Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2014

for

Pathfinder Minerals Plc

DIRECTORS:	Henry Bellingham Nicholas Trew James Normand John McKeon
SECRETARY:	James Normand
REGISTERED OFFICE:	Becket House 36 Old Jewry London EC2R 8DD
REGISTERED NUMBER:	02578942 (England and Wales)
AUDITORS:	Chapman Davis LLP 2 Chapel Court London SE1 1HH
SOLICITORS:	Travers Smith LLP 10 Snow Hill London EC1A 2AL
NOMINATED ADVISER:	W H Ireland Limited 24 Martin Lane London EC4R 0DR
REGISTRARS:	Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
BANKERS:	Royal Bank of Scotland 1 Dale Street Liverpool L2 2PP

Introduction

Over the past year as your chairman, I have developed a comprehensive understanding both of the circumstances in which Pathfinder was deprived of its principal assets in late 2011; and of the potential remedies available to the Company. I was keen to make shareholders aware in my June and September 2014 statements that the process to recover Pathfinder's assets may be a lengthy one. It should come as no surprise therefore that it is proving to be so. The process is, however, advancing.

Steps to recover the Company's assets

There are a number of routes via which the Company may in due course restore control of its assets or gain compensation for their loss.

Absent a more immediate diplomatic resolution which compels the Government of Mozambique to restore control to Pathfinder of the areas previously licensed to it, it is hoped that Mozambique's judicial system will ultimately find, as the English courts have done, that Pathfinder (through its wholly-owned subsidiary, IM Minerals Limited) did validly acquire its shareholding in Companhia Mineira de Naburi S.A.R.L ("CMDN"). This, in turn, would allow Pathfinder to demonstrate to the Government of Mozambique that, as a matter of Mozambique, as well as English, law, General Veloso and Diogo Cavaco (the "Defendants") were not entitled to divert the mining licences away from CMDN for their personal gain. I am confident that in such a scenario the Government of Mozambique would take steps akin to reversing the licence transfer.

Following a resounding judgment from the English High Court in the Company's favour, Pathfinder is continuing to pursue its legal rights in Mozambique vigorously – and intends to do so until it is successful in restoring to shareholders the assets of which they have been deprived. This will not, however, be a short process. Notwithstanding the multiple proceedings ongoing in Mozambique it is likely that, whatever their outcome, appeals will follow. For this reason, the Company has continuously kept an open mind with regards to the merits of a mediated settlement with the Defendants. However, the willingness to date of the Defendants to entertain reasonable terms for Pathfinder's shareholders makes this an unlikely scenario.

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

Legal proceedings in Mozambique

There remain several legal proceedings ongoing in the Mozambican courts, each of which raises the issue of the jurisdiction of the English court and/or Pathfinder's status as a shareholder of CMDN. Shortly before the year-end two significant judgments were handed down.

On 15 December 2014 Pathfinder announced that the Maputo Commercial Court had confirmed the validity of the Company's shareholding in CMDN following a hearing which took place on 6 December 2012. In those proceedings Pathfinder had sought the annulment of certain resolutions purportedly passed at an extraordinary general meeting of CMDN on 9 December 2011. The purpose of these resolutions was to dismiss Pathfinder's representatives on CMDN's Board and to cancel Pathfinder's shares in CMDN and reissue them to the Defendants. It was therefore wholly appropriate that the Maputo Commercial Court granted the annulment sought. Importantly, in its judgment the Maputo Commercial Court held that Pathfinder did validly acquire its shareholding in CMDN.

It came as little surprise that, upon notification of this judgment, the Defendants applied to the Maputo Commercial Court to appeal the decision. A decision on the appeal is awaited. Pathfinder will continue to announce any material developments as and when it is notified of them.

On 31 December 2014 Pathfinder announced a decision from the Mozambique Supreme Court in respect of the Company's application for recognition of orders by the English court for costs aggregating £106,000 to be paid by the Defendants. In its judgment, the Mozambique Supreme Court rejected the Company's claim for recognition while upholding, with one exception, all of the Company's arguments.

