Amara Mining plc
Annual Report and Financial Statements
For the year ended 31 December 2015



Company number: 4822520

**Review of Business**

During 2015 the Group was focused on advancing its Yaoure gold project in Côte d'Ivoire through ongoing feasibility studies and additional resource drilling. The Baomahun gold project in Sierra Leone was on care and maintenance throughout much of the year as the country tackled the Ebola crisis. The closure of the Kalsaka/Sega mine in Burkina Faso was ongoing, but changes to the government regime and related personnel resulted in slower progress than expected.

The Groups activities were funded by a capital raise in January 2015 totalling US$21.0m (net of issue costs).

*Yaoure Gold Project - Côte d'Ivoire*

In May 2015 the Group published the results of the pre-feasibility study which showed the projects ability to deliver large scale gold production at low operating costs in a low gold price environment. The publication of the study also enabled the Group to submit its application for a mining licence with the Côte d'Ivoire authorities in July. The application remains in the consultative phase along with the Environmental and Social Impact Assessment.

Exploration work in the year included a 12,000m diamond drilling programme culminating in the release of a new National Instrument 43-101 compliant mineral resource in November 2015 and a National Instrument 43-101 compliant mineral reserve update in January 2016. The updated resource of 7.3 million ounces at 1.50 g/t and reserve of 3.2 million ounces at 1.62 g/t have been used to optimise the pre-feasibility study and the results were released in February 2016. The headline figures of the optimised pre-feasibility study were an internal rate of return of 38% and a post-tax net present value of US$555m at a discount rate of 8% and a gold price of US$1,200 per ounce. In addition, the total upfront capital requirement had been reduced to US$334m.

The Group was granted a new exploration licence to the east of the current Yaoure licence and has embarked on a small scale regional target generation programme.

*Baomahun Gold Project - Sierra Leone*

No significant exploration or evaluation work took place during the year due to the Ebola outbreak in Sierra Leone. A small team of geologists returned to site in November to commence a geological review of the project, which included the re-logging of previously drilled core to evaluate the potential to grow the current 2.8 million ounce resource. In addition, an independent mining engineer has been engaged to review the opportunities for long term underground mining at the project.

*Kalsaka/Sega - Burkina Faso*

The closure of operations in Burkina Faso progressed during 2015 with the completion of the liquidation of Seguenega Mining SA ("SMSA") in September and continuing negotiations to sell the remaining assets of the local subsidiaries. The former mining contractor at Sega continues to pursue the Company in Burkina Faso to be held jointly and severally liable for the debts of SMSA. In addition, the contractor has initiated conservatory seizure orders in Côte d'Ivoire against the assets the Company directly owns in Côte d'Ivoire. No significant rulings have been made in respect to this litigation and the Directors remain confident that the claims are highly unlikely to succeed or have recourse to the Company. Further details are provided in note 19 to the financial statements.

*Finance Review*

In January 2015 the Company successfully raised US$21m.

Total cash of US$10.8m was invested into feasibility studies, resource drilling, regional exploration and holding costs for the Yaoure project. US$4.1m was incurred in respect of corporate overhead costs, US$1.9m was incurred for holding costs at the Baomahun project and a further US$0.7m was released to the income statement with regard to historic write offs on local inventories and other costs.

An impairment review on the Baomahun gold project resulted in an impairment charge of US$76.9m being recognised valuing the project at a fair value less cost to sell of US$9.6m

In Burkina Faso one off legal and other costs totalling US$0.4m were incurred by the Group in the year, with all other costs being met from cash generated in country. The assets and liabilities of the Burkinabe assets were disclosed as held for sale with a net value of US$nil (gross assets and liabilities of US$8.6m). There remains no expectation that any funds will be recovered from these entities, equally there is no requirement to compensate for any shortfall. Further details are provided in note 21 to the financial statements.

As at 31 December 2015 the Group had US$4.1m of available cash.

**Key Performance Indicators**

At this stage in its development, the Directors do not consider the use of numerous quantitative or qualitative key performance indicators to be an effective way to measure the Group's performance. Qualitative indicators include mineral resource and reserve updates together with other technical data and results.

The only key quantitative indicator comprises a review of monthly cash balances and expenditure compared to budget. The annual budget for each Group asset and corporate overheads is approved and set by the Board prior to the start of each year. Management accounts are prepared on a monthly basis and compared to budget with any significant variances investigated.

At no point during the year was the month end cash balance materially different from expected with the lowest month end cash balance being US$0.5m and the highest US$19.8m.

**Future Developments**

On 28 February 2016 the Company announced a recommendation for the combination of the Company with Perseus Mining Limited. The combination completed on 18 April 2016.

**Principal Risks and Uncertainties**

| Risk | Comment and mitigating actions |
|---|---|
| **Operational Risk**<br>Exploration and mine development operations generally involve a degree of risk. Unexpected events could result in damage to the Company's property or otherwise give rise to financial liability which could affect the ability of the Company to continue to operate profitably.<br><br>A violation of health and safety laws or regulations could have a material adverse effect on the Company's business due to a requirement to implement new compliance measures.<br><br>Exploration and development sites have inherent risks and liabilities associated with environmental laws and regulations, which are constantly evolving. There may be unforeseen environmental issues under existing or updated legislation which could expose the Company to additional liabilities and have a material adverse effect on the Company's operations. | The Board has implemented a number of processes and discussion forums to enable management to monitor the operational performance of the Company's exploration performance.<br><br>Health and safety and the environment are key considerations for the Board who have made it a priority to ensure that good practices are at the core of the Company's culture. The operational Directors are regularly reported to on any health and safety concerns by the exploration and country managers to ensure that the codes of the Company are being implemented correctly to ensure the safety of the employees, local communities and the environment. |
| **Exposure to Cost Pressures**<br>Amara is exposed to increases in the prices for services and equipment (e.g. drilling contractors, drilling consumables and the price of diesel). | Amara seeks to negotiate the best possible rates for all services and products it receives, taking into account not only price, but service quality and reliability. |
| **Reliability of Mineral Resources and Mineral Reserves**<br>The Company's stated mineral reserves and resources are estimates based on a range of assumptions, including geological, metallurgical and technical factors; there can be no assurance that the anticipated tonnages or grades will be achieved. | Amara's Mineral Resources and Mineral Reserves are prepared either by in-house staff or by third party consultants who have considerable experience and are certified by appropriate bodies.<br>Amara's resources are presented in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standards. |
| **Gold Price**<br>Amara is not currently directly exposed to commodity price risk following the closure of its mining operations in Burkina Faso.<br><br>A significant fall in the gold price could have a potential impact on the Company's ability to raise funds for the development of its exploration properties in Côte d'Ivoire and Sierra Leone. | The Company regularly reviews changes in the gold price to ensure that feasibility studies take into account the Company's long term view of the gold price. |
| **Financing Risk**<br>The Company requires substantial funds for exploration and development of mineral properties. The Company may also incur major unanticipated liabilities or expenses. The Company's access to capital is largely determined by its ability to compete | The Board regularly reviews the levels of discretionary spending on capital items and exploration expenditure to ensure that there is sufficient headroom should unexpected liabilities |

| Risk | Comment and mitigating actions |
|---|---|
| for investor support for its projects. There can be no assurance that the Company will be able to obtain the necessary financing in a timely manner on acceptable terms to complete its investment strategy. | arise. This includes regularly updating working capital models, reviewing actual costs against budget and assessing potential impacts on future funding requirements and performance targets. |
| **Political Risk**<br>The Company's activities are subject to various laws and regulations governing the mining industry. Although all activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's current activities and development plans and have a material adverse impact on the Company's financial position.<br><br>The Company's activities are focused on West Africa and the success of the Company will be influenced by associated legal and political risks. Countries in the region have experienced political instability and economic uncertainty in the past. Government policy in the countries in which the Company operates can be unpredictable, and the institutions of government and market economy may be unstable and subject to rapid change, which may result in a material adverse effect on the Company's operations.<br><br>The renewal of exploration and exploitation licences is an area of risk given the countries in which the Company operates. Whilst the Company has in place legal titles on the assets in its portfolio, there remains a risk to the Company that changes within regimes could put the ownership of these assets at risk.<br><br>In addition, the Company is currently awaiting the granting of the mining and environmental licence at its Yaoure project in Côte d'Ivoire.<br><br>The Company is also at risk of taxation reviews that may change, or apply more stringently the laws and regulations of the countries in which it operates. | The Company actively engages the governments and policy makers to discuss all regulatory developments applicable to the Company, in particular in relation to taxation and the mining codes. The Company continues to have a series of discussions with the government to resolve outstanding disputes.<br><br>The Company will also put in place political risk insurance covering expropriating acts if it is deemed appropriate and cost effective to do so. |
| **Contractual Risk**<br>The Company has several contractual relations that could potentially end in dispute and legal settlement given their complexity - such examples being the dispute with the mining contractors as disclosed in note 19 to the financial statements. | The Company employs the use of contract and industry experts to ensure that any contract entered into does not leave the Company exposed to a potentially onerous outcome. |
| **Community Relations**<br>A failure to adequately engage or manage relations with local communities and stakeholders could have a direct impact on the Company's ability to operate at its projects. | In addition to its existing corporate social responsibility programmes, the group is implementing a number of additional initiatives to improve and build on local community relations, and has increased its social management capacity. |

**Approval**

The Strategic Report, as set out on pages 1 to 3, has been approved by the Board.

