Amara Mining plc
Annual Report and Financial Statements
For the year ended 31 December 2013

Company number: 4822520

Amara Mining plc
CHAIRMAN'S STATEMENT
for the year ended 31 December 2013

In what has been an incredibly turbulent year for the gold sector, Amara has continued to demonstrate the value in its West African portfolio of gold projects Our resource base has grown to over 10 million ounces, an increase of 71% on last year, and we have demonstrated that the majority of this has the potential to be mined economically

A Top 10 African Gold Mine

Prior to joining the Company, I recognised that the Yaoure Gold Project in Côte d'Ivoire had the potential to be much more than the small oxide deposit many thought it was The project had been previously operated by Compagnie Minière d'Afrique (CMA), which had mined oxide material from the CMA pit with an average headgrade of 3 9g/t Subsequently Amara acquired the project and continued to mine oxides in the lower grade Yaoure Central pit, but drilling results showed grades in the underlying sulphide zone of up to 3 5g/t over 30 metres Upon becoming Executive Chairman in April 2012, and with the support of our Group Exploration Manager, Peter Brown, I immediately doubled the number of drilling rigs on site and began a systematic exploration programme across the deposit As a result, Amara's resources at Yaoure grew from 249,000 ounces to over six million ounces in an 18 month period, and the deposit remains open along strike and down dip with the potential to grow further It is safe to say that this has significantly exceeded my expectations

The results of the PEA have confirmed that not only will Yaoure deliver compelling financial returns, but when in production it should rank as one of the top 10 largest gold mines in Africa With a post-tax IRR of 32% and a post-tax NPV of US$688 million at a gold price of US$1,250 per ounce and a discount rate of 8%, Yaoure offers average production of 325,000 ounces per annum over a 12 year mine life Due to the excellent existing infrastructure, including low cost power, total cash costs are forecast at just US$655 per ounce and all-in sustaining costs are US$691 per ounce

Based upon the 8 million tonne per annum ("Mtpa") scenario, the total payback period for the project is 2 4 years Importantly, the project's economics remain robust at significantly lower gold prices, with a post-tax NPV of US$406 million and a post-tax IRR of 23% at a US$1,100 per ounce gold price and an 8% discount rate

Testimony to Yaoure's Potential

In order to continue to drive Yaoure along the value curve, Amara announced a placing to raise £18 2 million (US$30 million) and an open offer to raise £0 3 million (US$0 5 million) on 21 March 2014 As a result of the placing, Amara is fully funded to the point of delivering a PFS for Yaoure in Q1 2015

I was delighted that the fundraising received encouraging support from both new and existing investors, which is testimony to Yaoure's potential and strengthens Amara's shareholder base An open offer was included as part of the fundraising as we felt it was particularly important to give our significant retail investor base the opportunity to participate in Amara's growth, as well as our institutional shareholders, in recognition for their loyalty over the past challenging year Any additional proceeds raised from the open offer will be used to support the delivery of a Bankable Feasibility Study ("BFS")

Creating Growth for our Shareholders

The majority of the proceeds of the fundraising will be used to advance Yaoure, with US$1 3 million allocated to expand the current in-pit resource by targeting 'information gaps' in the resource area and US$8 4 million to increase confidence in the resource by upgrading it from Inferred to the Indicated category Based on this drilling, I look forward to delivering two Mineral Resource updates for the project in Q3 and Q4 2014, and with the anticipated delivery of the PFS in Q1 2015, we plan to announce a maiden reserve for the project A further US$4 8 million has been allocated to upgrade a portion of the Indicated resource to Measured, which I believe will be an additional value driver for the Company Following the delivery of the PFS, we will be well on track to completing a BFS in H2 2015

A Second Strong Growth Opportunity

The Baomahun Gold Project in Sierra Leone is one of the highest grade projects in West Africa In June 2013 we completed the FS and demonstrated that the project is robust and economically viable at a gold price of US$1,350 per ounce Following the FS, the objective of the first phase of the optimisation work was to demonstrate that the high grade core could be exploited in a less capital intensive manner, while retaining the long term upside potential available from accessing the deeper resources from underground This approach ensures the project generates robust returns for all stakeholders, improving the longevity of the mine Following the placing we will commence a small-scale, highly targeted drilling campaign to increase Baomahun's in-pit resources and continue to optimise our upfront capital estimate, aiming to deliver the same strong returns from an open pit only scenario and de-risking the underground targets

A Safe Pair of Hands

Finally, I would like to thank my fellow Board members for their hard work, dedication and valuable guidance throughout the year Despite difficult market conditions, our Company has adapted well and we are now fully funded to deliver our next major phase of growth I look forward to updating you over the course of 2014

At the start of 2013 we outlined three key milestones for Amara during the year ahead the delivery of a Mineral Resource update at Yaoure, the completion of the Baomahun FS and the integration of the Kalsaka Gold Mine ("Kalsaka") and the Sega Gold Project ("Sega") Despite the challenge of a weakening gold price, by the end of the year we had achieved all of these goals, while also reducing our cost base significantly I believe this will ensure that our Company is well-positioned to adapt to an unpredictable market environment

Production Strengthening in 2014

My key focus for the year was to deliver a smooth transition from Kalsaka to Sega The 28% fall in the gold price during 2013 created a number of challenges, including reducing the mine life While there is still a significant amount of low grade ore at Kalsaka/Sega, it is no longer economic and accordingly a non-cash impairment charge of S$14 7 million has been recognised against the project's carrying value of US$45 million

Management took the decision to stop mining at Kalsaka in July 2013 as it had become unprofitable due to the combination of lower grade ore (1 13g/t in H1 2013 compared to 1 26g/t in H1 2012) and reduced throughput (773kt in H1 2013 compared to 815kt in H1 2012) combined with the lower gold price

Trucking from Sega commenced in September 2013, 16 months after the acquisition of the project from Orezone Gold Corporation was completed While this is a rapid timeline from acquisition to production, the integration of Sega occurred later than expected due to permitting delays As anticipated, Q4 2013 was the strongest quarter of the year for Kalsaka/Sega as the higher grade material from Sega was realised The average headgrade of the Sega material stacked was 1 77g/t

Full year production was 42,348 ounces in 2013 and we closed the year with US$20 0 million of cash and liquid assets Production is anticipated to strengthen in 2014 with full year guidance of 60,000-70,000 ounces Amara expects to generate robust cash flow even in the current gold price environment as the Sega open pits were re-optimised at a gold price of US$1,100/oz in Q2 2013, reflecting the Company's low risk approach

A Changing Focus

Production is due to be completed at Kalsaka/Sega in Q1 2015 and I am committed to unlocking the remaining value from the project and delivering an efficient closure While we are evaluating a number of opportunities to use the heap leach plant going forwards, removing the production aspect of our story may help to crystallise where the value of Amara is truly found in our growth assets

Yaoure is one of the most exciting development assets in West Africa, with large scale, long life, low cost production, and driving it along the value curve is likely to deliver the best returns for our shareholders The opportunity exists to add significant value to the project for a relatively small investment and I am determined not to dilute our shareholders' interest in Yaoure by buying a small, near term production asset that would require substantial management attention Only a very compelling near-term production opportunity would balance this risk of dilution

Cost Efficiency Measures Implemented

Following a year of strong investment in 2012, one of the key steps we took in 2013 to future proof Amara was to conduct a business review and consequently implement cost savings across all areas of the Company We achieved a 25% reduction in headcount between the 2012 year end and the 2013 year end, which is expected to generate an annualised saving in excess of US$1 5 million