The basis upon which the Mozambique Supreme Court rejected Pathfinder's claim appears to be absurd. The court determined that the jurisdiction clauses contained in the agreements which were the subject of the dispute were not valid as a matter of Mozambique law because they conferred jurisdiction on the courts of England and Wales without specifying which court in England and Wales was to have jurisdiction (or providing the criteria for selecting the competent court). Such a ruling has serious implications for other investors in Mozambique whose jurisdiction clauses would typically be no different to the standard formulation contained in Pathfinder's contracts. Pathfinder has asked the Supreme Court for permission to appeal against its decision.

In the meantime, a further application for recognition – which includes Pathfinder's application for recognition of the English High Court's declarations in respect of the Company's acquisition of shares in CMDN – is still pending. It is not known when judgment on this further claim might be delivered. It may still be a considerable time.

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 and believes the Company does have sufficient reserves for the foreseeable future.

Nevertheless, the Company wishes to maintain the ability to raise equity finance in the future should it be required. In that context, although there are no immediate plans to seek such funding, in order that the Company might promptly take advantage of any offer of additional finance, the Board is seeking from shareholders at the forthcoming Annual General Meeting the powers required by company law to achieve this. In the light of the current share price, it is likely that the subscription price for any further issue of ordinary shares, should such an issue occur, would be less than their nominal value. Consequently, a share capital reorganisation will also be necessary in order to effect such allotment. This is explained more fully in the Notice of Annual General Meeting which is being sent to shareholders simultaneously with this report.

The financial statements of the Pathfinder Group for the year ended 31 December 2014 follow later in this report. The Income Statement shows a loss of £1.1 million (2013 - £1.5 million). The conclusion of the legal action in England during 2013 brought about a reduction in the rate of expenditure. Since the Company has been prevented from conducting any activity relating to mining, the whole 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 31 December 2014 of £1.1 million (2013 – £2.2 million). The assets are held largely in the form of cash deposits (totalling £1.2 million at the year-end).

Outlook

Pathfinder is advancing the legal proceedings in Mozambique as efficiently and as expeditiously as the judicial infrastructure allows. It is a slow process and judgments have been shown to take up to two years to be handed down. While the Company is prepared to enforce its rights through the courts, we continue to pursue in the background other possible routes to achieve a faster resolution; while at the same time considering other ways to add value to the Company. Above all the Board's objective is to seek the best possible outcome for shareholders from the appalling actions which have afflicted the Company. I believe that a positive outcome is achievable.

Henry Bellingham
Chairman

29 June 2015

The directors present their report with the consolidated financial statements of the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activity of the Group is mining.

REVIEW OF BUSINESS

The review of the business, its operations and finances is contained in the Chairman's Statement.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

EVENTS SINCE THE END OF THE YEAR

These financial statements do not make provision for a claim from HMRC, received by the Company in April this year, for the return of all the VAT recovered by the Company since HMRC accepted the Company's VAT registration in October 2013. With the addition of interest, this claim amounts to approximately £1.1 million. Professional advice on the claim obtained by the Directors is that it has been based on incorrect assumptions about the Company's business plan and consequently is flawed. The Company is therefore challenging the claim.

Pending resolution of this matter, material uncertainties therefore exist about the ability of the Company to continue as a going concern. The Directors believe that the going concern basis of accounting nevertheless remains appropriate and so these financial statements have been prepared on the presumption that the Company remains a going concern. In their report the auditors refer to the Board's decision to account in this manner but do not qualify their report on these financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

John McKeon
James Normand
Nicholas Trew

On 18 February 2014 Henry Bellingham was appointed to the Board as Chairman.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. The company's average creditor days during the year were 20 days (2013: 43 days).