On behalf of the Board

P.C

Director
22 April 2016

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

**Business review and future developments**

The Strategic Report is presented on pages 1 to 3 of this Annual Report. The Strategic Report contains certain forward-looking statements, particularly concerning the development plans at the Yaoure and Baomahun projects. These statements have been made by the Directors in good faith based on the information available at the time of the approval of the Annual Report.

By their nature, such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements depending on a variety of factors such as, inter alia, increased costs, possible variations in Mineral Resources, grades or recovery rates, disruption of supplies, failure of equipment or processes to operate as anticipated, a weaker gold market and changes in exchange rates.

**Key performance indicators**

The Group is focused on exploring and developing the assets within its investment portfolio. A summary of quantitative and qualitative indicators is given in the Strategic Report.

**Results and dividends**

The Group made a consolidated loss after taxation for the year of US$83.9m (2014: US$19.8m). The Directors do not recommend the payment of a dividend (2014: nil).

**Share capital and share options**

Details of the share capital of the Company are set out in note 11 to the financial statements. Details of share options outstanding at 31 December 2015, together with options granted during the year are set out in note 17 to the financial statements.

**Directors**

The Directors of the Company who held office during the year are as follows:

J McGloin
P Gardner
P Cowley (resigned 18 April 2016)
A Davidson (resigned 18 April 2016)
H Faul (resigned 18 April 2016)
P Hain (resigned 18 April 2016)
G Stanley (resigned 18 April 2016)

During the year, directors' and officers' liability insurance was maintained for the Directors and other officers of the Company as permitted by the Companies Act 2006.

Details of Director's interests in the share capital of the Company and outstanding share options are set out below:

***Directors' shareholdings***

The Directors and their beneficial interests in the shares of the Company were as follows:

| | Ordinary shares of 1p each | |
|---|---|---|
| | **At 31 December 2015** | At 31 December 2014 |
| J McGloin | 1,886,628 | 1,288,736 |
| P Gardner | 1,273,433 | 1,000,109 |
| P Cowley | 114,534 | 83,284 |
| A Davidson | 31,250 | - |
| H Faul | 80,759 | 49,509 |
| P Hain | 173,056 | 141,806 |
| G Stanley | 202,815 | 171,565 |

On 21 March 2016, 70,422 ordinary shares of 1p were issued to each non-executive Director, total issue of 352,110.

**Financial instruments**

The Group's exposure to financial risks and its policies in relation to the use of financial instruments are explained in note 15 to the financial statements.

**Events after the reporting period**

On 29 February 2016 the Company announced plans to merge with Perseus Mining Limited by way of a scheme of arrangement. Amara shareholders would receive 0.68 Perseus shares and 0.34 warrants over Perseus shares for each Amara share held. Each warrant would be exercisable into a Perseus new share at a price of AUD0.44 within 36 months of being issued. The merger was approved by shareholders at a General Meeting on 8 April and the merger was finalised following court approval on 18 April. The Company is now a 100% subsidiary of Perseus Mining Limited.

**Going concern**

Following the merger with Perseus Mining Limited the Directors are satisfied that the combined Group will have sufficient funds to meet the existing Group's working capital requirements and meet its financial obligations for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

**Provision of information to auditor**

In the case of each of the Directors who are Directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information which the Company's auditor is unaware of; and
- They have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

P. Cl

Director
22 April 2016

The directors are responsible for preparing the strategic report, the annual report 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 group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 group and company and of the profit or loss of the group 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 whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARA MINING PLC

We have audited the financial statements of Amara Mining Plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated and company statements of cash flows and 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 an auditor's report 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 statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

**Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company 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.

BDO LLP

Stuart Barnsdall (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
22 April 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Amara Mining plc

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
as at 31 December 2015

| | *Notes* | 2015<br>US$000 | 2014<br>US$000 |
|---|---|---|---|
| **Continuing operations** | | | |
| General and administrative expenses | | (4,146) | (5,938) |
| Other operating costs | | (2,618) | (1,169) |
| Impairment of deferred exploration and evaluation costs | | (72,545) | - |
| Impairment of mine development and associated property, plant and equipment costs | | (4,414) | - |
| **Operating loss** | | (83,723) | (7,107) |
| Finance income | 3 | 162 | 29 |
| Finance costs | 4 | - | (838) |
| **Loss before taxation** | 1 | (83,561) | (7,916) |
| Income tax expense | 5 | (5) | - |
| **Loss for the year from continuing operations** | | (83,566) | (7,916) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations, net of tax | 21 | (351) | (11,884) |
| **Loss and total comprehensive income for the year** | | (83,917) | (19,800) |
| **Attributable to:** | | | |
| Equity shareholders of the parent company | | | |
| Loss for the year from continuing operations | | (83,501) | (7,908) |
| Loss for the year from discontinued operations | | (361) | (7,824) |
| Loss for the year attributable to owners of the parent | | (83,862) | (15,732) |
| Non-controlling interests | | | |
| Loss for the year from continuing operations | | (65) | (8) |
| Loss for the year from discontinued operations | | 10 | (4,060) |
| Loss for the year attributable to non-controlling interests | 13 | (55) | (4,068) |

# Amara Mining plc
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

| | Notes | 2015 US$000 | 2014 US$000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 6 | **64,049** | 127,417 |
| Property, plant and equipment | 7 | **1,477** | 5,927 |
| Total non-current assets | | **65,526** | 133,344 |
| **CURRENT ASSETS** | | | |
| Inventories | 10 | **118** | 486 |
| Other receivables | 11 | **1,254** | 1,789 |
| Cash and cash equivalents | | **4,075** | 1,687 |
| Total current assets | | **5,447** | 3,962 |
| Assets of disposal group held for sale | 21 | **8,584** | 13,506 |
| **TOTAL ASSETS** | | **79,557** | 150,812 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 11 | **6,975** | 5,598 |
| Share premium | 11 | **220,021** | 200,420 |
| Merger reserve | 11 | **15,107** | 15,107 |
| Share option reserve | 11 | **4,838** | 4,721 |
| Currency translation reserve | 11 | **987** | 987 |
| Accumulated losses | | **(176,449)** | (93,109) |
| **TOTAL EQUITY ATTRIBUTABLE TO THE PARENT** | | **71,479** | 133,724 |
| Non-controlling interests | 12 | **(4,415)** | (4,360) |
| **TOTAL EQUITY** | | **67,064** | 129,364 |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | 13 | **2,262** | 3,150 |
| Total non-current liabilities | | **2,262** | 3,150 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 14 | **1,647** | 4,792 |
| Total current liabilities | | **1,647** | 4,792 |
| Liabilities of disposal group held for sale | 21 | **8,584** | 13,506 |
| **TOTAL LIABILITIES** | | **12,493** | 21,448 |
| **TOTAL EQUITY AND LIABILITIES** | | **79,557** | 150,812 |

The financial statements were approved and authorised for issue by the Board of Directors on22 April 2016 and were signed on its behalf by:

P. Cl

Director
**COMPANY NUMBER: 4822520**

# Amara Mining plc
## COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

| | Notes | 2015<br>US$000 | 2014<br>US$000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 7 | **69** | 113 |
| Investments in subsidiaries | 8 | **9,776** | 21,169 |
| Other receivables | 9 | **59,996** | 101,833 |
| Total non-current assets | | **69,841** | 123,115 |
| **CURRENT ASSETS** | | | |
| Other receivables | 9 | **177** | 255 |
| Cash and cash equivalents | | **3,873** | 1,580 |
| Total current assets | | **4,050** | 1,835 |
| **TOTAL ASSETS** | | **73,891** | 124,950 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 11 | **6,975** | 5,598 |
| Share premium | 11 | **220,021** | 200,420 |
| Merger reserve | 11 | **12,607** | 12,607 |
| Share option reserve | 11 | **4,838** | 4,721 |
| Currency translation reserve | 11 | **(16,591)** | (16,591) |
| Accumulated losses | | **(154,414)** | (82,721) |
| **TOTAL EQUITY** | | **73,436** | 124,034 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 14 | **455** | 916 |
| Total current liabilities | | **455** | 916 |
| **TOTAL LIABILITIES** | | **455** | 916 |
| **TOTAL EQUITY AND LIABILITIES** | | **73,891** | 124,950 |

The financial statements were approved and authorised for issue by the Board of Directors on22 April 2016 and were signed on its behalf by:

Director
**COMPANY NUMBER: 4822520**

# Amara Mining plc

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$000 | Share premium US$000 | Merger reserve US$000 | Share option reserve US$000 | Currency translation reserve US$000 | Accumulated losses US$000 | Sub-total US$000 | Non-controlling interests US$000 | Total equity US$000 |
| BALANCE AT 1 JANUARY 2014 | 3,785 | 173,242 | 15,107 | 4,678 | 987 | (77,941) | 119,858 | (2,839) | 117,019 |
| Loss for the year | - | - | - | - | - | (15,732) | (15,732) | (4,068) | (19,800) |
| Total comprehensive income for the year | - | - | - | - | - | (15,732) | (15,732) | (4,068) | (19,800) |
| Issue of ordinary share capital | 1,813 | 29,013 | - | - | - | - | 30,826 | - | 30,826 |
| Non-controlling interest disposed | - | - | - | - | - | - | - | 2,547 | 2,547 |
| Share issue costs | - | (1,835) | - | - | - | - | (1,835) | - | (1,835) |
| Share option charge | - | - | - | 607 | - | - | 607 | - | 607 |
| Reserve transfer on exercise or lapse of share options | - | - | - | (564) | - | 564 | - | - | - |
| BALANCE AT 31 DECEMBER 2014 | 5,598 | 200,420 | 15,107 | 4,721 | 987 | (93,109) | 133,724 | (4,360) | 129,364 |
| Loss for the year | - | - | - | - | - | (83,862) | (83,862) | (55) | (83,917) |
| Total comprehensive income for the year | - | - | - | - | - | (83,862) | (83,862) | (55) | (83,917) |
| Issue of ordinary share capital | 1,377 | 20,655 | - | - | - | - | 22,032 | - | 22,032 |
| Share issue costs | - | (1,054) | - | - | - | - | (1,054) | - | (1,054) |
| Share option charge | - | - | - | 639 | - | - | 639 | - | 639 |
| Reserve transfer on exercise or lapse of share options | - | - | - | (522) | - | 522 | - | - | - |
| BALANCE AT 31 DECEMBER 2015 | 6,975 | 220,021 | 15,107 | 4,838 | 987 | (176,449) | 71,479 | (4,415) | 67,064 |

# Amara Mining plc

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

| | Share capital US$000 | Share premium US$000 | Merger reserve US$000 | Share option reserve US$000 | Cumulative translation reserve US$000 | Accumulated losses US$000 | Total equity US$000 |
|---|---|---|---|---|---|---|---|
| BALANCE AT 1 JANUARY 2014 | 3,785 | 173,242 | 12,607 | 4,678 | (16,591) | (75,312) | 102,409 |
| Loss for the year | - | - | - | - | - | (7,973) | (7,973) |
| Total comprehensive income for the year | - | - | - | - | - | (7,973) | (7,973) |
| Issue of ordinary share capital | 1,813 | 29,013 | - | - | - | - | 30,826 |
| Share issue cost | - | (1,835) | - | - | - | - | (1,835) |
| Share option charge | - | - | - | 607 | - | - | 607 |
| Reserve transfer on exercise or lapse of share options | - | - | - | (564) | - | 564 | - |
| BALANCE AT 31 DECEMBER 2014 | 5,598 | 200,420 | 12,607 | 4,721 | (16,591) | (82,721) | 124,034 |
| Loss for the year | - | - | - | - | - | (72,215) | (72,215) |
| Total comprehensive income for the year | - | - | - | - | - | (72,215) | (72,215) |
| Issue of ordinary share capital | 1,377 | 20,655 | - | - | - | - | 22,032 |
| Share issue costs | - | (1,054) | - | - | - | - | (1,054) |
| Share option charge | - | - | - | 639 | - | - | 639 |
| Reserve transfer on exercise or lapse of share options | - | - | - | (522) | - | 522 | - |
| BALANCE AT 31 DECEMBER 2015 | 6,975 | 220,021 | 12,607 | 4,838 | (16,591) | (154,414) | 73,436 |

# Amara Mining plc

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES | | |
| Operating loss for the year from continuing operations | (83,723) | (7,107) |
| Operating loss for the year from discontinued operations | (652) | (9,454) |
| Depreciation and amortisation | 1,211 | 11,745 |
| Decrease/(increase) in other receivables | 2,554 | (4,555) |
| (Decrease)/increase in trade and other payables | (5,594) | 6,119 |
| Decrease in inventories | 2,012 | 6,715 |
| Decrease in provisions | (1,660) | (3,086) |
| Share option charge | 639 | 607 |
| Impairment of deferred exploration and evaluation costs | 72,545 | - |
| Impairment of mine development and associated property, plant and equipment costs | 4,414 | - |
| NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES | (8,254) | 984 |
| Income taxes paid | (5) | (779) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Interest received | 10 | 87 |
| Interest paid | - | (590) |
| Purchase of property, plant and equipment | (239) | (1,536) |
| Purchase of intangible assets - deferred exploration | (10,849) | (17,497) |
| Purchase of intangible assets - mining rights | - | (5) |
| Disposal of subsidiary net of cash | - | (49) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (11,078) | (19,590) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from the issue of share capital | 21,994 | 28,105 |
| Issue costs paid | (1,054) | (1,835) |
| Repayment of borrowings | - | (13,332) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 20,940 | 12,938 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 1,603 | (6,447) |
| Cash and cash equivalents at start of period | 4,701 | 11,372 |
| Exchange gain/(loss) on cash and cash equivalents | 451 | (224) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 6,755 | 4,701 |
| CASH AND CASH EQUIVALENTS COMPRISE | | |
| Cash at bank | 4,075 | 1,687 |
| Cash at bank - disposal group held for sale (note 21) | 2,680 | 3,014 |
| | 6,755 | 4,701 |

Cash flows from discontinued operations have been presented in note 20.

Included in cash and cash equivalents is US$2,670,000 (2014: US$2,997,000) in respect of a restricted bank account held for the purposes of the rehabilitation of Kalsaka mine site in Burkina Faso.

# Amara Mining plc

## COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

| | 2015<br>US$000 | 2014<br>US$000 |
|---|---|---|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Operating loss for the year | **(72,462)** | (7,227) |
| Depreciation | **46** | 58 |
| Decrease/(increase) in trade and other receivables | **78** | (131) |
| Decrease in trade and other payables | **(421)** | (64) |
| Share option charge | **639** | 607 |
| Impairment of amounts due from subsidiaries | **67,580** | 741 |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | **(4,540)** | (6,016) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Interest received | **10** | 29 |
| Interest paid | **-** | (134) |
| Purchase of property, plant and equipment | **(2)** | (16) |
| Disposal of investments | **-** | (38) |
| Amounts remitted from subsidiary undertakings | **-** | 55,346 |
| Amounts remitted to subsidiary undertakings | **(14,082)** | (65,739) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | **(14,074)** | (10,552) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from the issue of share capital | **21,994** | 28,105 |
| Issue costs paid | **(1,054)** | (1,835) |
| Repayment of borrowings | **-** | (13,332) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | **20,940** | 12,938 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | **2,326** | (3,630) |
| Cash and cash equivalents at start of period | **1,580** | 5,226 |
| Exchange loss on cash and cash equivalents | **(33)** | (16) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | **3,873** | 1,580 |
| CASH AND CASH EQUIVALENTS COMPRISE | | |
| Cash at bank | **3,873** | 1,580 |

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

**BASIS OF PREPARATION**

The consolidated financial statements have been prepared on the historical cost basis in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union and with those parts of the UK Companies Act 2006 applicable to companies reporting under IFRS as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in the accounting policies below.

The financial information is presented in US Dollars. The functional currency for Amara Mining plc (the "Company") and all material entities in the Group is the US Dollar. Consequently, there are no exchange differences on the translation of subsidiaries and the currency translation reserve will remain frozen until any entities to which the differences relate are disposed of, or any changes in functional currency takes place.

The Group has chosen to present its financial statements in US Dollars as it is the currency most relevant to the shareholders given the nature of the Group's activities.

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006. The parent company made a loss of US$72,215,000 (2014: US$7,973,000).

**NATURE OF BUSINESS AND GOING CONCERN**

The Company is a public limited company incorporated and domiciled in England. The address of the registered office is 4th Floor, 29-30 Cornhill, London, EC3V 3NF.

The Group is involved in the acquisition, exploration, development and operation of gold mines and resources in West Africa.

The Directors regularly review cashflow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements, progress its exploration projects and take advantage of business opportunities that may arise. The Group manages its treasury function to ensure that cash is primarily held in politically stable countries. This minimises the risk of political events preventing the Group from continuing to make payments required for the Group's operations to continue.

Following the merger with Perseus Mining Limited ("Perseus"), the Company became a 100% subsidiary of Perseus. Perseus has indicated that it will provide financial support for the Group to meet its financial obligations for a period of at least twelve months. The Directors are therefore satisfied that the combined Group will have sufficient funds to meet the existing Group's working capital requirements and meet its financial obligations for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Further information regarding the Group's financing arrangements is set out in note 15 to the financial statements.

**ISSUED IFRS THAT ARE NOT YET EFFECTIVE**

It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board but are not yet effective will have a material impact on the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective dates.

**BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any excess of the fair value of assets acquired over the cost of acquisition is recognised directly in profit or loss.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at acquisition date.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal or loss of control, as appropriate. Control is determined by reference to the Groups exposure, or right, to a variable return from its involvement in the investment and it has the ability to affect those returns through its power over the investee.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. Non-controlling shareholders' interest may initially be measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on each acquisition individually.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. On disposal, or loss of control, of a subsidiary the related non-controlling interest balances are taken into account in the gain or loss on disposal.

**FOREIGN CURRENCIES**

**Foreign currency transactions and balances**
Transactions in currencies other than the functional currency of the appropriate Group company are translated at the rates of exchange prevailing on the dates of the transactions. At the date of each statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency at the rates prevailing on the relevant date. Gains and losses arising on translation are included in profit or loss for the year.