The Board accepted 15% salary cuts, with sliding scale cuts for senior/middle management, equating to an additional annualised saving of US$650,000, which gives a total annualised saving of over US$2 1 million Further cuts were implemented in general and administration ("G&A") expenditure, delivering a 25% saving compared to FY2012 Amara's strategy is to solidify its financial position and ensure the optimal use of cash flow and this will continue throughout 2014, with further cost saving measures continuing to be identified

Working in Partnership with West Africa

One area we continued to prioritise was our investment in our host countries Having built and operated mines in Africa for the past 14 years, I have a thorough appreciation of the need for a company to maintain its social licence to operate

During the year we paid a total of US$8 2 million in tax in Burkina Faso, including corporate tax, royalties and indirect taxation We also contributed directly to Côte d'Ivoire, Sierra Leone and Liberia in respect of indirect taxes paid, despite our operations not yet generating revenue We have continued to play an active role in community initiatives, focusing on our three key interest areas of education, health and sustainable livelihood development, and fortifying our partnerships with the governments and local people of our host countries

Despite the challenges we faced in 2013, we enter 2014 in good shape, as a result of the targets we've delivered upon, the partnerships we've formed and the recent placing and open offer I would like to thank all of my colleagues for their resilience, hard work and enthusiasm during what has been a difficult year for the entire gold sector, and the Board for their good counsel 2014 will be another transformational year for Amara and we are well-positioned to deliver on our growth potential

REVIEW OF OPERATIONS: YAOURE GOLD PROJECT, CÔTE D'IVOIRE

Largest gold deposit in Côte d'Ivoire

Yaoure has the potential to be one of the top 10 largest gold mines in Africa by production With average production of 325,000 ounces/annum over a 12 year mine life, it outperforms the majority of other West African development projects delivering a compelling IRR of 32% and an NPV of US$688 million at a gold price of US$1,250 and a discount rate of 8% It is the largest gold deposit in Côte d'Ivoire with 6 3 million ounces of resources (20Mt at 1 20g/t for 0 8Moz Indicated and 133Mt at 1 29g/t for 5 5Moz Inferred) and significant exploration upside potential

The location of Yaoure is highly advantageous for developing a large-scale gold mine due to its close proximity to the Kossou dam, which offers low-cost hydro-electric power and abundant water It is situated 40km from a dual carriageway linking the political capital of Yamoussoukro with the commercial capital of Abidjan As a brownfield site, the timeline from exploration to production is expected to be minimised Amara intends to utilise the excellent existing infrastructure to full effect, reducing the upfront capital requirement for the project

Six Million Ounce Mineral Resource

During 2013 Yaoure's Mineral Resources increased from 0 2 million ounces Indicated (4 9Mt at 1 6g/t) to 6 3 million ounces as set out below, representing an increase of 71% on Amara's global resources

Mineral Resources at Yaoure, including cut-off grade sensitivity, as of 11 December 2013 using a US$1,500 open pit shell

	Indicated			Inferred		
Cut-Off g/t Au	Tonnes (Mt)	Grade (g/t)	Content (Koz)	Tonnes (Mt)	Grade (g/t)	Content (Koz)
0 5	20 3	1 20	780	133 0	1 29	5,518
0 8	13 2	1 48	637	85 7	1 65	4,554
1 0	10 0	1 68	541	65 6	1 89	3,974

Yaoure LOM estimate contained in an optimised pit shell using a US$950 per ounce gold price, at 0 5g/t cut-off

	Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Content (Koz)	Tonnes (Mt)	Grade (g/t)	Content (Koz)
LOM Plan	18 5	1 22	723	75 3	1 45	3,505

Notes to Mineral Resource tables

1 The effective date of the Yaoure Mineral Resource estimate is 11 December 2013, prepared by Mario E Rossi, GeoSystems International, Inc
2 The gold price used in the Mineral Resource estimate is US$1,500/oz assuming an open pit mining scenario Oxides are being mined assuming Heap Leach economics, Sulphides assuming Flotation economics Pit slopes are 35° in oxide, 46 ° in sulphide Recoveries have been assumed at 90%
3 Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability
4 There are no known environmental, permitting, legal, title, taxation, socio-economic, marketing, and political or other relevant issues that may materially affect the resource estimates
5 Totals and average grades are subject to rounding to the appropriate precision and some columns or rows may not compute exactly as shown
6 The stated resources include dilution in the block model that relates to the level of low selectivity envisioned in an open pit operation, assuming 10m bench heights No additional operational or mining dilution or ore loss has been incorporated
7 The 94 6 Mt of material scheduled for the financial evaluation contains a difference in rounding (of less than 1%) resulting from the different software packages and topography utilised for the relevant stages

Preliminary Economic Assessment

Based upon the updated Mineral Resource, Amara completed a PEA for Yaoure in Q1 2014, which confirmed that Yaoure is a compelling gold development project Importantly, the Project's economics remain robust at significantly lower gold prices, with a post-tax NPV of US$406 million and a post-tax IRR of 23% at a US$1,100 per ounce gold price

Key Parameters of Yaoure PEA

Parameter	Unit	Rate
Ore mined	Mt	94 6
Average head grade mined	g/t	1 39
Waste mined	Mt	492 0
Strip ratio	waste ore	5 2 1
Contained gold	Koz	4,239
Average gold recovery rate	%	95 0
Average annual production over LOM	ounces	325,000
Open pit mine life	years	12
Processing plant capacity	Mtpa	8
Total pre-production capital cost	US$ million	408
Total capital payback period	years	2 4
Total cash costs (including royalties)	US$/oz	655
All-in sustaining costs	US$/oz	691

The PEA supports the scenario of processing 8 Mtpa of material from an open pit operation to produce an average of 325,000 ounces of gold per annum over an initial 12 year life The metallurgy is simple and non-refractory and the plant has been designed to process Yaoure's substantial sulphide resource, achieving a recovery rate of 95% using conventional whole ore leach processing methods in a carbon-in-pulp ("CIP") circuit The project demonstrates strong economics due to the low processing cost driven by an energy cost of 9 cents/kWh and high overall recoveries Total cash costs (including royalties) are US$655 per ounce over the LOM and all-in sustaining costs are US$691 per ounce

Yaoure requires a plant and infrastructure capital cost of US$274 million, with an additional US$92 million for an owner-operated mining fleet, which has the potential to be deferred through leasing or excluded if contractor mining is utilised, and US$42 million contingency The total payback period is 2 4 years and the NPV to total pre-production capital ratio is 1 68, a significantly better outcome than many of its peers deliver

A number of opportunities for optimisation were generated by the PEA and it is expected that they will further improve the project economics by improving average head grades and reducing the overall strip ratio They also have the potential to decrease the upfront capital requirement These include selective mining of the CMA zone, staged development, process selection, equipment optimisation, project layout and heap leach plant relocation Work is also on-going for 5 Mtpa and 6 5 Mtpa throughput scenarios, which offer a lower upfront capital requirement although production is slightly reduced, demonstrating Yaoure's flexibility to development at different scales As Amara continues to move the project towards a PFS, the Company will gain further understanding of these scenarios to ensure the optimal path for development is understood

Fully Funded to Delivery of PFS

The net proceeds of the placing will allow Amara to conduct an in-fill drilling programme at Yaoure in 2014, deliver a PFS in Q1 2015, and then subsequently upgrade a portion of the Indicated resource to the Measured category in 2015, supporting a BFS

The 2014 Yaoure drilling campaign is expected to be undertaken in two phases

- To target the 'information gaps' within the Mineral Resource area to increase the size of the Inferred resource
- To upgrade the Inferred resources to the Indicated category to increase the level of confidence in the resource

In addition, geotechnical, hydro-geological and further metallurgical test work will be undertaken alongside further engineering studies and work on the Environmental and Social Impact Assessment to deliver the PFS