FINANCIAL INSTRUMENTS

The company's financial instruments consist entirely of cash that arises directly from its operations. The main purpose of these financial instruments is to fund the company's operations as well as to manage working capital, liquidity and invest surplus funds. It is, and has been throughout the period under review, the company's policy not to enter into derivative transactions and no trading in financial instruments has been undertaken.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No charitable or political contributions were made during the current or previous year.

SUBSTANTIAL SHAREHOLDINGS

As at 29 June 2015 the following shareholders had notified the company of an interest of 3% or more of the Company's ordinary share capital:

Shareholder name	*Number of 1p ordinary shares*	*Shareholding percentage*
John McKeon	128,209,700	12.4%
J V Consultores Internacionais Limitada (a company controlled by Jacinto Veloso)	110,120,680	10.6%
JP Morgan Funds	94,685,000	9.1%
Nicholas Trew	94,375,753	9.1%
Diogo Cavaco	88,129,280	8.5%
Paul Ellison and Gareth Roberts as Joint Administrators of Hill Street Investments plc	86,544,983	8.3%
Genesis Emerging Market Opportunities Fund	46,490,000	4.5%
YF Finance Limited	45,610,000	4.4%

RISK EXPOSURE

The Companies Act 2006 requires the Directors to set out in this report how the Group manages its exposure to risk.

The directors consider that the Company has sufficient cash and cash equivalents to meet its foreseeable operational requirements.

CORPORATE GOVERNANCE

The Board is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds regular Board meetings, at which financial and other reports, including working capital reports and acquisition opportunities, are considered and, where appropriate, voted on.

The Directors support high standards of corporate governance and the Board complies with the QCA Guidelines so far as reasonably practicable and appropriate taking into account the Company's size. The Company's current situation does not allow for separate audit and remuneration committees and is not conducive to the appointment of non-executive directors, all of which the Board is keen to do as soon as circumstances allow.

The Board supports the principle of clear reporting of financial performance to shareholders. Each year, shareholders receive a full annual report and interim report. The Board regards the Annual General Meeting as an opportunity to communicate directly with private investors. Directors attend the Annual General Meeting and are available to answer questions from shareholders present. The Board actively encourages feedback and shareholder dialogue, whether oral or written.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state that the financial statements comply with IFRS;

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

James Normand
Director and Company Secretary

29 June 2015

We have audited the financial statements of Pathfinder Minerals Plc for the year ended 31 December 2014 which comprises the Statement of Consolidated Comprehensive Income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

– give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;

– have been properly prepared in accordance with IFRSs as adopted by the European Union; and

– have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the note 2 to the financial statements and in the Directors' Report concerning the Company's ability to continue as a going concern when taking into account the contingent liability in relation to the ongoing VAT enquiry disclosed in note 16.

The existence and materiality of the contingent liability in relation to VAT repayable cast significant doubt about the Company's ability to continue as a going concern in the absence of further funding. Uncertainty therefore exists concerning whether the Company will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith Fulton (Senior Statutory Auditor),
for and on behalf of Chapman Davis LLP, Statutory Auditor
Chartered Accountants
2 Chapel Court
London
SE1 1HH

29 June 2015

Statement of Consolidated Comprehensive Income
For the Year Ended 31 December 2014

Year ended 31 December	*Notes*	*2014* *£'000*	*2013* *£'000*
CONTINUING OPERATIONS			
Revenue		–	–
Administrative expenses		(1,070)	(1,480)
OPERATING LOSS	5	(1,070)	(1,480)
Finance income	6	14	21
LOSS BEFORE INCOME TAX		(1,056)	(1,459)
Income tax	7	–	–
LOSS FOR THE YEAR		(1,056)	(1,459)
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,056)	(1,459)
Loss per share (expressed in pence per share)	8		
Basic		(0.1)	(0.1)
Diluted		(0.1)	(0.1)