**Translation of foreign operations**
On 1 January 2011 the US Dollar was adopted as the functional currency for all material entities in the Group. Consequently, there are no exchange differences on the translation of subsidiaries and the currency translation reserve will remain frozen as at the 31 December 2010 balance.

**INTANGIBLE ASSETS**

**Deferred exploration and evaluation costs**
All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred.

All costs associated with mineral exploration and investments are capitalised on a project by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses. If an exploration project is successful, the related costs will be transferred to mining assets and amortised over the estimated life of the mineral reserves (as reported in accordance with Canadian National Instrument 43-101) on a unit of production basis. Where a project is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable ore reserves, continuing compliance with the terms of relevant agreements, the ability of the Group to obtain necessary financing to complete the development of the ore reserves and future profitable production or proceeds from the disposal thereof.

**Mining and exploration licences**
The mining licences were originally measured at the fair value of the shares issued to non-controlling interests in return for the legal rights conferred by the mining licences, based on the net present value of cash flows expected to arise from the related

mining operations. Mining licences are amortised over the estimated life of the mineral reserves on a unit of production basis, or the life of the licence, whichever is shorter.

**PROPERTY PLANT AND EQUIPMENT**

**Mining and development costs**
Mining and development costs include appropriate deferred exploration and evaluation costs transferred on development of an exploration property. Before reclassification, such costs are assessed for impairment, with any impairment loss recognised in profit or loss for the year.

All subsequent development costs are capitalised, including all costs incurred during the commissioning of the project that are directly related to that operation. Any revenues generated during this period are treated as a contribution against those costs and credited against mining and development costs. At the end of the commissioning phase, when the mine is capable of substantially operating in the manner intended by management, capitalisation ceases and the mining assets are amortised over the estimated life of the mineral reserves on a unit of production basis. Future forecast capital expenditure is included in the unit of production depreciation calculation.

**Property, plant and equipment**
All property, plant and equipment assets are stated at cost less accumulated depreciation

Depreciation is provided to write off the cost, less residual value, using the straight-line method over their estimated useful life of the assets as follows:

- Office equipment, fixtures and fittings — over 3 years
- Computers — over 3 years
- Motor vehicles — over 3 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate. Assets in the course of construction are not depreciated until such time that the construction is considered complete.

Gains or losses on disposal are included in profit or loss for the year.

**Stripping costs**
Stripping costs incurred in order to provide initial access to the ore body are capitalised as mine development costs.

Stripping costs incurred during the production stage of a pit are accounted for as an expense to the income statement during the period that the stripping costs were incurred, unless these costs provide long term future economic benefit. Production phase stripping costs generate a future economic benefit when the related stripping activity: (i) provides access to ore to be mined in a future period; (ii) increases the fair value of the mine as access to future mineral reserves becomes less costly; (iii) increases the productive capacity or extends the productive life of the mine. Stripping costs that provide such future economic benefit are allocated to those specific reserves and depreciated over its life.

**IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. Prior to carrying out of impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell.

Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

i. sufficient data exists that render the resource uneconomic and unlikely to be developed
ii. title to the asset is compromised
iii. budgeted or planned expenditure is not expected in the foreseeable future
iv. insufficient discovery of commercially viable resources leading to the discontinuation of activities

Impairment reviews performed under IAS 36 are carried out when there is an indication that the carrying value may be impaired. Such key indicators (though not exhaustive) to the industry include:

i. a significant deterioration in the spot price of gold
ii. a significant increase in production costs
iii. a significant revision to, and reduction in, the life of mine plan

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

**INVENTORIES**

Inventories comprise gold produced, gold in process, ore stockpiles, consumables and spares and are stated at the lower of cost and net realisable value. The cost of gold produced, gold in process and ore stockpiles is calculated on a first in first out basis and includes all costs directly incurred up to the relevant point of the process such as mining costs and processing costs, but exclude other operating costs such as general mine or administration costs. Net realisable value is determined with reference to current market prices.

**FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised on the Company's and Group's balance sheet when the Company and Group has become a party to the contractual provisions of the instrument and are initially measured at fair value, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

***Other receivables***
Other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate provisions for irrecoverable amounts.

Amounts due from subsidiaries are recorded at amortised cost, less provision for impairment.

***Cash and cash equivalents***
Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

***Investments***
Investments in subsidiaries are recorded at cost less provisions for impairment.

***Financial liabilities and equity***
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities include bank loans and overdrafts which are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

***Trade payables***
Trade payables are stated at amortised cost using the effective interest method.

***Equity instruments***
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Where equity instruments are issued as part of an acquisition they are recorded at their fair value on the date of acquisition.

***Borrowings***
Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

**PROVISIONS**

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

***Provisions for decommissioning and site restoration costs***
An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by the development or on-going production of a mining property. Costs are estimated on the basis of a formal closure plan and are subject to regular formal review.

Such costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided and capitalised within mining and development costs at the start of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged against profits over the life of the mine, through depreciation of the asset and unwinding or amortisation of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is included as financing costs. Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work are added to, or deducted from, the cost of the related asset in the current period.

The costs for restoration of site damage created on an on-going basis during production are provided for at their net present values and charged against operating profits as extraction progresses. Changes in the measurement of a liability relating to site damage created during production are charged against operating profit.

**SHARE-BASED PAYMENTS**

The fair value of equity settled share-based payments are measured at grant date using the Black-Scholes model. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Details of the inputs to the model are given in note 17.

**REVENUE RECOGNITION**

The Group enters into contracts for the sale of gold. Revenue arising from gold sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured.

**LEASING**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

**TAXATION**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**DISCONTINUED OPERATIONS**

In August 2014 the company announced the cessation of mining operations at the Kalsaka/Sega gold project in Burkina Faso following receipt of a default notice to the local subsidiaries from the mining contractor. One subsidiary, Seguenega Mining

SA, was placed into liquidation on 9 December 2014 and was deconsolidated at that date. The remaining controlled Burkinabe subsidiaries have been classified as held for sale as disclosed in note 21.

On 1 September 2014 the assets of ADS (Liberia) Inc were sold and the company was placed into formal dissolution on 20 October 2014.

The consolidated statement of comprehensive income has been represented to show the discontinued operations separately from the continuing operations. In accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - notes 1, 2, 3, 4, 16, and 18 represent continuing operations only.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Some of the accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

***Provisions for decommissioning and site restoration costs***
Management uses its judgement and experience to provide for and (in the case of capitalised decommissioning costs) amortise the estimated costs for decommissioning and site rehabilitation over the life of the mine. The ultimate cost of decommissioning and site rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which could affect future financial results.

***Ore reserves estimates***
The Group reports its estimated ore reserves in accordance with Canadian National Instrument 43-101. Mining assets are amortised over the estimated life of the mineral reserves on a unit of production basis. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that were valid at the time of estimation may change when new information becomes available. These include assumptions as to grade estimates and cut-off grades, recovery rates, commodity prices, exchange rates, production costs, capital costs, processing and reclamation costs and discount rates. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values of property, plant and equipment and intangible assets.

***Impairment***
In undertaking an impairment review for the operating mines or advanced exploration projects a technical economic model is prepared which includes full details of the mining schedule, head grade, recoverability, strip ratios of waste to ore, consumables used and operating costs. From this information the amount of gold production is calculated and revenues estimated. Operating costs, including royalties and refining charges are then entered and a monthly cash flow is produced, which is used to calculate the net present value of the pre-tax free cash flow from the operation. This net present value is then compared to the carrying value of the operation on the balance sheet and an assessment is made regarding impairment.

Should any of the key parameters differ from the assumptions contained within the technical economic model, such as tonnes of ore mined, grade of ore mined, recovery profile or gold price, the net present value will be affected either positively or negatively. If the impact is negative, an impairment charge may be required that has not been recognised in these financial statements.

In some cases using a technical economic model to provide a value in use calculation is not appropriate or possible. In these situations impairment reviews are carried out by reference to fair value less cost to sell. This is achieved by reference to a review of the economic value per ounce of resource against comparable transactions and the market value of other gold companies to assess if the fair value less cost to sell supports the carrying value. In respect to the Baomahun gold project, fair value less cost to sell has been attributed by reference to a non-binding offer for the asset.

***Valuation of mining licences***
The valuation of mining licences included in these financial statements reflect the shares issued to non-controlling interests in exchange for the licences. The valuation was based on the net present values expected to arise from the related mining assets. These cash flows are subject to numerous uncertainties which may affect the valuation of the licences.

***Taxes receivable***
Given the uncertainties relating to the fiscal regimes, the Group has had to apply judgement in determining the value and timing of amounts that will be recovered with respect to indirect and direct taxes owing to the Group in Burkina Faso and Côte d'Ivoire. The amounts reflected in the financial statements are the Directors' best estimate of the recovery of these amounts.

***Tax assessment***
The fiscal regimes under which the Group operates are often complex and are subject to changes which may be over and above the fiscal stability agreements the Group has in place. The operating companies in Burkina Faso, Côte d'Ivoire and Sierra Leone have regular detailed and stringent tax assessments that can give rise to additional liabilities as a result of errors made or corrections and changes to taxation law.

Following completion of a tax assessment, management carries out rigorous reviews of the findings of the assessment in conjunction with local and international advisers to conclude on the veracity and quantum of any findings. Based on these reviews an initial provision may be made should it be considered that such liabilities (or assets) meet the recognition criteria of a provision.