As well as increasing the size of the Mineral Resource, the first phase of drilling has the potential to reduce the overall strip ratio of the deposit (currently 5 2 1) by converting waste to ore in the mine plan Amara expects to release a Mineral Resource update following the completion of this phase in Q3 2014 The second phase of drilling will focus on upgrading the Inferred resources within the US$950/oz proposed open-pit to the Indicated category by reducing the drill spacing from 100m x 100m to 50m x 50m Amara expects to release a second Mineral Resource update following the completion of this phase in Q4 2014 This work will enable Amara to deliver a PFS for the project

In 2015, the Yaoure drilling campaign will focus on further upgrading a portion of the Indicated resources at Yaoure to the Measured category This will entail reducing the drilling spacing to 25-35m x 25-35m and will further support a BFS for the project in H2 2015

BAOMAHUN GOLD PROJECT, SIERRA LEONE

High Grade Deposit with Upside Potential

Baomahun is a feasibility stage gold project in central Sierra Leone With a high grade core and grades that strengthen at depth, the long term value of the project is expected to be realised through a combined open pit and underground scenario However, Amara is focused on optimising the open pit-only opportunity by conducting a highly targeted drilling campaign, which aims to increase current in-pit resources and deliver the same strong returns through a lower risk approach

Feasibility Study Delivered

In Q2 2013, Amara completed the FS for Baomahun, which confirmed that the project is robust and economically viable At a gold price of US$1,350 per ounce and an 8% discount rate, the project generates a post-tax 22% IRR and a post-tax NPV of US$127 million

Baomahun is an Archean-age deposit, with 1 21 million ounces of Probable Reserves (23 27Mt at 1 62g/t) The resource base includes 2 24 million ounces of Indicated Resources (38 4Mt at 1 81g/t) and 0 54 million ounces of Inferred Resources (6 6Mt at 2 2g/t) It has simple, non-refractory metallurgy and a strong recovery rate of 93 4% through a traditional carbon-in-leach ("CIL") plant

The Mineral Reserves support an open pit operation with an average annual throughput of 2 Mtpa of ore through a CIL plant over an 11 5 year production life Gold production in the first year is expected to be 203,970 ounces at an average grade of 3 90g/t, generating strong cash flow through the mining of the ore body's high grade core Average annual production over the first six years is expected to be 148,550 ounces at an average grade of 2 53g/t Total cash costs over the LOM are forecast to be US$799 per ounce using an owner-operator scenario, with total cash costs in year one of US$582 per ounce

Baomahun Mineral Reserves and Mineral Resources, both as of 19 November 2012

	Classification	Tonnes (Mt)	Grade (g/t)	Gold (Moz)
RESERVES1,3				
Open Pit	Probable	23 27	1 62	1 21
RESOURCES2				
Open Pit	Indicated	34 9	1 62	1 82
	Inferred	3 4	1 15	0 12
Underground	Indicated	3 5	3 80	0 43
	Inferred	3 2	3 95	0 41
Total	Indicated	38 4	1 81	2 24
	Inferred	6 6	2 52	0 54

Notes to Mineral Resources and Reserves

1 CIM definitions were used for Mineral Resources and Mineral Reserves
2 Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
3 A cut-off grade of 0 5g/t was applied within a US$1,500/oz open pit shell and a 2 0g/t cut-off for Mineral Resources suitable for underground mining The resources suitable for underground mining are not included in the FS The Mineral Reserve is reported at a cut-off grade of 0 5 g/t Au at a gold price of US$1,100/oz
4 The Mineral Resource is inclusive of the Mineral Reserve The Mineral Reserve was estimated by construction of a block model within constraining wireframes and based on Indicated Resources
5 Mining dilution of 5% was added to the Mineral Reserve
6 The Mineral Reserves were estimated based on the NI 43-101 Mineral Resources, both effective as of 19 November 2012
7 A 93 4% metallurgical gold recovery was used for the Mineral Reserve
8 Due to rounding, some columns or rows may not add up exactly to the computed totals

The upfront capital cost for the project is US$151 million, with a further US$86 million for the mining fleet and power generation plant, which could be deferred by leasing these items The total pre-production capital cost is US$253 million including contingency, and the payback period for this amount is three years

Results of First Phase of Optimisation Work

Smaller Open Pit and Plant

In January 2014 Amara announced the results of the first phase of optimisation work for Feasibility Studay This work focused on 'right-sizing' the plant to the deposit to reflect the current market conditions and the outlook for the gold price The desk top study demonstrated that a 1 Mtpa plant would allow for the selective mining of the deposit's higher grade core in a smaller open pit and enable longer term mine feed from underground sources, ensuring that the full potential of Baomahun's Mineral Resource is unlocked Based upon this smaller scenario, the upfront capital cost is reduced by 40% to US$90 million and the total pre-production capital cost is reduced by 43% to US$143 million compared to the FS

A gold price of US$900/oz was used for pit optimisations and this smaller open pit is capable of feeding a 1Mtpa plant for 10 years Average production remains robust, at 88,000 ounces per annum in years 1-6, and average LOM total cash costs have decreased by 11% to US$711/oz, with all-in sustaining cash costs expected to be US$975/oz

At a gold price of US$1,350 which was used for the FS, the open pit only scenario delivers a post-tax IRR consistent with the FS at 22% and a post-tax NPV of US$80 million In line with the current gold price, the optimisation work was based upon a gold price of US$1,250, which generates a post-tax IRR of 17% and a post-tax NPV of US$50 million These metrics are comparable with other similar gold projects in West Africa, although Baomahun's performance strengthens significantly when an underground component to the project is introduced

Transformational Underground Opportunity

Through the exploitation of Baomahun's underground as well as the open pit, there is the opportunity to extend the current 10 year LOM and boost production in year 7 onwards Based on the scoping study conducted by the independent consultant Snowden Mining Industry Consultants Pty Limited, the inclusion of material from the underground potentially transforms Baomahun's economics, with the post-tax IRR increasing to 25% and the post-tax NPV to US$192 million at a US$1,250 gold price The LOM doubles to 20 years, with an average production rate of 90,000 ounces per annum for the first 16 years The deposit remains open at depth, which further increases the opportunity for a stable, long-term producing gold mine in Sierra Leone

The underground opportunity can be further evaluated with little additional expenditure in the near term Due to the smaller pit shell, some of the material previously categorised as suitable for open-pit mining within a US$1,500 open pit will now be below the US$900 pit floor and thus could be mined as part of the underground opportunity

Strategy for Baomahun in 2014

There are three focuses to the on-going optimisation work for Baomahun expanding in-pit resources through exploration, continuing to evaluate the underground opportunity and further reducing the upfront capital requirement of the project

Following a geological review, Amara is planning to use US$1 0 million of the proceeds of the placing to conduct a small-scale, near surface drilling campaign It will focus on geochemical anomalies in open pit shell and has the potential to significantly improve the economics of an open pit only scenario for Baomahun It is expected to demonstrate greater continuity of the high grade mineralisation of the deposit, increasing in-pit resources and de-risking the project In addition Amara will gain a more thorough understanding of Baomahun's underground opportunity by generating longer term targets and evaluating the optimal place in the orebody to transition between the open pit and the underground

KALSAKA/SEGA GOLD MINE, BURKINA FASO

Unlocking the Remaining Value

Kalsaka is a heap leach operation that has been in production since 2008 and has produced approximately 300,000 ounces during the past five years This small-scale production differentiated Amara from its exploration-only peers, funding the Company's G&A costs and supporting exploration expenditure in the years when the gold price was stronger Amara is focused on unlocking the remaining value in Kalsaka/Sega through robust cash generation in 2014 and an efficient closure, in addition to exploring opportunities to realise the latent value of the operational team and processing plant