The notes form part of these financial statements

	Notes	*2014* *£'000*	*2013* *£'000*
ASSETS			
CURRENT ASSETS			
Trade and other receivables	10	61	185
Cash and cash equivalents	11	1,172	2,134
		1,233	2,319
TOTAL ASSETS		1,233	2,319
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	18,289	18,289
Share premium		11,022	11,022
Retained earnings		(28,176)	(27,120)
TOTAL EQUITY		1,135	2,191
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	98	128
TOTAL LIABILITIES		98	128
TOTAL EQUITY AND LIABILITIES		1,233	2,319

The financial statements were approved by the Board of Directors on 29 June 2015 and were signed on its behalf by:

James Normand
Finance Director

The notes form part of these financial statements

	Notes	2014 £'000	2013 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	9	–	–
		–	–
CURRENT ASSETS			
Trade and other receivables	10	61	185
Cash and cash equivalents	11	1,172	2,134
		1,233	2,319
TOTAL ASSETS		1,233	2,319
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	18,289	18,289
Share premium		11,022	11,022
Retained earnings (deficit)		(28,307)	(27,251)
TOTAL EQUITY		1,004	2,060
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	229	259
TOTAL LIABILITIES		229	259
TOTAL EQUITY AND LIABILITIES		1,233	2,319

The financial statements were approved by the Board of Directors on 29 June 2015 and were signed on its behalf by:

James Normand
Finance Director

The notes form part of these financial statements

Statement of Changes in Equity
For the Year Ended 31 December 2014

	Called up share capital £'000	*Profit and loss account £'000*	*Share premium £'000*	*Total equity £'000*
Group				
Balance at 1 January 2013	18,289	(25,661)	11,022	3,650
Changes in equity				
Total comprehensive loss	–	(1,459)	–	(1,459)
Balance at 31 December 2013	18,289	(27,120)	11,022	2,191
Changes in equity				
Total comprehensive loss	–	(1,056)	–	(1,056)
Balance at 31 December 2014	18,289	(28,176)	11,022	1,135
Company				
Balance at 1 January 2013	18,289	(25,792)	11,022	3,519
Changes in equity				
Total comprehensive loss	–	(1,459)	–	(1,459)
Balance at 31 December 2013	18,289	(27,251)	11,022	2,060
Changes in equity				
Total comprehensive loss	–	(1,056)	–	(1,056)
Balance at 31 December 2014	18,289	(28,307)	11,022	1,004

The notes form part of these financial statements

Statement of Cash Flows – Group and Company
For the Year Ended 31 December 2014

	2014	*2013*
	£'000	*£'000*
Cash flows from operating activities		
Loss before income tax	(1,056)	(1,459)
Finance income	(14)	(21)
	(1,070)	(1,480)
Decrease (increase) in trade and other receivables	124	(22)
Decrease in trade and other payables	(30)	(152)
Net cash from operating activities	(976)	(1,654)
Cash flows from investing activities		
Interest received	14	21
Net cash from investing activities	14	21
Decrease in cash and cash equivalents	(962)	(1,633)
Cash and cash equivalents at beginning of the year	2,134	3,767
Cash and cash equivalents at end of the year	1,172	2,134

The notes form part of these financial statements

1. GENERAL INFORMATION

Pathfinder Minerals Plc is a public limited company whose ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange; and is incorporated and domiciled in the UK. The address of its registered office is Becket House, 36 Old Jewry, London EC2R 8DD.

The financial statements of Pathfinder Minerals PLC for the year ended 31 December 2014 were authorised for issue by the Board on 29 June 2015 and the statement of consolidated financial position signed on the Board's behalf by James Normand.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and are presented in the functional currency in £'000.