***Litigation and contractual disputes***
As noted in the principal risks section the Group has several contractual relations that could potentially end in dispute and legal settlement given their complexity. In the event of a dispute arising the Group employs internal and external contract experts to provide an assessment of the quantum of any likely settlement and whether a provision is required.

1 LOSS BEFORE TAXATION

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| **Continuing operations** | | |
| The loss before taxation is stated after charging: | | |
| Depreciation of property, plant and equipment | 96 | 329 |
| Share option charge | 639 | 607 |
| Foreign exchange loss | 152 | 52 |
| Other operating costs | 2,618 | 1,169 |

Other operating costs mainly relate to the holding costs of the Baomahun project in Sierra Leone which were no longer capitalised from 1 July 2014 and do not relate to evaluative studies or direct exploration.

**Auditor's Remuneration**
Amounts payable to BDO LLP and their associates in respect of both audit and non-audit services:

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the consolidated and Company annual accounts | 85 | 104 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| -The auditing of accounts of associates of the Company pursuant to legislation (including that of countries and territories outside the United Kingdom) | 18 | 48 |
| -Tax compliance services | 22 | 19 |
| | 125 | 171 |

The Board reviews the nature and extent of non-audit services to ensure that auditor's independence is maintained.

2 DIRECTORS' AND EMPLOYEE REMUNERATION AND STAFF NUMBERS

**Continuing operations**
The average monthly number of employees (including Directors) for the year for each of the Group's and Company's principal divisions was as follows:

| | 2015 Group | 2014 Group | 2015 Company | 2014 Company |
|---|---|---|---|---|
| Operations | 9 | 88 | 1 | 3 |
| Administration | 36 | 54 | 10 | 17 |
| | 45 | 142 | 11 | 20 |

The aggregate remuneration of these persons, including the costs of all Directors, was as follows:

| | 2015 Group US$000 | 2014 Group US$000 |
|---|---|---|
| Wages and salaries | 4,787 | 5,046 |
| Social security costs | 278 | 387 |
| | 5,065 | 5,433 |

| Emoluments paid to Directors | 2015 Group US$000 | 2014 Group US$000 |
|---|---|---|
| Aggregate emoluments | 969 | 1,177 |
| Contributions to pension schemes | 65 | 77 |
| | 1,034 | 1,254 |

The number of Directors to whom retirement benefits accrued during the year is 2 (2014: 3).

The highest paid Director received aggregate emoluments totalling US$393,000 (2014: US$365,000).

3 FINANCE INCOME

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| **Continuing operations** | | |
| Interest on bank deposits | 10 | 29 |
| Gain on foreign exchange | 152 | - |
| | 162 | 29 |

4 FINANCE COSTS

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| **Continuing operations** | | |
| Interest payable | - | 760 |
| Loss on foreign exchange | - | 78 |
| | - | 838 |

5 INCOME TAX

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| TAX CHARGE - continuing operations | | |
| Current tax | 5 | - |
| Deferred tax | - | - |
| | 5 | - |

Domestic income tax is calculated at 20.25% (2014: 21.5 %) of the estimated assessable profit or loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| Loss before tax from continuing operations | (83,561) | (7,916) |
| Loss before tax from discontinued operations | (351) | (11,799) |
| Total loss before taxation | (83,912) | (19,715) |
| Tax at the domestic income tax rate of 20.25% (2014: 21.5%) | (16,992) | (4,239) |
| Expenses not allowable for tax | 15,557 | 1,594 |
| Effect of lower rate overseas | (27) | 441 |
| Depreciation in advance of capital allowances not recognised | 9 | 12 |
| Minimum tax charge in overseas jurisdictions | 5 | 85 |
| Tax losses not recognised | 1,453 | 2,192 |
| Tax charge | 5 | 85 |
| Tax charge on continuing operations | 5 | - |
| Tax charge on discontinued operations | - | 85 |

The tax rate in Burkina Faso was 17.5%, Côte d'Ivoire was 25% and Sierra Leone 30% for both periods.

| DEFERRED TAX ASSET - NOT RECOGNISED | 2015 US$000 | 2014 US$000 |
|---|---|---|
| ***Unrecognised temporary differences (gross)*** | | |
| Relating to carried forward tax losses | 77,054 | 80,942 |
| Other timing differences | 37,699 | 44,982 |

These potential deferred tax assets have not been recognised in the financial statements because of the uncertainty as to the incidence and timing of future taxable income against which the asset may be recovered. Included in the amounts above is US$57.6m (2014: US$69.8m) related to the disposal group held for sale. There are no deferred tax liabilities (2014: nil).

At 31 December 2015 the subsidiary operating the Kalsaka gold mine in Burkina Faso had distributable reserves totalling US$15.5m (2014: US$16.4m). In the event of a dividend distribution income tax totalling US$0.7m (2014: US$0.8m) would be payable. No provision has been made for this amount as Amara Mining plc has control over the timing of any distribution and no payment is likely in the foreseeable future.

Burkinabe law requires the payment on account of corporation tax based on the prior year tax charge. Payments totalling US$3.1m were made on account during 2015 in relation to the tax year ended 31 December 2015. As no future profits have been made in Burkina this amount is owed back to the Burkinabe subsidiary and can be recovered against future profits or on closure of the Company. This amount forms part of the assets held for sale disclosed in note 21 net of provisions.

6 INTANGIBLE ASSETS

| GROUP | Exploration and mining rights US$000 | Deferred exploration and evaluation costs US$000 | Total US$000 |
|---|---|---|---|
| *COST* | | | |
| At 1 January 2014 | 30,222 | 87,126 | 117,348 |
| Additions | 5 | 18,034 | 18,039 |
| Reclassification to assets held for sale | (6,033) | - | (6,033) |
| At 31 December 2014 | 24,194 | 105,160 | 129,354 |
| Additions | - | 9,177 | 9,177 |
| Impairment | (21,808) | (50,737) | (72,545) |
| At 31 December 2015 | 2,386 | 63,600 | 65,986 |
| *AMORTISATION* | | | |
| At 1 January 2014 | 7,126 | - | 7,126 |
| Charge for the year | 844 | - | 844 |
| Reclassification to assets held for sale | (6,033) | - | (6,033) |
| At 31 December 2014 | 1,937 | - | 1,937 |
| Charge for the year | - | - | - |
| At 31 December 2015 | 1,937 | - | 1,937 |
| *NET BOOK VALUE* | | | |
| At 31 December 2015 | 449 | 63,600 | 64,049 |
| At 31 December 2014 | 22,257 | 105,160 | 127,417 |
| At 1 January 2014 | 23,096 | 87,126 | 110,222 |

**Impairment reviews**

**Baomahun**

Included in intangible assets was an amount totalling US$81.3m in relation to the Baomahun Gold Project. A further US$4.8m was included within Property Plant and Equipment in Note 7 relating to Baomahun. Subsequent to the year end the Directors have unanimously recommended a transaction to combine the Company with Perseus Mining Limited, which valued the entire issued share capital of the Company at approximately £68.3 million (US$95.3 million) on 28 February 2016, the date of initial announcement. The focus of the transaction, as set out in the announcement, is the Yaoure project.

The Directors consider that the valuation of the proposed transaction is evidence that an impairment review is required for Baomahun, given the relative pre-impairment book values of the Yaoure and Baomahun assets.

Subsequent to the year end the Directors received an unsolicited offer of US$10.0m from a third party for 100% of the Baomahun Gold Project. Further evaluation work is required at Baomahun before a decision can be made as to whether this offer should be considered. However, given the capital constrained environment and based on an internal assessment of the Group's ability to fund the project's development, this offer has been used for the purposes of a fair value less costs to sell valuation and is considered a level 3 valuation under IFRS 13 Fair Value Measurement. Accordingly an impairment charge totalling US$72.5m was made against intangible assets and US$4.4m against property, plant and equipment.

Including current assets of US$0.4m the Baomahun gold project has been valued at US$10.0m less US$0.4m cost to sell.

6 INTANGIBLE ASSETS (continued)

**Yaoure**

Included in intangible assets is US$55.2m in relation to the Yaoure Gold Project. A further US$0.9m is included within Property Plant and Equipment in Note 7 relating to Yaoure. These amounts are recoverable through the exploitation or sale of the project. In order to recover this amount through exploitation significant additional funds would be required to construct an operating mine. Financing risk is discussed in the Principal Risks and Uncertainties on pages 2 and 3. During the year an application for a mining licence was made to the Côte d'Ivoire government and there is nothing the Directors are aware of that will preclude the issuance of the licence. There are currently no indications of impairment in relation to the carrying value of the Yaoure Gold Project and accordingly no impairment review was required.

