption by the Group.

BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

GOING CONCERN

The Directors are of the opinion that the Group has adequate financial resources to enable it to undertake its planned programme of exploration and appraisal activities for a period of at least 12 months.

LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group loss for the year includes a loss after tax of $3,887,512 (2013: loss after tax of $2,955,526) which is dealt with in the financial statements of the Parent Company.

THE COMPANY'S INVESTMENTS IN SUBSIDIARIES

The Parent Company's subsidiaries are carried at cost less amounts provided for impairment.

FINANCE INCOME

Finance income consists of interest on cash deposits and foreign exchange gains.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

PROPERTY, PLANT AND EQUIPMENT

Office equipment is initially recorded at cost. Depreciation is provided on office equipment so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Office equipment	33 1/3%

Assets are depreciated from the date of acquisition and on a straight line basis.