As explained in the Directors' Report (under the heading 'Events since the end of the year'), circumstances exist which give rise to a material uncertainty about the Company's ability to continue as a going concern. After taking advice and considering the uncertainties described in the Directors' Report, the Directors have nevertheless concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Although the Company's direct subsidiary, IM Minerals Limited, itself holds the whole of the issued share capital of Companhia Mineira de Naburi SARL, which in turn holds the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, events in 2011 indicated that the Company does not control either of these sub-subsidiaries. Neither has it been possible to obtain audited accounts for them. Accordingly these financial statements consolidate the financial statements of IM Minerals Limited only. IM Minerals Limited is a dormant intermediate holding company.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

Share capital

Ordinary shares of the company are classified as equity.

New standards and interpretations not yet adopted

The adoption of new standards, where relevant, has had no impact on the reported results nor on the financial position of the company.

Critical accounting estimates and judgements

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group using International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

Details of accounting estimates and judgements that have the most significant effect on the amounts recognised in the financial statements have been disclosed under the relevant note or accounting policy for each area where disclosure is required.

3. SEGMENTAL REPORTING

The Group has one activity only. Of the Group's administrative expenses, £128,000 (2013 – £409,000) was spent in Mozambique. The whole of the value of the Group's and the Company's net assets in their respective financial statements at 31 December 2014 and 2013 was attributable to UK assets and liabilities.

4. EMPLOYEES AND DIRECTORS

There were no employees, other than the directors.

The following table sets out and analyses the remuneration of directors for the years ended 31 December 2014 and 2013 in £s:

	Fee	*Salaries*	*Benefits in kind*	*Total emoluments*	*Contributions to pension schemes*	*Total remuneration 2014*	*Total remuneration 2013*
	£	£	£	£	£	£	£
Henry Bellingham	–	44,000	–	44,000	–	44,000	–
John McKeon	48,000	–	–	48,000	–	48,000	48,000
Nicholas Trew	–	150,000	5,330	155,330	15,000	170,330	170,880
James Normand	–	120,000	4,358	124,358	12,000	136,358	136,626
	48,000	270,000	9,688	327,688	27,000	398,688	355,506

5. OPERATING LOSS

	2014	*2013*
	£'000	*£'000*
The loss before income tax is stated after charging:		
Auditors' remuneration	10	10
Directors' remuneration	399	355
Litigation costs	348	1,304
And after crediting:		
Recovery of VAT relating to earlier years	–	762

Any recovery of litigation expenditure resulting from the Court costs awards in the Company's favour will be recognised in the accounts when received.

6. NET FINANCE INCOME

	2014	*2013*
	£'000	*£'000*
Interest on bank deposits	14	21

7. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 *£'000*	*2013* *£'000*
Loss on ordinary activities before income tax	(1,056)	(1,459)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	(227)	(339)
Effects of:		
Unrelieved tax losses carried forward	227	339
Tax expense	–	–

8. LOSS PER SHARE

Basic loss per share is calculated, as set out in the tables below, by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A diluted loss per share has not been calculated as the effect of the exercise of outstanding warrants and options would be anti-dilutive.

	Earnings *£'000*	*Weighted average number of shares*	*Per share amount – pence*
2014			
Basic earnings per share			
Earnings attributable to ordinary shareholders	(1,056)	1,037,167,230	(0.1)
2013			
Basic earnings per share			
Earnings attributable to ordinary shareholders	(1,459)	1,037,167,230	(0.1)

9. SUBSIDIARIES

	Shares in group undertakings £'000
COST	
At 1 January 2014 and 31 December 2014	34,806
PROVISIONS	
At 1 January 2014 and 31 December 2014	34,806
NET BOOK VALUE	
At 1 January 2014 and 31 December 2014	–

The Company's subsidiaries, each of which is wholly-owned, are:	*Incorporated in:*
IM Minerals Limited	England and Wales
Companhia Mineira de Naburi SARL	Mozambique
Sociedade Geral de Mineracao de Moçambique SARL	Mozambique

IM Minerals Limited held the shares in Companhia Mineira de Naburi SARL which held titanium dioxide mining concessions in the Republic of Mozambique. In November 2011 the original vendors of IM Minerals' subsidiary, Companhia Mineira de Naburi SARL ("CMdN"), advised the Company that they had procured the cancellation of IM Minerals' shares in CMdN and the transfer of its assets (the mining licences) to another company controlled by them. Whilst the Company is taking legal and other action in order to recover the shares and the licences, the Company, in the interest of accounting prudence, made full provision in the 2011 financial statements against the cost of its investment in IM Minerals.