Kalsaka/Sega is located in central Burkina Faso, 150km from Ouagadougou The Sega deposit is 20km to the north of Kalsaka and Amara successfully integrated the two projects during 2013 in order for production to continue at the Kalsaka/Sega complex beyond mid-2013, when Kalsaka's mine life was due to end Amara acquired the Sega deposit from Orezone Gold Corporation in May 2012 and the Company took the project through the permitting and construction phases in just 16 months

Operational Overview

2013 was a difficult year for Kalsaka/Sega, with production of 42,348 ounces at a total cash cost of US$1,383 per ounce On 2 January 2013, the London PM fix gold price was US$1,694 per ounce and at this level, Kalsaka/Sega was forecast to generate strong cash flow However, in April 2013 the gold price experienced its largest fall in a single day for 30 years and over the course of 2013, the gold price fell by 28%, fixing at a low for the year of US$1,192 per ounce on 28 June 2013

The challenge of operating in a falling gold price environment was exacerbated by the lower grades being processed at Kalsaka, averaging 1 08g/t Ore that would have been economic at a gold price above US$1,500 per ounce became marginal at US$1,200 and thus Amara's management took the decision to halt mining at Kalsaka in July 2013 It had been anticipated that the transition to Sega would take place at the time that mining ceased at Kalsaka, however due to permitting delays, trucking commenced from Sega in mid-September 2013

Once the material from Sega became available, production strengthened significantly at Kalsaka/Sega, with an 86% increase in production in Q4 2013 to 14,926 ounces, compared to Q3 2013 The average headgrade of the Sega material stacked in Q4 was 1 77g/t, a 61% increase on the average headgrade of the Kalsaka ore processed during the rest of the year In line with Amara's low risk approach, the mine plan for Sega was re-optimised in Q2 2013 at a gold price of US$1,100 per ounce and Amara expects to generate robust cash flow in 2014 Full year production guidance is 60,000-70,000 ounces at a total cash cost of US$900-1,000 per ounce

	Unit	2013	2012
Ore mined	kt	1,228	1,625
Waste mined	kt	5,615	8,073
Total tonnage mined	kt	6,843	9,698
Strip ratio	w o	4 57	4 97
Ore processed	kt	1,359	1,558
Average ore head grade	g/t	1 29	1 23
Gold production	oz	42,348	53,544
Cash costs excl royalties	US$/oz prod	1,330	961
Cash costs inc royalties	US$/oz sold	1,383	964
Average realised gold price	US$/oz sold	1,381	1,667

Opportunities for Kalsaka/Sega beyond 2014

Production is expected to conclude at Kalsaka/Sega in Q1 2015 The cost of environmental closure of the mine has been set aside in a bonded bank account The rehabilitation work for the site has been conducted on an on-going basis throughout the mine's life as mining moved from one pit to the next, so the final phase of rehabilitation once Kalsaka/Sega's mine life ends is not expected to exceed the monies set aside

Although Sega's higher grade resources will be exhausted by the end of 2014, there remain significant lower grade resources on the Kalsaka and Sega licence areas These resources could be mined economically in a higher gold price environment, however Amara is focused on higher value opportunities in the near term

A small amount of gold is expected to continue to leach from the Kalsaka/Sega leach pads throughout 2015, however Amara is now evaluating opportunities for the plant after processing is complete Heap leach plants are relatively mobile, so it could be relocated to another oxidized gold deposit in order to maintain Amara's status as a producer However, as management is focused on minimising dilution to its shareholders' interest in Yaoure, only a very compelling near-term production opportunity would generate returns consummate to Yaoure

Alternatively, the plant could be sold to strengthen Amara's balance sheet Amara has two adsorption-desorption-recovery ("ADR") plants, one at Kalsaka/Sega and one at Yaoure, so the ADR plant at Kalsaka/Sega could continue to process the remaining solution leaching from the Kalsaka/Sega leach pads in 2015 and the Yaoure ADR plant could be relocated or sold with the Kalsaka/Sega stacking and agglomeration circuit Both options for the plant deliver upside for shareholders although as there is no certainty that either scenario will be possible, Amara's business model is focused on generating the best value from Kalsaka/Sega in its final year of material production

Mineral Resources at Kalsaka/Sega as of 31 December 2013 using a 0.5g/t cut-off

Project	Category	Tonnage (Mt)	Grade (g/t)	Contained Gold (Koz)
Kalsaka	Measured	0 8	1 3	34
	Indicated	6 4	1 2	243
	Inferred	4 5	1 3	185
Sega	Indicated	8 1	1 7	427
	Inferred	2 8	1 5	136

Notes to Mineral Resources
1 Resources shown as combined oxide, transitional and sulphide
2 Resource estimation has been subsequently updated for production changes as at 31 December 2013

Amara Mining plc
FINANCIAL REVIEW
for the year ended 31 December 2013

Financial Highlights

US$'000	2013	2012	2011
Revenue	52,403	91,320	121,684
Gross (loss)/profit	(3,731)	32,424	46,978
EBITDA	(7,568)	23,980	43,544
Exceptional items (impairments and provisions)	(33,037)	(4,374)	-
Profit/(loss) before taxation	(51,951)	8,527	25,376
Basic EPS (cents per share)	(27 21)	(0 22)	9 40
Adjusted EPS excl exceptional items (cents per share)	(9 88)	2 56	9 40
Cash generated from operating activities	12,155	23,540	41,104
Net cash (outflow)/inflow	(20,438)	2,905	7,998
Total cash (excluding bullion)	11,372	31,810	28,905
Total assets	176,692	201,032	140,698
Total liabilities	(59,673)	(43,712)	(28,535)

2013 was a challenging year for the gold sector, with a precipitous fall in the gold price making asset impairments and operational losses common place Amara was not immune, with the Kalsaka/Sega gold mine experiencing weak grades as Kalsaka reached the end of its mine life and exploration delivering only marginal additional ounces in Burkina Faso These issues have led to the recognition of an impairment against the Kalsaka/Sega Mineral Resource Pleasingly, neither of Amara's growth assets, Yaoure in Côte d'Ivoire and Baomahun in Sierra Leone, which represent the majority of Amara's assets, are impaired, underlining the strong growth opportunity within the Company's development pipeline

Income statement

Group revenue dropped by US$38 9 million (43%) to US$52 4 million in 2013 due to a 29% fall in gold sold in the year aligned with a 20% fall in the average gold price The combination of weaker production and a weaker gold price generated an EBITDA loss of US$1 8 million from Kalsaka/Sega, leading to an overall EBITDA loss for the Group of US$7 6 million

The 21% fall in production at Kalsaka/Sega to 42,348 ounces in 2013 was due to a 13% fall in the volume of material processed off-set by a small rise in the average grade Processed volumes were low due to the down-time between cessation of stacking of Kalsaka ore and the start-up at Sega Processed grades were weak prior to the commencement of stacking from Sega With the strongest grades being processed in Q4 2013 from Sega at an average of 1 77g/t in the quarter, the shortfall in production in the year is greater than the shortfall in gold processed due to the heap leach cycle, the quantity of gold locked up in the heap and recovery circuit at 31 December 2013 increased by over 2,700 ounces compared to the 2012 year-end due to the high year-end grades

Costs at Kalsaka/Sega in 2013 rose by 37%, driven by the reduced throughput and higher mining costs The latter were impacted by the increased cost of mining harder, transitional material at the end of the Kalsaka life, together with the inclusion of haulage from the furthest pits within the Kalsaka licence area, as well as from the Sega pits Processing costs have also shown a modest increase due to the costs associated with crushing the harder Sega ore Other operating costs in Burkina Faso also showed a modest overall increase due to costs associated with the commencement of Sega Despite the loss in the year, a total of US$4 9 million of direct taxation was paid to the Burkina Faso government in 2013 as required under Burkinabe law A taxation debtor totalling US$2 4 million is repayable by means of offset against future profits, or on winding up of the local company