7 PROPERTY, PLANT AND EQUIPMENT

| GROUP | Mining, development and associated property, plant and equipment cost US$000 | Motor vehicles, office equipment, fixtures & computers US$000 | Total US$000 |
|---|---|---|---|
| ***COST*** | | | |
| At 1 January 2014 | 98,355 | 8,108 | 106,463 |
| Additions | 1,492 | 44 | 1,536 |
| Reclassification to assets held for sale | (42,429) | (4,782) | (47,211) |
| Disposals | (20,472) | (822) | (21,294) |
| At 31 December 2014 | 36,946 | 2,548 | 39,494 |
| Additions | 180 | 24 | 204 |
| Impairment (note 6) | (4,414) | - | (4,414) |
| At 31 December 2015 | 32,712 | 2,572 | 35,284 |
| ***DEPRECIATION*** | | | |
| At 1 January 2014 | 78,520 | 5,735 | 84,255 |
| Charge for the year | 10,134 | 767 | 10,901 |
| Disposals | (19,276) | (677) | (19,953) |
| Reclassification to assets held for sale | (38,095) | (3,541) | (41,636) |
| At 31 December 2014 | 31,283 | 2,284 | 33,567 |
| Charge for the year | 128 | 112 | 240 |
| At 31 December 2015 | 31,411 | 2,396 | 33,807 |
| ***NET BOOK VALUE*** | | | |
| At 31 December 2015 | 1,301 | 176 | 1,477 |
| At 31 December 2014 | 5,663 | 264 | 5,927 |
| At 1 January 2014 | 19,835 | 2,373 | 22,208 |

7 PROPERTY, PLANT AND EQUIPMENT (continued)

| COMPANY | Mining, development and associated property, plant and equipment cost US$000 | Motor vehicles, office equipment, fixtures & computers US$000 | Total US$000 |
|---|---|---|---|
| ***COST*** | | | |
| At 1 January 2014 | 119 | 358 | 477 |
| Additions | - | 16 | 16 |
| At 31 December 2014 | 119 | 374 | 493 |
| Additions | - | 2 | 2 |
| At 31 December 2015 | 119 | 376 | 495 |
| ***DEPRECIATION*** | | | |
| At 1 January 2014 | 119 | 203 | 322 |
| Charge for the year | - | 58 | 58 |
| At 31 December 2014 | 119 | 261 | 380 |
| Charge for the year | - | 46 | 46 |
| At 31 December 2015 | 119 | 307 | 426 |
| ***NET BOOK VALUE*** | | | |
| At 31 December 2015 | - | 69 | 69 |
| At 31 December 2014 | - | 113 | 113 |
| At 1 January 2014 | - | 155 | 155 |

8 INVESTMENTS IN SUBSIDIARIES

| COMPANY | Subsidiary Undertakings US$000 |
|---|---|
| Cost brought forward at 1 January 2014 | 21,131 |
| Additions | 38 |
| At 31 December 2014 | 21,169 |
| Disposal on closure of AUMJ Limited | (10,808) |
| Impairment of Amara Mining (Sierra Leone) Limited (see note 6) | (585) |
| At 31 December 2015 | 9,776 |

Subsidiary undertakings and other related companies held at the year-end were as follows:

| Subsidiary undertaking | Place of incorporation | Principal activity | Amara Mining plc effective interest | |
|---|---|---|---|---|
| | | | 2015 | 2014 |
| Amara Mining (Sierra Leone) Limited | United Kingdom | Head office | 100% | 100% |
| Amara Mining (Burkina) Limited | United Kingdom | Exploration | 100% | 100% |
| Amara Mining (Côte d'Ivoire) Limited | United Kingdom | Exploration | 100% | 100% |
| Amara Mining Services Limited | United Kingdom | Dormant | 100% | 100% |
| Cluff Gold (SL) Limited* | Sierra Leone | Exploration | 100% | 100% |
| Cluff Gold Sega SARL | Burkina Faso | Exploration | 100% | 100% |
| Amara Mining Côte d'Ivoire SARL* | Côte d'Ivoire | Exploration | 100% | 100% |
| Cluff Mining Burkina SARL* | Burkina Faso | Exploration | 100% | 100% |
| Kalsaka Mining SA* | Burkina Faso | Mining | 78% | 78% |
| Seguenega Mining SA[3] | Burkina Faso | Mining | - | - |
| Baomahun Gold Limited* | Sierra Leone | Exploration | 100% | 100% |
| Yaoure Mining SA* | Côte d'Ivoire | Dormant | 90% | 90% |
| Winston Mining Limited | BVI | Dormant | 100% | 100% |
| ADS (Liberia) Inc[1] | Liberia | Drilling | - | - |
| AUMJ Limited[2] | Jersey | Dormant | - | 100% |

* Companies owned indirectly
1 Closed during 2014
2 Closed during 2015
3 Placed into liquidation during 2014

9 OTHER RECEIVABLES

| | 2015 US$000 Group | 2014 US$000 Group | 2015 US$000 Company | 2014 US$000 Company |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Amounts due from subsidiaries | - | - | 59,996 | 101,833 |
| Total non-current assets | - | - | 59,996 | 101,833 |
| **Current assets** | | | | |
| Prepayments and accrued income | 497 | 405 | 105 | 153 |
| Other debtors | 757 | 1,384 | 72 | 102 |
| Total current assets | 1,254 | 1,789 | 177 | 255 |

Amounts receivable from subsidiary companies have been allocated as amounts due after more than one year on the basis of the Directors' expectations of when these loans will be repaid from operating cash flow. Details of the terms of these receivables are included in note 18.

## 10 INVENTORIES

| | 2015 US$000 Group | 2014 US$000 Group |
|---|---|---|
| Consumable stores | 118 | 486 |
| | 118 | 486 |

## 11 SHARE CAPITAL AND RESERVES

| **Share capital** | 2015 US$000 | 2014 US$000 |
|---|---|---|
| ***Issued and Fully Paid*** | | |
| 420,386,077 Ordinary shares of 1p each (2014: 328,979,827) | 6,975 | 5,598 |

***Shares issued***

During 2015, 91,406,250 ordinary shares of 1p were issued as follows:

On 03 February 2015, the Company issued 156,250 ordinary shares of 1p, being 31,250 new ordinary shares of 1p each to the following non-executive Directors: H Faul, P Cowley, P Hain, A Davidson and G Stanley in accordance with their letters of appointment to settle liabilities due.

On 6 February, 91,250,000 were issued, by way of placing at 16p.

Total shares in issue at 1 January 2014 were 220,215,954. During 2014, 108,763,873 ordinary shares of 1p were issued, by way of placing at 17p.

During 2015 and 2014 the Company has complied with the Companies Act requirements regarding the maintenance of capital. Further to the Companies Act 2006, the Company has unlimited authorised share capital.

**Share premium**
The share premium account represents the excess cash received on the issue of new shares for a premium on the nominal value. Only those costs specifically associated with those share issues are debited to the account.

**Merger reserve**
The acquisition by the Company of Cluff Gold (UK) Limited in November 2004 was accounted for in accordance with the merger accounting principles set out in UK Financial Reporting Standard 6 and the Companies Act 1985, which continue under the Companies Act 2006, whereby the consolidated financial statements were presented as if the business previously carried out through Cluff Gold (UK) Limited had always been owned and controlled by the Company. The transitional requirements of IFRS1 allowed prospective application of IFRS3 for all business combinations subsequent to the transition date (1 January 2006). Accordingly this acquisition was not re-stated in accordance with that standard.

During 2008 the Company acquired Winston Mining Limited. The Company has claimed merger relief in respect of this acquisition and accordingly the premium arising on the issue of shares has been credited to the merger reserve.

**Translation reserve**
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that do not have a US Dollars functional currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of.

On 1 January 2011 the US Dollar was adopted as the functional currency for all entities in the Group. Consequently, there are no exchange differences on the translation of subsidiaries and the currency translation reserve will remain frozen as at the 31 December 2010 balance. A translation reserve exists in respect of the parent company because prior to 1 January 2011 the functional currency adopted was Sterling and the presentational currency was US Dollar. The translation reserve of the parent company will also remain frozen at the 31 December 2010 balance.

11 SHARE CAPITAL AND RESERVES (continued)

**Share option reserve**
The share option reserve includes an expense based on the fair value of share options issued and remaining in issue at 31 December 2015.

12 NON-CONTROLLING INTERESTS

The Group has two subsidiaries with minority shareholders: Kalsaka Mining SA, in which the Group owns a 78% effective interest; Yaoure Mining SA, in which the Group owns a 90% effective interest. Seguenega Mining SA, in which the Group owned a 90% effective interest was placed into liquidation during 2014 and deconsolidated. The non-controlling interest relating to Seguenega Mining SA was recycled through profit or loss.

13 PROVISIONS

| **Group** | Decommissioning, mine closure and site restoration provision US$000 |
|---|---|
| At 1 January 2014 | 10,156 |
| Provision movement in year | (602) |
| Amounts paid in the year | (2,484) |
| Loss of control of subsidiary | (477) |
| Transfer to disposal group held for sale | (3,443) |
| At 31 December 2014 | 3,150 |
| Change in estimate | (255) |
| Amounts paid in the year | (633) |
| At 31 December 2015 | 2,262 |

Decommissioning, mine closure and site restoration costs are estimated based on a formal closure plan and are subject to regular reviews. The provision does not allow for additional obligations expected from future developments. These provisions are expected to be utilised at the end of each mine's life, which is also subject to regular review. The timing of the utilisation of the provision is subjective and dependent upon a number of factors around the closure of the mines.

During 2014 the Kalsaka/Sega gold mine formally ceased mining and closure processes were initiated, this included the payment of all end of service benefits to the employees of the mine. The balance relating to the environmental rehabilitation and decommissioning of the mine has been transferred to the disposal group held for sale - note 21.

