PATHFINDER MINERALS PLC

INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2015

CHAIRMAN'S STATEMENT

This interim report for the six months ended 30 June 2015 closely follows the 2014 annual report, which was published at the end of June 2015. In that annual report I outlined the status of legal proceedings and efforts to restore control of the Company's mining licences which were expropriated in 2011. Save for the events described below, there have been no material reportable events since the publication of my last statement.

Steps to recover the Company's assets

The Company continues to pursue the legal enforcement of its rights in Mozambique in respect of the English court's determination that Pathfinder did validly acquire its shareholding in Companhia Mineira de Naburi S.A.R.L ("CMDN"). In addition there remain several ancillary legal proceedings ongoing, each of which relates to the same issue of the Company's ownership and control of CMDN. It is not known when judgments on current proceedings will be received.

A further legal route, by which the Company may seek to recover its assets or compensation for its loss from the Government of Mozambique, remains under advanced consideration.

In parallel with the legal process, representatives of the Company continue to have a dialogue with the Government of Mozambique which, it is hoped, will ultimately yield a faster resolution than that which the courts may achieve.

Legal proceedings in Mozambique

There were no reportable legal developments during the six months ended 30 June 2015.

The most recent development in the Mozambique courts was the Supreme Court's rejection, earlier this month, of the Company's application for permission to appeal against the Supreme Court's earlier decision (announced on 31 December 2014) to refuse the Company's application for recognition of orders by the English court for costs aggregating £106,000 to be paid by General Jacinto Veloso, Diogo Cavaco and JV Consultores Internacionais, Limitada.

The Company pursued two avenues of appeal against this decision. The first was a substantive appeal against the Supreme Court's refusal to recognise the English costs awards. On this matter, the Supreme Court refused to admit an appeal on the basis that there is no right to appeal against a Supreme Court recognition decision.

The second avenue pursued by the Company was what is called a 'harmonisation of laws' appeal. It is an appeal based on the existence of a previous conflicting decision. In Pathfinder's case the Supreme Court refused to recognise the judgments in question because it found that the customary clauses conferring jurisdiction on the English Courts (which were contained in the underlying agreements through which the Company acquired CMDN) did not satisfy the requirements of Mozambique law. However, in a previous decision, the Supreme Court had agreed to recognise a foreign judgment where the jurisdiction of the foreign court was derived from a clause similar to that in the Pathfinder agreements. The Supreme Court has therefore admitted the harmonisation of laws appeal.

However, as a matter of Mozambique law, a successful appeal on this point does not affect the underlying decision not to recognise the relevant costs judgments in this case. Its effect will be only to clarify the law going forward. The Company is therefore advised by its Mozambique lawyers that the 'harmonisation of laws' appeal decision may have positive implications for the Company's pending (second) application for recognition of the English court's substantive decision in respect of the agreements by which Pathfinder acquired its shares in CMDN.

Regardless of any perceived implications this 'harmonisation of laws' decision may have on the pending decision from the Supreme Court, it is inappropriate to speculate on the likely outcome of the application for recognition of the English court decision; and, whatever the outcome, the Company may still seek to recover its assets or seek compensation for its loss by other means.

Corporate events

No noteworthy corporate events occurred during the six months ended 30 June 2015.

At the recent Annual General Meeting held on 7 September, the Company's shareholders approved a share capital reorganisation which took effect the following day. The consequence was that every 10 'old' shares have been exchanged for 1 'new' share in a manner which did not itself impact the market value of individual holdings.

While the Directors continue to believe that the Company has sufficient resources to see through its strategy to recover its assets in the expected timeframe, the capital reorganisation also facilitates the raising of future equity finance subject to market conditions, should there be a delay. The Company anticipates that, at projected rates of expenditure, additional funding will be required in the first quarter of 2016.

Financial results and current financial position

The financial results of Pathfinder are, as for any pre-revenue company which does not currently have operations, very straightforward. The most important financial measurement continues to be whether Pathfinder has sufficient cash to see through its strategy to recover its assets. The board continues to exercise prudence with expenditure.

The financial statements of the Pathfinder Group for the first half of 2015 follow later in this report. The Income Statement shows a loss of £695,000 (H1 2014 - £606,000). Since the Company has been prevented from conducting any activity relating to mining, the large majority of this loss can be attributed to the Company's attempts to recover its expropriated licences.

The Group's Statement of Financial Position shows net assets at 30 June 2015 of £440,000 (31 December 2014 - £1,135,000). The assets are held largely in the form of cash deposits (totalling £592,000 at the end of the period).

Outlook

Pathfinder continues vigorously to pursue all avenues to recover its expropriated mining licences, both through the Mozambique courts and through its dialogue with the Government of Mozambique. The Company will continue to update shareholders with material developments as and when they occur.