Total cash costs including royalties at Kalsaka/Sega totalled US$1,383 per ounce in 2013, a 37% increase compared to 2012, which primarily reflects the higher mining costs and the spreading of general and administrative costs over a smaller total production base Savings in general and administrative costs totalling US$2 2 million were realised in 2013 in London, off-setting the weaker operational performance This included savings of US$0 7 million from salary reductions of up to 15% taken by all directors and senior staff, together with US$1 0 million of savings from staffing reductions

With the weaker operational performance, an impairment charge of US$30 4 million was recognised against the Group's Burkina Faso assets in 2013, including US$9 7 million against exploration opportunities that do not carry sufficient grade for exploitation at the current gold price and a provision totalling US$3 2 million against the low grade stockpile and gold in process A further US$2 6 million was written-off the old heap leach plant in Côte d'Ivoire as with the substantial sulphide Mineral Resources unable to be processed via heap leach it is unlikely to be utilised and accordingly has been written-down to scrap value

Excluding the impairment charges, Amara generated a loss attributable to equity shareholders of US$17 1 million or 9 88 cents per share

The 2009-2011 tax inspection in Burkina Faso was finalised during the year with a final settlement set at US$1 7 million, of which US$1 0 million was paid in the year This amount had been fully provided in the 2012 financial statements

Cash flow and liquidity

A summary of the movement of cash and debt is set out below

US$ million	Cash	Debt	Net Cash
At 1 January 2013	31 8	-	31 8
Net cash generated by operating activities	12 2	-	12 2
Burkina Faso corporation tax paid	(4 9)	-	(4 9)
Exploration expenditure*	(21 0)	-	(21 0)
Property, plant and equipment	(9 0)	-	(9 0)
Cash acquired in business combination	10 0	-	10 0
Samsung debt facility and interest	(7 7)	(13 3)	(21 0)
At 31 December 2013	11 4	(13 3)	(1 9)
Bullion held at 31 December 2013	9 0	-	9 0
Total cash and liquid assets	20 4	(13 3)	7 1

*exploration and Feasibility Study expenditure

Despite delivering an EBITDA loss of US$7 6 million, the Group's operations generated net cash inflows of US$12 2 million in 2014 due to the support of Kalsaka/Sega's suppliers who assisted with the transition from Kalsaka to Sega in a volatile gold market With higher grades stacked in Q4 2013, there was a significant increase in the amount of gold delivered to the heap leach plant, which will assist in generating the funds to repay the creditors in 2014

In 2013 Amara continued to invest in its assets and a full analysis is set out below

US$ million	Baomahun	Yaoure	Kalsaka/ Sega	Liberia	London	Total
Exploration and evaluation	7 3	8 5	5 2	-	-	21 0
Infrastructure	0 2	-	-	-	-	0 2
Sustaining capex	-	-	0 9	-	-	0 9
Sega plant	-	-	7 9	-	-	7 9
	7 5	8 5	14 0	-	-	30 0

The most notable outcome of this investment was the 6 3 million ounce Mineral Resource delineated at Yaoure, a project that forms the basis of Amara's 2014 investment plans The outcome of the recent PEA clearly demonstrated that Yaoure has the potential to be one of the most compelling development properties in West Africa and in 2014 the Company will progress the project towards the delivery of a PFS

At Baomahun, the investment delivered a FS, which demonstrated that the project is robust at US$1,350 per ounce In 2014 further low cost optimisation work and a targeted drilling programme to test the continuity of the Mineral Resources will be undertaken

At Kalsaka/Sega, the investment delivered a plant upgrade, which allowed the harder Sega material to be processed from Q4 2013 Exploration delineated a number of low grade opportunities for mine life extension but at the current gold price these are not economic and accordingly, in 2014 investment will be significantly reduced as the asset reaches maturity

Following the recent placing and open offer (as detailed in note 24) the Group's financial position has been strengthened and Amara is now fully funded to advance its key assets to the next stage of development

Amara Mining plc
DIRECTORS' REPORT
for the year ended 31 December 2013

The Directors present their report and the audited financial statements for the year ended 31 December 2013

Principal activities

Amara Mining is a gold mining and exploration company with assets in West Africa Further information is included in the Chairman's Statement, Chief Executive's Statement and Business Review

Business review and future developments

The Business Review is presented on pages 4 to 9 of this Annual Report The Business Review contains certain forward-looking statements, particularly concerning the anticipated production at the Kalsaka/Sega mines, the development plans at the Baomahun project and Yaoure 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's key performance indicators are monitored on a monthly basis (and more frequently as required) and reported to the Board of Directors They focus on production statistics, resource and reserve updates and exploration expenditure, these are set out in the Business Review

Results and dividends

The Group made a consolidated loss after taxation for the year of US52 1m (2012 US$2 4 million profit) The Directors do not recommend the payment of a dividend (2012 nil)

Share capital and share options

Details of the share capital of the Company are set out in note 13 to the financial statements Details of share options outstanding at 31 December 2013, together with options granted during the year are set out in note 20 to the financial statements

Directors

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

J McGloin	
P Spivey	
P Gardner	
P Cowley	
H Faul	
P Hain	(appointed 6 March 2013)
G Stanley	
A Davidson	(appointed 25 November 2013)

In compliance with the Company's articles of association, P Spivey, P Gardner, P Cowley and A Davidson will retire by rotation at the Company's annual general meeting to be held on 4 June 2014 and, being eligible, will offer themselves for re-election

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 given in the Remuneration Report on pages 20 to 21

Substantial shareholdings

As at 31 March 2014, the Company was aware of the following holdings of 3 per cent or more in the Company's issued share capital

Name	Shareholding	%[1]
Aurum Holdings llc	49,817,876	22 6
Ingalls and Snyder	17,682,750	8 0
J P Morgan Asset Management	14,844,348	6 7
Mr R Winston	11,641,091	5 3
Van Eck Global	11,417,000	5 2
Libra Advisors	6,637,136	3 0

[1] Based on 220,215,954 shares issued and outstanding as at 31 March 2014 and prior to the placing of 107,058,823 shares and open offer of up to 24,468,439 shares as detailed below

Financial instruments

The Group's exposure to financial risks and its policies in relation to the use of financial instruments are explained in note 18 to the financial statements

Post-balance sheet events

On 21 March the Company announced the placing of 107,058,823 ordinary shares of 1p at 17p together with an open offer to existing shareholders of up to 24,468,439 additional ordinary shares of 1p also priced at 17p In the event of a full take up on the open offer the Company will have 351,743,216 shares in issue

The placing and open offer is subject to shareholder approval which was sought and approved at a General Meeting held on 11 April 2014

Health and safety

The Group remains committed to the highest standards of health and safety

Corporate governance

A report on corporate governance is provided on pages 15 to 16

Going concern

Included in the Group's cash flow forecasts are amounts from the placing of shares announced on 21 March and approved by shareholders on 11 April The receipt of the funds from the placing has yet to be received as such receipt is subject to certain administrative tasks However, the placing is guaranteed by irrevocable contracts and has been approved by the Board of Directors and the shareholders, accordingly the inclusion of such inflow of funds is deeded suitable for cash flow planning purposes

Based on current performance and forecast cash flows the Directors are satisfied that the Group has sufficient cash resources to meet its financial obligations as they fall due for the foreseeable future Accordingly the Directors have concluded that it is appropriate for the financial statements to be 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

Auditor

BDO LLP has confirmed its willingness to continue in office, and a resolution for its reappointment will be proposed at the forthcoming AGM