The remaining provision relates to the Yaoure gold project in Côte d'Ivoire and in particular the historic heap leach operations. As the Yaoure project is currently being developed into a large long life mine the current estimation for the provision is that it is expected to be utilised within fifteen years, however, in the event that the mine was not developed the balance would become immediately due. Consequently it is not possible to provide a reasonable estimate for discounting the balance and in any event such a discount would not result in a material adjustment to the balance.

14 TRADE AND OTHER PAYABLES

| | 2015 US$000 Group | 2014 US$000 Group | 2015 US$000 Company | 2014 US$000 Company |
|---|---|---|---|---|
| Trade creditors | 418 | 2,221 | 113 | 305 |
| Other creditors | 605 | 546 | 66 | 74 |
| Accruals and deferred income | 624 | 2,025 | 276 | 537 |
| | 1,647 | 4,792 | 455 | 916 |

15 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Categorisation and fair value of financial instruments**
The Group's financial assets comprise cash and cash equivalents and other receivables. In addition the Company's financial assets include amounts due from subsidiaries. All of the Group's and Company's financial assets are classified as loans and receivables and assets held for sale.

The Group's and Company's financial liabilities comprise trade and other payables and borrowings. All of the Group's and Company's financial liabilities are measured at amortised cost and classified as other financial liabilities and liabilities held for sale.

The taxation debtors as included in note 9 are not financial instruments as defined by IAS 32. These amounts have been included within the below disclosures in respect of foreign exchange and credit risk as the Directors believe that the exposure of the Group to these financial risks in respect of these assets is significant. Included within disposal group held for sale is US$1.2m (2014:US$3.2m) in relation to taxation debtors the balance is disclosed in other receivables.

Assets and liabilities held for sale are disclosed in note 21. It is the Directors' opinion that the carrying value of all of the Group's and Company's financial assets and financial liabilities approximates their fair value.

**Financial risk management**
The Group's operations expose it to a number of financial risks. A risk management programme has been established to protect the Group against the potential adverse effects of these financial risks. There has been no significant change in these financial risks in the year other than in relation to interest rate risk as a result of the new borrowing facility.

The principal financial risks relate to foreign currency risk, commodity price risk, liquidity risk, interest rate risk and credit risk.

**a) Foreign currency risk**
Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk due to the following:

(i) Transactional exposure relating to operating costs and capital expenditure incurred in currencies other than US dollars, the functional currency of operations.
(ii) Translation exposures relating to monetary assets and liabilities, including cash and short-term investment balances, held in currencies other than US dollars.

The table below shows the currency profile of cash and cash equivalents:

| | 2015 Group US$000 | 2014 Group US$000 | 2015 Company US$000 | 2014 Company US$000 |
|---|---|---|---|---|
| US Dollars | 183 | 1,033 | 155 | 1,006 |
| Sterling | 3,720 | 629 | 3,699 | 574 |
| West African CFA franc | 2,772 | 3,033 | - | - |
| Other | 80 | 6 | 19 | - |
| | 6,755 | 4,701 | 3,873 | 1,580 |

Included in the West African CFA franc balance in 2015 is US$2,680,000 (2014: US$3,014,000) in relation to assets held for sale - note 21.

The Group also enters into transactions denominated in currencies other than US dollars. The Group's exposure to foreign currency arises where a company holds monetary assets and liabilities in a currency other than US dollars. The following table shows the currency profile of the net monetary assets and liabilities of the Group:

| **Currency of monetary items in US Dollars** | Continuing 2015 US$000 | Held for sale 2015 US$000 | Total 2015 US$000 | Total 2014 US$000 |
|---|---|---|---|---|
| Sterling | 3,226 | (15) | 3,211 | (481) |
| US Dollars | (21) | (362) | (383) | (545) |
| West African CFA Franc | 560 | (1,129) | (569) | (935) |
| Other | 19 | (1,602) | (1,583) | (46) |
| Total | 3,784 | (3,108) | 676 | (2,007) |

15 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The table below shows the impact of changes in exchange rates on the financial position of the Group due to monetary assets and liabilities denominated in Sterling and West African CFA Francs:

| | Profit & Loss | | Equity | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **US$000** | **US$000** | **US$000** | **US$000** |
| If there was a 20% weakening in the US Dollar/ Sterling exchange rate with all other variables held constant - increase/(decrease) | 177 | 1,019 | (82) | 260 |
| If there was a 20% strengthening in the US Dollar/ Sterling exchange rate with all other variables held constant - increase/(decrease) | (212) | (1,222) | 99 | (312) |
| If there was a 20% weakening in the US Dollar/ West African CFA Franc exchange rate with all other variables held constant - increase/(decrease) | - | - | (538) | 21 |
| If there was a 20% strengthening in the US Dollar/ West African CFA Franc exchange rate with all other variables held constant - increase/(decrease) | - | - | 645 | (25) |

A 20% change represents management's assessment of the reasonable possible exposure given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement.

In general, the Group does not enter into derivatives to manage these currency risks. Details of the impact on foreign exchange movement in the year are shown in notes 1, 3 and 4. The Board frequently reviews the policy on currency translation risk in order to minimise translation exposure.

The Directors do not consider the Company to be at significant risk from currency fluctuations due to the low level of assets and liabilities held in currencies other than the functional currency.

**b) Commodity price risk**
The Group was exposed to commodity price risk as its revenues were derived from contracts with its physical off-take partners at prices determined by reference to the market price of gold at the delivery date. The Group was also exposed to fluctuations in the price of consumables, such as fuel, cement and cyanide. Following the cessation of mining operations in Burkina Faso the Group is no longer materially exposed to commodity price risk.

**c) Liquidity risk**
Management regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. Full disclosure of the going concern status of the Group is provided in the basis of preparation.

The table below sets out the maturity profile of financial liabilities as at 31 December 2015:

| | 2015 Group US$000 | 2014 Group US$000 | 2015 Company US$000 | 2014 Company US$000 |
|---|---|---|---|---|
| Due in less than one month | 977 | 4,682 | 42 | 806 |
| Due between one and six months | 5,985 | 10,173 | 71 | 110 |
| | 6,962 | 14,855 | 113 | 916 |

Included in due between one and six months in 2015 is US$4,267,000 (2014: US$2,547,000) in respect of liabilities of the disposal group held for sale - note 21. Timing of maturity is an estimate based on management's expectation regarding generation of cash by the disposal group.

**d) Credit risk**
The Group is exposed to credit risk in respect of direct and indirect taxes owing to the Group in West Africa, including taxes recoverable of US$1,167,000 (2014: US$3,108,000) in Burkina Faso and US$173,000 (2014: US$184,000) in Côte d'Ivoire. The Burkinabe balance is part of the disposal group held for sale and relates entirely to corporation tax recoverable.

15 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The Group and the Company are also exposed to credit risk on their cash and cash equivalents and trade and other receivables, the total of which represents the maximum exposure to credit risk.

The Company is exposed to credit risk in respect of the loans recoverable from other Group companies. Details of these loans, the repayment terms thereof, and amounts provided against these at 31 December 2015 are set out in note 18.

**e) Interest rate risk**
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities that are used by the Company. Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. Interest rate risk arises primarily from borrowings issued at floating interest rates which exposes the Group to cash flow interest rate risk. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

No sensitivity analysis has been disclosed as management does not consider any reasonably possible fluctuation in interest rates to be sufficiently material to disclose.

**f) Capital management**
The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and provide access to adequate funding for its exploration and development projects, so that it can provide adequate returns for shareholders and benefits for other stakeholders.

16 COMMITMENTS

**Continuing operations**
Future commitments for the Group under non-cancellable operating leases are as follows:

| | *Land and buildings* | |
|---|---|---|
| | 2015 US$000 | 2014 US$000 |
| Payable in less than one year | 206 | 181 |
| Payable between one and two years | 126 | 137 |
| Payable between two and five years | 14 | 80 |
| | 346 | 398 |

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of five years at fixed rental rates.

## 17 SHARE BASED PAYMENTS

The Group operates a share option plan under which employees, consultants and advisers have been granted options to subscribe for ordinary shares. All options are share settled. The number and weighted average exercise price of share options are as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (p) | Number of options | Weighted average exercise price (p) |
| Outstanding at 1 January | 23,822,500 | 45.1 | 15,030,000 | 64.7 |
| Granted during the year | 980,000 | 14.0 | 11,850,000 | 24.0 |
| Expired/forfeited during the year | (1,517,500) | 56.0 | (3,057,500) | 60.0 |
| Outstanding at 31 December | 23,285,000 | 43.0 | 23,822,500 | 45.1 |
| Exercisable at 31 December | 7,535,480 | 69.6 | 6,022,500 | 70.5 |

The options outstanding at 31 December 2015 had a weighted average remaining contractual life of 7.1 years (2014: 7.9 years). No options were exercised in 2015 or 2014. All options became exercisable following the merger with Perseus Limited on 18 April 2016 and were then cancelled.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. This estimate is based on a Black-Scholes model which is considered most appropriate considering the effects of the vesting conditions, expected exercise period and the payment of dividends by the Company. The inputs into the Black-Scholes model for options granted in the year were as follows:

| | 2015 | 2014 |
|---|---|---|
| Weighted average share price | 14.0p | 24.0p |
| Weighted average exercise price | 14.0p | 24.0p |
| Expected volatility | 0.46 | 0.41 |
| Expected life | 3.20 | 3.5 |
| Risk free rate | 1% | 1% |
| Expected dividends | - | - |
| Fair value per option | 4.6p | 7.3p |

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

## 18 RELATED PARTY TRANSACTIONS

The Group's investments in subsidiaries have been disclosed in note 8. Transactions between the Company and its subsidiaries during the year are disclosed below.