Henry Bellingham
Chairman

28 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 June 2015	Unaudited 6 months ended 30 June 2014	Audited Year ended 31 December 2014
	£ '000	£ '000	£ '000
Revenue	**-**	-	-
Administrative expenses	**(699)**	(614)	(1,070)
Operating loss	**(699)**	(614)	(1,070)
Finance income	**4**	8	14
Loss on ordinary activities before taxation	**(695)**	(606)	(1,056)
Taxation	**-**	-	-
Comprehensive loss for the period	**(695)**	(606)	(1,056)
Loss per share (based on 1,037,167,230 shares in issue throughout each of the periods covered by this report)	**(0.1p)**	(0.1p)	(0.1p)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Unaudited 30 June 2015	Unaudited 30 June 2014	Audited 31 December 2014
	£ '000	£ '000	£ '000
Assets			
Current assets			
Trade and other receivables	**123**	180	61
Cash and cash equivalents	**592**	1,619	1,172
	715	1,799	1,233
Total assets	**715**	1,799	1,233
Liabilities			
Current liabilities			
Trade and other payables	**275**	214	98
Total liabilities	**275**	214	98
Total net assets	**440**	1,585	1,135
Equity			
Share capital - issued and fully paid	**18,289**	18,289	18,289
Share premium	**11,022**	11,022	11,022
Retained loss	**(28,871)**	(27,726)	(28,176)
Total equity	**440**	1,585	1,135

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Share Premium	Retained Earnings	Total
	£'000	£'000	£'000	£'000
1 January 2014	18,289	11,022	(27,120)	2,191
Loss for the period	-	-	(606)	(606)
30 June 2014	**18,289**	**11,022**	**(27,726)**	**1,585**
1 January 2014	18,289	11,022	(27,120)	2,191
Loss for the year	-	-	(1,056)	(1,056)
31 December 2014	**18,289**	**11,022**	**(28,176)**	**1,135**
1 January 2015	18,289	11,022	(28,176)	1,135
Loss for the period	-	-	(695)	(695)
30 June 2015	**18,289**	**11,022**	**(28,871)**	**440**

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months ended 30 June 2015	Unaudited 6 months ended 30 June 2014	Audited Year ended 31 December 2014
	£ '000	£ '000	£ '000
Cash flows from operating activities			
Operating loss	**(699)**	(614)	(1,070)
(Increase) decrease in trade and other receivables	**(62)**	5	124
Increase (decrease) in trade and other payables	**177**	86	(30)
Cash absorbed by operations	**(584)**	(523)	(976)
Cash flows from investing activities			
Interest received	**4**	8	14
Net movement in cash	**(580)**	(515)	(962)
Cash at the beginning of the period	**1,172**	2,134	2,134
Cash at the end of the period	**592**	1,619	1,172

1. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention and on a going concern basis (see note 2 below); and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union.

The financial information for the period ended 30 June 2015 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the year ended 31 December 2014. The figures for the year ended 31 December 2014 have been extracted from these accounts, which have been delivered to the Registrar of Companies and which contain an unqualified audit report.

The financial information contained in this document does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. In the opinion of the directors, the financial information for this period fairly presents the financial position, result of operations and cash flows for the period.

This Interim Financial Report was approved by the Board of Directors on 28 September 2015.

2. GOING CONCERN

As explained in the 2014 annual report, there are two situations which may have a direct impact on the ability of the Company to continue to trade as a going concern. The first is the availability of funds to continue to finance the Company's activities. The second is a claim by HMRC for the return of approximately £1.1 million of VAT which it had previously refunded to the Company.

As far as the availability of funds is concerned, the Board has concluded, as set out in the Chairman's Statement, that it currently believes that it has sufficient resources to see through its strategy to recover the assets improperly expropriated from it.

As far as the VAT claim is concerned, professional advice obtained by the Company has given the Board confidence that HMRC's claim can be resisted and that, moreover, the claims made by the Company for the recovery of VAT incurred but not yet refunded (amounting to £61,000 of the 'other receivables' included in the Statement of Consolidated Financial Position) will be reimbursed to the Company.

The Board has therefore continued to adopt a going concern basis for the preparation of these financial statements.

3. SEGMENTAL ANALYSIS

The development of the Group's mining interest in Mozambique comprises the whole of the Group's activity. The Group has one activity only. Of the Group's administrative expenses, £148,000 (2014 – £69,000) was spent in Mozambique. Since, in the interest of accounting prudence, full provision has been made against cost of its Mozambique assets, the whole of the value of the Group's net assets is attributable to its UK assets and liabilities (also the case at 30 June 2014).

4. CONTINGENT LIABILITIES

As part of the agreement for the purchase of the shares in its subsidiary, Companhia Mineira de Naburi SARL, the Company has agreed to pay the vendors a further sum of $9,900,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Naburi mineral sands deposit. Similarly, as part of its agreement for the purchase of the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, Companhia Mineira de Naburi SARL has agreed to pay the vendors, BHP Billiton, a further sum of $9,500,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Moebase mineral sands deposit.

As set out in Note 2 above, HMRC is seeking the recovery of VAT refunded to the Company amounting, with interest, to approximately £1.1 million. If HMRC is successful £61,000 of 'other receivables' will also become irrecoverable.