Corporate governance

The Board acknowledges the importance of the guidelines set out in the UK Corporate Governance Code and the Quoted Companies Alliance (QCA) published Corporate Governance Guidelines and complies with these so far as is appropriate having regard to the size and nature of the Company

The Company has in place appropriate guidance, training and implementation of procedures to ensure compliance with the UK Bribery Act

Board of Directors and independence

The Company supports the concept of an effective Board leading and controlling the Company The Board is responsible for approving Company policy and strategy It holds regular Board meetings and is supplied with appropriate and timely information in order to discharge its duties Briefing papers are distributed to all Directors in advance of Board meetings, and all Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with The articles of association provide that any Director who was not appointed or re-appointed at one of the preceding two annual general meetings will be subject to re-election

The Board currently comprises eight Directors, three of whom are executive and hold the key operational positions The remaining non-executives bring a breadth of experience and knowledge to assist and advise the executive Board members

The UK Corporate Governance Code requires that small companies should have at least two independent non-executive Directors The Board considers all non-executive Directors to be independent The Chairman of the Board is J McGloin

Board meetings and sub-committees

The full board met on 12 occasions during the period with full attendance from each Director at every Board meeting

The Nomination Committee, Audit Committee, Health, Safety and Environment Committee, the Technical Committee and the Remuneration Committee all met once during the year with full attendance by Committee members

The Board has established appropriately constituted Audit, Remuneration, Nomination, Health, Safety and Environment and Technical Committees with formally designated responsibilities

In addition, sub-Board committees have been convened including the Executive Committee which includes the Group Head of Projects and Group Head of Exploration and a Corporate Social Responsibility Committee to be headed by P Hain

Audit Committee

The Audit Committee is chaired by G Stanley, the other members being H Faul and P Cowley The Audit Committee may examine any matters relating to the financial affairs of the Group and the Group's audits This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of the external auditor and other related functions as the Board may require The external auditor has direct access to the members of the Audit Committee, without the presence of the executive Directors, for independent discussions

Remuneration Committee

The Remuneration Committee is chaired by P Cowley, the other members being H Faul and G Stanley It determines the terms and conditions of employment and annual remuneration of the executive and non-executive Directors It takes into consideration external data and comparative third party remuneration and has access to professional advice outside the Company The key policy objectives of the Remuneration Committee in respect of the Company's executive Directors and other senior executives are (a) to ensure that individuals are fairly rewarded for their personal contribution to the Company's overall performance, and (b) to ensure that due regard is given to the interests of the Company's shareholders and to the financial and commercial health of the Company Remuneration of executive Directors comprises basic salary, discretionary bonuses, participation in the Company's share option schemes or other equity based remuneration schemes, pension plan contributions and other benefits The Company's remuneration policy with regard to options and other equity based remuneration schemes is to maintain an amount of not more than 10 per cent of the issued share capital in options or other equity incentives for the Company's management and employees, which may include the issue of new options or other equity incentives in line with any new share issues

Nominations Committee

The Nominations Committee, which leads the process for Board appointments and makes recommendations to the Board, is chaired by J McGloin, the other members being P Cowley and G Stanley

Corporate governance (continued)

Health, Safety and Environment Committee

The Health, Safety and Environment Committee, which is responsible for ensuring that the Board responsibly covers these areas, is chaired by P Spivey, the other members being P Cowley and H Faul

Technical Committee

The Technical Committee is responsible for providing assurance to the Board as to the operational performance and operating risks of the Company, with particular regard to those areas where technical understanding is required It is chaired by H Faul, the other members being P Cowley and G Stanley

The Company takes all reasonable steps to ensure that the Directors and relevant employees comply with the provisions of the AIM rules relating to dealings in its securities

Service contracts

The Chairman, Chief Executive Officer and Finance Director are on permanent employment contracts with notice periods of one year, one year and six months respectively Non-executive Directors have formal letters of appointment setting out their duties and are three year service contracts terminable at one month's notice

Relations with shareholders

The Company fully values the views of its shareholders and is committed to maintaining the highest standards of disclosure ensuring that all investors and potential investors have the same access to high quality, relevant information in an accessible and timely manner to assist them in making informed decisions

Members of the Board attempt to regularly meet with investors, brokers and other institutions to inform them of short and long term objectives of the Group The AGM also enables both institutional and private investors to communicate with the Board and are encouraged to ask questions

The Company operates and updates its website www amaramining com regularly, uploading recent investor presentations, resource information and financial reports in a timely manner

Internal control

The Board is responsible for establishing and maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets These internal controls are designed to provide reasonable assurance to users and stakeholders regarding the reliability of the Group financial statements Inherent limitations in control systems mean that only reasonable, and not absolute, assurance can be provided against material misstatement or loss

Taking account of the size and nature of the Group, the Board has implemented processes for identifying and evaluating the key operational, financial and compliance risks facing the Group Under the direction of the Chairman, Chief Executive Officer and Finance Director, and with guidance from the non-executive Directors, this process continues to evolve as the Group grows in size Where weaknesses are identified appropriate amendments are made to the control systems

Details of the key risks that the Group is exposed to are set out below

Corporate governance (continued)

Principal risks and uncertainties

Risk	Comment and mitigating actions
Operational Risk Mining operations generally involve a high 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 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, shut down all or a portion of a mine, or the loss of the right to mine Mining operations 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 production and exploration performance 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 mine 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 Amara is exposed, both directly and indirectly, to the purchase price of diesel, steel and reagents used in gold production Amara is also subject to increases in the market prices for services and equipment (e g mining contractors, drilling, tyres, vehicles etc)	The Company seeks to minimise its usage of input materials It also monitors the commodity prices constantly and considers whether hedging might be appropriate No hedging was entered into during 2013 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 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 Amara's resources are presented in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standards

Exploration and Development Risk The success of the Company is dependent on the discovery and/or acquisition of mineral reserves and mineral resources and the successful development of mines therefrom Significant risk exists within technical, legal and financial aspects of the development of mines, which may have an adverse effect on the Company's business A note of the risks associated with ore reserve estimates is set out within the Critical Accounting Estimates and Judgements within the accounting policies	The Board ensures that there is a regular dialogue with the Head of Exploration and his team, together with reviewing the reporting data to focus resources and expenditure upon key exploration and development targets
Gold Price Amara is exposed to commodity price risk as detailed in note 18 to the financial statements In addition, reserve calculations and life-of-mine plans using significantly lower gold prices could result in material write downs of the Company's investments in mining properties	Amara's objective is to provide maximum exposure to the price of gold and, as such, a policy of not hedging gold has been adopted The Company retains its focus on keeping operating costs as low as possible
Financing Risk 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 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	The Board regularly review the levels of discretionary spending on capital items and exploration expenditure to ensure that there is sufficient headroom should unexpected liabilities arise or cash flow is reduced through a decline in the gold price 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 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 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 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 (and the right to renewal) 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 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 currently has in place political risk insurance covering expropriating acts and contingent currency inconvertibility or exchange transfer embargo with respect to the Yaoure, Kalsaka and Baomahun properties 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

Contractual Risk 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 contractor as disclosed in note 22	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 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

Remuneration Report

Remuneration policy

The Company's policy is to ensure that the members of the Board are fairly remunerated with regard to responsibilities undertaken and with reference to comparable pay levels in the UK and in the mining industry In addition, the Company has a flexible approach to the awarding of discretionary cash bonuses and share options to ensure that it is able to attract, motivate and retain Directors (and senior management) of the calibre necessary to ensure that the Company meets its objectives

The awarding of salary increases, bonuses and share options to Board members is reviewed and confirmed by the Remuneration Committee following guidance from the Chairman and Chief Executive Officer