10. TRADE AND OTHER RECEIVABLES

	2014		*2013*	
	Group £'000	*Company £'000*	*Group £'000*	*Company £'000*
VAT recoverable (see note 16)	20	20	27	27
Other debtors and prepaid expenses	41	41	158	158
	61	61	185	185

11. CASH AND CASH EQUIVALENTS

	2014		*2013*	
	Group £'000	*Company £'000*	*Group £'000*	*Company £'000*
Bank balances	1,172	1,172	2,134	2,134

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		*2014*	*2013*
Number	*Class*	*£'000*	*£'000*
1,037,167,230	Ordinary shares of 1 penny each	10,372	10,372
79,971,393	Deferred shares of 9.9 pence each	7,917	7,917
		18,289	18,289

13. TRADE AND OTHER PAYABLES

	2014		*2013*	
	Group £'000	*Company £'000*	*Group £'000*	*Company £'000*
Trade creditors	13	13	2	2
Amount owing to subsidiary	–	131	–	131
Other creditors	27	27	33	33
Accrued expenditure	58	58	93	93
	98	229	128	259

14. SHARE OPTIONS AND WARRANTS

No share options or warrants have been awarded or exercised, nor have any expired, during the year. Unexercised share options and warrants at the beginning and end of the year, all of which are currently capable of being exercised, were held as follows:

Share options and warrants

	Number of shares the subject of options or warrants	*Exercise price per share*	*Latest exercise date*
Directors			
John McKeon	36,000,000	10p	26 July 2016
Nicholas Trew	36,000,000	10p	26 July 2016
James Normand	16,000,000	4.75p	9 February 2021
	3,600,000	10p	26 July 2016
Former directors and others	24,400,000	10p	26 July 2016
	6,000,000	4.75p	8 February 2016
Total	122,000,000		

At 26 June 2015 (the latest date before publication of these financial statements), the mid-market price of the Company's shares was 0.42 pence. The value of the options granted to directors and others, in connection with the reverse takeover and the ongoing development of the company, has been considered in the context of the requirements of IFRS 2; and in the opinion of the directors there is no material charge to be made to the income statement. There have been no changes to the numbers of unexercised warrants and share options since 31 December 2014.

15. RELATED PARTY DISCLOSURES

During the year, a director was reimbursed sums totalling £15,695 (2014 – £nil) for personal expenditure incurred on Company business.

Details of directors' remuneration are given in note 4 above.

16. CONTINGENT LIABILITIES

As part of the agreement for the purchase of the shares in its subsidiary, Companhia Mineira de Naburi SARL ("CMdN"), the Company's subsidiary, IM Minerals Limited, 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. This sum has since been reduced by advances of £90,083, made by IM Minerals Limited, and £75,933, made by the Company, to one of the vendors, Mr Diogo Cavaco.

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, CMdN 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. This obligation is guaranteed by IM Minerals Limited.

In April 2015 the Company received an assessment from HMRC demanding the return of all VAT previously refunded to the Company. Together with interest, this assessment is for £1,109,765. As explained in the Directors' Report, professional advice on the claim obtained by the Directors is that it has been based on incorrect assumptions about the Company's business plan and consequently is flawed. The Company is therefore challenging the claim.

For the same reason no provision has been made in these financial statements for the possibility that VAT claimed but not refunded as at 31 December 2014 (£20,000 – see note 10 above) will not in due course be reimbursed by HMRC.