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| Amounts owed by subsidiaries at year end | 59,996 | 101,833 |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Loans for which repayment schedules have been determined are measured at amortised cost using the effective interest rate method. The Directors believe that all the unprovided amounts receivable from Group companies are recoverable. No interest or management charges were recognised in either year.

The repayment terms and interest rates for the amounts receivable from subsidiaries at the year-end are set out below:

| Interest rate | Repayment terms | 2015 US$000 | 2014 US$000 |
|---|---|---|---|
| US LIBOR plus 10% | Repayable in quarterly instalments | 38,272 | 38,272 |
| US LIBOR plus 10% | Repayable once construction commences on applicable project | 160,871 | 136,520 |
| | | 199,143 | 174,792 |
| Less: provision for irrecoverable amount | | (139,147) | (72,959) |
| | | 59,996 | 101,833 |

Included within amounts receivable from subsidiary undertakings is US$91.1m (2014: US$75.5m) in respect of the Yaoure Gold Mine. A provision totalling US$31.1m was recognised in 2008 in respect of the then operating mine that was subsequently placed on care and maintenance.

An amount of US$41.9m (2014: US$41.9m) has been provided in respect of the three remaining controlled Burkinabe subsidiaries.

An amount of US$66.1m (2014: nil) was provided against the Sierra Leone subsidiaries following the recognition of an impairment against the project.

**Remuneration of key management personnel**

Compensation for key management personnel is as follows:

| | 2015 US$000 | 2014 US$000 |
|---|---|---|
| Short term employee benefits (including NI contributions) | 2,324 | 2,244 |
| Post-employment benefits | 131 | 131 |
| Share option charge | 610 | 505 |
| | 3,065 | 2,880 |

Included in the above key management personnel are 7 directors and 7 key managers (2014: 8 and 7).

## 19 LITIGATION

On 4 August 2014 the Company's subsidiary Seguenega Mining SA ("SMSA") received a suspension of works notice from the mining contractor for the Kalsaka/Sega gold project in Burkina Faso due to non-payment of invoices. The mining contractor initiated preliminary legal proceedings in Burkina Faso claiming joint and several liability against both the Company and Kalsaka Mining SA, a Burkinabe subsidiary, for the debts of SMSA totalling approximately US$18.0m (at the year-end exchange rate) plus damages. The total amount of unpaid invoices is disputed by SMSA. The court appointed liquidator stated the total debt due from SMSA to the contractor is US$14.4m (7.8 billion West African CFA Franc). In addition, the contractor has initiated conservatory seizure orders in Côte d'Ivoire against the assets the Company directly owns in Côte d'Ivoire, which comprise an inter-company receivable from Yaoure Mining SA, an Ivorian subsidiary. Legal proceedings continue in both Burkina Faso and Côte d'Ivoire, although no significant rulings have been made in either jurisdiction.

The Company has no contractual responsibility for the debts of SMSA, which was placed into liquidation on 9 December 2014, and has not provided a parent company guarantee. The Company has received detailed legal advice that the Company is not liable for the debts of its subsidiary and the legal action is considered highly unlikely to succeed or have any recourse to the Company. As the possibility of a transfer of benefits is considered to be remote no provision has been made and it does not meet the definition of a contingent liability in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The liquidation of SMSA was closed in September 2015 with a final reported unpaid amount due to the mining contractor of approximately US$5.2m (3.1 billion West African CFA Franc).

## 20 DISCONTINUED OPERATIONS

In August 2014 the company announced the cessation of mining operations at the Kalsaka/Sega gold project in Burkina Faso. One subsidiary, Seguenega Mining SA, was placed into liquidation on 9 December 2014 and has been deconsolidated at that date. The remaining controlled subsidiaries have been classified as held for sale as disclosed in note 21.

On 1 September 2014 the assets of ADS (Liberia) Inc were disposed of and the company was placed into formal dissolution on 20 October 2014.

| | 2015 Burkina Faso US$000 | 2015 Liberia US$000 | **2015 Total US$000** | 2014 Burkina Faso US$000 | 2014 Liberia US$000 | **2014 Total US$000** |
|---|---|---|---|---|---|---|
| **a) Net assets disposed** | | | | | | |
| Property, plant and equipment | - | - | - | 1,196 | - | **1,196** |
| Inventories | - | - | - | 15,577 | - | **15,577** |
| Other receivables | - | - | - | 8,641 | - | **8,641** |
| Cash and cash equivalents | - | - | - | 49 | - | **49** |
| **Total assets** | - | - | - | 25,463 | - | **25,463** |
| Trade and other payables | - | - | - | (25,211) | (63) | **(25,274)** |
| Provisions | - | - | - | (477) | - | **(477)** |
| **Total liabilities** | - | - | - | (25,688) | (63) | **(25,751)** |
| Non-controlling interest recycled on disposal | - | - | - | 2,547 | - | 2,547 |
| **Net assets disposed** | - | - | - | 2,322 | (63) | 2,259 |
| **b) Results of discontinued operations** | | | | | | |
| Revenue | 7,597 | - | **7,597** | 53,119 | 221 | **53,340** |
| Costs of sales | (3,825) | - | **(3,825)** | (54,071) | (9) | **(54,080)** |
| **Gross profit/(loss)** | 3,772 | - | **3,772** | (952) | 212 | **(740)** |
| Other operating costs | (4,424) | - | **(4,424)** | (5,110) | (1,284) | **(6,394)** |
| **Operating loss** | (652) | - | **(652)** | (6,062) | (1,072) | **(7,134)** |
| Finance income | 301 | - | **301** | 58 | - | **58** |
| Finance costs | - | - | - | (144) | - | **(144)** |
| **Loss before taxation** | (351) | - | **(351)** | (6,148) | (1,072) | **(7,220)** |
| Income tax | - | - | - | (85) | - | **(85)** |
| **Loss after tax before impairment charge** | (351) | - | **(351)** | (6,233) | (1,072) | **(7,305)** |
| Impairment charge | - | - | - | (2,320) | - | **(2,320)** |
| **Net loss for the year** | (351) | - | (351) | (8,553) | (1,072) | (9,625) |
| Net assets disposed | - | - | - | (2,322) | 63 | **(2,259)** |
| Net loss for the year | (351) | - | (351) | (8,553) | (1,072) | (9,625) |
| **Loss on discontinued operations** | (351) | - | (351) | (10,875) | (1,009) | (11,884) |

**c) The consolidated statement of cash flows includes the following amounts related to discontinued operations**

| | **2015 Total US$000** | **2014 Total US$000** |
|---|---|---|
| Operating activities | (317) | (1,672) |
| Investing activities | (34) | (1,191) |
| Financing activities | - | - |
| **Net cash utilised in discontinued operations** | (351) | (2,863) |

## 21 DISPOSAL GROUP HELD FOR SALE

The Burkinabe subsidiaries that remain in the control of the Company have been presented as a disposal group held for sale following the commitment of the Company's Board, on 4 December 2014, to sell the operations. Efforts continue to be made to sell the Burkinabe assets with negotiations ongoing. The subsidiaries held for sale are Kalsaka Mining SA, Cluff Gold Sega Sarl and Cluff Mining Burkina Sarl. The disposal group has been treated as a discontinued operation and included in note 20.

A provision totalling US$1.0m (2014: US$2.3m) has been made against the net assets of the disposal group due to uncertainty concerning full recovery of some amounts, equally the Company has no requirement to compensate for any shortfall with regard to liabilities, accordingly assets and liabilities are considered to total the same amount.

At 31 December 2015, the disposal group comprised the following assets and liabilities:

| Assets of disposal group held for sale | 2015<br>US$000 | 2014<br>US$000 |
|---|---|---|
| Property, plant and equipment | 4,637 | 5,575 |
| Inventory | 100 | 1,744 |
| Other receivables and recoverable taxes | 1,167 | 3,173 |
| Cash and cash equivalents | 2,680 | 3,014 |
| | 8,584 | 13,506 |
| Liabilities of disposal group held for sale | | |
| Trade and other payables | 5,914 | 10,063 |
| Provisions | 2,670 | 3,443 |
| | 8,584 | 13,506 |

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

Included in cash and cash equivalents is US$2,670,000 (2014: US$2,997,000) in respect of a restricted bank account held for the purposes of the rehabilitation of Kalsaka mine site in Burkina Faso.

## 22 EVENTS AFTER THE REPORTING PERIOD

On 29 February 2016 the Company announced plans to merge with Perseus Mining Limited by way of a scheme of arrangement. Amara shareholders would receive 0.68 Perseus shares and 0.34 warrants over Perseus shares for each Amara share held. Each warrant would be exercisable into a Perseus new share at a price of AUD0.44 within 36 months of being issued. The merger was approved by shareholders at a General Meeting on 8 April and the merger was finalised following court approval on 18 April. The Company is now a 100% subsidiary of Perseus Mining Limited.

On 21 March 2016, 70,422 ordinary shares of 1p were issued to each non-executive Director, total issue of 352,110.