Total remuneration of Directors serving in the year

2013 US$000	Salary	Bonus	Benefits-in-kind	Aggregate emoluments	Pension	Share based payment	Loss of office	Total
J McGloin	342	-	3	345	34	199	-	578
P Spivey	344	-	136	480	28	111	-	619
P Gardner	290	-	2	292	29	120	-	441
P Cowley	64	-	-	64	-	-	-	64
A Davidson [1]	4	-	-	4	-	-	-	4
H Faul	76	-	-	76	-	-	-	76
P Hain [2]	50	-	-	50	-	-	-	50
G Stanley	65	20	-	85	-	-	-	85
TOTAL	1,235	20	141	1,396	91	430	-	1,917

2012 US$000	Salary	Bonus	Benefits-in-kind	Aggregate emoluments	Pension	Share based payment	Loss of office	Total
J McGloin [3]	268	41	-	309	24	88	-	421
P Spivey	319	174	156	649	30	68	-	747
P Gardner	278	189	3	470	25	74	-	569
P Cowley	66	-	-	66	-	-	-	66
H Faul	41	-	-	41	-	-	-	41
G Stanley	61	-	-	61	-	-	-	61
Current Directors	1,033	404	159	1,596	79	230	-	1,905
N Berry [4]	40	-	-	40	-	-	40	80
JG Cluff [5]	152	240	28	420	15	132	407	974
R Danchin [4]	34	-	-	34	-	-	40	74
T Wadeson [6]	20	-	-	20	-	-	-	20
R Winston [4]	36	-	-	36	-	-	-	36
TOTAL	1,315	644	187	2,146	94	362	487	3,089

1 appointed 25 November 2013
2 appointed 6 March 2013
3 appointed 3 April 2012
4 resigned 30 September 2012
5 2012 bonus and severance made on resignation on 28 May 2012
6 resigned 28 May 2012

Remuneration Report (continued)

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 2013	At 31 December 2012
J McGloin	284,065	-
P Spivey	100,000	50,000
P Gardner	168,289	41,180
P Cowley	83,284	33,775
A Davidson	-	-
H Faul	49,509	7,843
P Hain	113,080	-
G Stanley	171,565	29,899

As at 31 December 2013 the following Directors held options to subscribe for ordinary shares in the Company

Name	Number of share options 31 December 2013	Number of share options 31 December 2012	Exercise price	Exercise period
J McGloin	1,680,480	1,680,480	62 75p	6 July 2015 - 5 July 2022
	319,520	-	59 25p	10 January 2016 - 9 January 2023
P Spivey	1,250,000	-	59 25p	10 January 2016 - 9 January 2023
	300,000	300,000	63 50p	1 January 2013 - 31 December 2020
	200,000	200,000	71 75p	5 July 2013 - 4 July 2020
P Gardner	1,250,000	-	59 25p	10 January 2016 - 9 January 2023
	150,000	150,000	69 00p	1 October 2013 - 30 September 2019
	350,000	350,000	71 75p	5 July 2013 - 4 July 2020
P Cowley	100,000	100,000	83 00p	5 June 2012 - 4 June 2018
G Stanley	100,000	100,000	28 50p	3 October 2012 - 2 October 2018

Annual General Meeting ("AGM")

The notice convening the Company's AGM, to be held on 4 June 2014, is included with the Annual Report Full details of the resolutions proposed at that meeting may be found in the explanatory notes at the end of the notice The Board unanimously recommends shareholders to vote in favour of the resolutions proposed

By order of the Board

P Gardner
14 April 2014

Amara Mining plc
STRATEGIC REPORT
for the year ended 31 December 2013

Section 414C of the Companies Act 2006 (the 'Act') requires that the Company inform members as to how the Directors have performed their duty to promote the success of the Company, by way of a Strategic Report Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2013 Annual Report, which are incorporated by reference into the Company's Strategic Report

Fair review of the business (Section 414C (2) (a) of the Act)

This information is contained in page 1 of the Chairman's Statement, page 2 of the Chief Executive's Report, Review of Operations on pages 4 to 9 and the Financial Review on pages 10 to 12

Principal risks and uncertainties (Section 414C (2) (b) of the Act)

This information is contained in the Principal Risks and Uncertainties, on pages 17 to 19

Analysis of the development and performance of the business (Section 414C (3) of the Act)

This information is contained in page 1 of the Chairman's Statement, page 2 of the Chief Executive's Report, Review of Operations on pages 4 to 9 and the Financial Review on pages 10 to 12

Analysis of the position of the business (Section 414C (3) of the Act)

This information is contained in page 1 of the Chairman's Statement, page 2 of the Chief Executive's Report, Review of Operations on pages 4 to 9 and the Financial Review on pages 10 to 12

Analysis using key financial performance indicators (Section 414C (4) (a) of the Act)

This information is contained in the Financial Review on pages 10 to 12

Analysis using other key performance indicators (Section 414C (4) (b) of the Act)

This information is contained in page 1 of the Chairman's Statement, page 2 of the Chief Executive's Report, Review of Operations on pages 4 to 9 and the Financial Review on pages 10 to 12

Approval of the Board (Section 414D (1) of the Act)

This strategic report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the gold exploration and production business While the Directors believe the expectation reflected herein to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but, for example, owing to a change of plan or strategy Accordingly, no reliance may be placed on the forward-looking statements

By order of the Board

P Gardner
14 April 2014

The directors are responsible for preparing 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 The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions The maintenance and integrity of the company's website is the responsibility of the directors The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMARA MINING PLC

We have audited the financial statements of Amara Mining Plc for the year ended 31 December 2013 which comprise the statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statements of cash flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 2013 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

Jason Homewood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
14 April 2014

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

Amara Mining plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	2013 US$000	2012 US$000
Continuing operations			
Revenue		**52,403**	91,320
Cost of sales		**(56,134)**	(58,896)
Gross (loss)/profit		**(3,731)**	32,424
General and administrative expenses		**(7,598)**	(9,599)
Other operating costs		**(9,532)**	(9,635)
Impairment of deferred exploration and evaluation costs	8	**(9,747)**	(4,374)
Impairment of mine development and associated property, plant and equipment costs	9	**(20,118)**	-
Operating (loss)/profit	2	**(50,726)**	8,816
Finance income	4	**308**	208
Finance costs	5	**(1,533)**	(497)
(Loss)/profit before taxation		**(51,951)**	8,527
Income tax	6	**(153)**	(6,080)
(Loss)/profit and total comprehensive income for the year		**(52,104)**	2,447
Attributable to:			
Equity shareholders of the parent company		**(47,096)**	(351)
Non-controlling interests	14	**(5,008)**	2,798
(Loss)/profit and total comprehensive income for the year		**(52,104)**	2,447
Loss per share			
Basic (cents per share)	7	**(27.21)**	(0 22)
Diluted (cents per share)	7	**(27.21)**	(0 22)

Amara Mining plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	2013 US$000	2012 US$000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**110,222**	120,113
Property, plant and equipment	9	**22,208**	24,382
Corporation tax receivable		**2,414**	-
Total non-current assets		**134,844**	144,495
CURRENT ASSETS			
Inventories	12	**24,522**	18,618
Other receivables	11	**5,954**	6,109
Cash and cash equivalents		**11,372**	31,810
Total current assets		**41,848**	56,537
TOTAL ASSETS		**176,692**	201,032
CAPITAL AND RESERVES			
Share capital	13	**3,785**	2,951
Share premium	13	**173,242**	163,241
Merger reserve	13	**15,107**	15,107
Share option reserve	13	**4,678**	3,932
Currency translation reserve	13	**987**	987
Accumulated losses		**(77,941)**	(31,067)
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT		**119,858**	155,151
Non-controlling interests	14	**(2,839)**	2,169
TOTAL EQUITY		**117,019**	157,320
NON-CURRENT LIABILITIES			
Provisions	15	**10,156**	9,298
Deferred tax liability	6	**-**	94
Borrowings	17	**-**	9,828
Total non-current liabilities		**10,156**	19,220
CURRENT LIABILITIES			
Trade and other payables	16	**36,355**	12,548
Corporation tax		**-**	2,196
Borrowings	17	**13,162**	9,748
Total current liabilities		**49,517**	24,492
TOTAL LIABILITIES		**59,673**	43,712
TOTAL EQUITY AND LIABILITIES		**176,692**	201,032

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2014 and were signed on its behalf by

P. Cl

P Gardner
Director
COMPANY NUMBER: 4822520

Amara Mining plc
COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Notes	2013 US$000	2012 US$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**155**	220
Investments in subsidiaries	10	**21,131**	10,327
Other receivables	11	**89,915**	107,633
Total non-current assets		**111,201**	118,180
CURRENT ASSETS			
Other receivables	11	**124**	8,006
Cash and cash equivalents		**5,226**	26,238
Total current assets		**5,350**	34,244
TOTAL ASSETS		**116,551**	152,424
CAPITAL AND RESERVES			
Share capital	13	**3,785**	2,951
Share premium	13	**173,242**	163,241
Merger reserve	13	**12,607**	12,607
Share option reserve	13	**4,678**	3,932
Currency translation reserve	13	**(16,591)**	(16,591)
Accumulated losses		**(75,312)**	(34,017)
TOTAL EQUITY		**102,409**	132,123
NON CURRENT LIABILITIES			
Borrowings	17	**-**	9,828
Total non-current liabilities		**-**	9,828
CURRENT LIABILITIES			
Trade and other payables	16	**980**	725
Borrowings	17	**13,162**	9,748
Total current liabilities		**14,142**	10,473
TOTAL LIABILITIES		**14,142**	20,301
TOTAL EQUITY AND LIABILITIES		**116,551**	152,424

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2014 and were signed on its behalf by

P. Al

P Gardner
Director
COMPANY NUMBER: 4822520

Amara Mining plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	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 2012	2,375	117,823	15,107	3,316	987	(30,886)	108,722	3,441	112,163
(Loss)/profit for the year	-	-	-	-	-	(351)	(351)	2,798	2,447
Total comprehensive income for the year	-	-	-	-	-	(351)	(351)	2,798	2,447
Issue of ordinary share capital	576	47,768	-	-	-	-	48,344	-	48,344
Share issue costs	-	(2,350)	-	-	-	-	(2,350)	-	(2,350)
Dividend	-	-	-	-	-	-	-	(4,070)	(4,070)
Share option charge	-	-	-	786	-	-	786	-	786
Reserve transfer on exercise or lapse of share options	-	-	-	(170)	-	170	-	-	-
BALANCE AT 31 DECEMBER 2012	2,951	163,241	15,107	3,932	987	(31,067)	155,151	2,169	157,320
Loss for the year	-	-	-	-	-	(47,096)	(47,096)	(5,008)	(52,104)
Total comprehensive income for the year	-	-	-	-	-	(47,096)	(47,096)	(5,008)	(52,104)
Issue of ordinary share capital	834	10,001	-	-	-	-	10,835	-	10,835
Share option charge	-	-	-	968	-	-	968	-	968
Reserve transfer on exercise or lapse of share options	-	-	-	(222)	-	222	-	-	-
BALANCE AT 31 DECEMBER 2013	3,785	173,242	15,107	4,678	987	(77,941)	119,858	(2,839)	117,019

Amara Mining plc

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	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 2012	2,375	117,823	12,607	3,316	(16,591)	(41,450)	78,080
Profit for the year	-	-	-	-	-	7,263	7,263
Total comprehensive income for the year	-	-	-	-	-	7,263	7,263
Issue of ordinary share capital	576	47,768	-	-	-	-	48,344
Share issue costs	-	(2,350)	-	-	-	-	(2,350)
Share option charge	-	-	-	786	-	-	786
Reserve transfer on exercise or lapse of share options	-	-	-	(170)	-	170	-
BALANCE AT 31 DECEMBER 2012	2,951	163,241	12,607	3,932	(16,591)	(34,017)	132,123
Loss for the year	-	-	-	-	-	(41,517)	(41,517)
Total comprehensive income for the year	-	-	-	-	-	(41,517)	(41,517)
Issue of ordinary share capital	834	10,001	-	-	-	-	10,835
Share option charge	-	-	-	968	-	-	968
Reserve transfer on exercise or lapse of share options	-	-	-	(222)	-	222	-
BALANCE AT 31 DECEMBER 2013	3,785	173,242	12,607	4,678	(16,591)	(75,312)	102,409

Amara Mining plc
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	2013 US$000	2012 US$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (loss)/profit for the year	(50,726)	8,816
Depreciation and amortisation	6,607	9,825
Decrease in other receivables	13	1,515
Increase/(decrease) in trade and other payables	23,450	(1,462)
Decrease/(increase) in inventories	1,052	(1,098)
Increase in provisions	858	720
Share option charge	968	786
Impairment of deferred exploration and evaluation costs	9,747	4,374
Impairment of mine development and associated property, plant and equipment costs	20,118	-
Loss on disposal of property, plant & equipment	68	64
NET CASH FLOWS FROM OPERATING ACTIVITIES	12,155	23,540
Income taxes paid	(4,858)	(9,042)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	175	208
Interest paid	(1,280)	(328)
Purchase of property, plant and equipment	(9,035)	(10,488)
Purchase of intangible assets - deferred exploration	(21,060)	(35,968)
Purchase of intangible assets - mining rights	-	(14,959)
Cash acquired from business combination	10,000	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(21,200)	(61,535)
CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES		
Proceeds from the issue of share capital	-	36,955
Issue costs paid	-	(2,350)
Dividend	-	(4,070)
Proceeds from borrowings	-	20,000
Issue cost of borrowings	-	(466)
Repayment of borrowings	(6,668)	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(6,668)	50,069
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,571)	3,032
Cash and cash equivalents at start of period	31,810	28,905
Exchange loss on cash and cash equivalents	133	(127)
CASH AND CASH EQUIVALENTS AT END OF YEAR	11,372	31,810
CASH AND CASH EQUIVALENTS COMPRISE		
Cash at bank	11,372	31,810

Included in cash and cash equivalents is US$3,359k (2012 US$3,069k) 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 2013

	2013 US$000	2012 US$000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Operating loss for the year	**(40,069)**	(8,968)
Depreciation	**67**	88
Decrease/(Increase) in trade and other receivables	**103**	(91)
Increase in trade and other payables	**308**	215
Share option charge	**968**	786
Impairment of amounts due from subsidiaries	**33,377**	1,941
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(5,246)**	(6,029)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	**107**	63
Interest paid	**(653)**	(106)
Purchase of property, plant and equipment	**(2)**	(232)
Purchase of investments	**(20)**	(4)
Dividend received	**-**	12,000
Amounts remitted from subsidiary undertakings	**62,129**	19,870
Amounts remitted to subsidiary undertakings	**(70,637)**	(64,261)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(9,076)**	(32,670)
CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES		
Proceeds from the issue of share capital	-	36,955
Issue costs paid	-	(2,350)
Proceeds from borrowings	-	20,000
Issue cost of borrowings	-	(466)
Repayment of borrowings	**(6,668)**	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	**(6,668)**	54,139
NET (DECREASES)/INCREASE IN CASH AND CASH EQUIVALENTS	**(20,990)**	15,440
Cash and cash equivalents at start of period	**26,238**	10,674
Exchange (loss)/gain on cash and cash equivalents	**(22)**	124
CASH AND CASH EQUIVALENTS AT END OF YEAR	**5,226**	26,238
CASH AND CASH EQUIVALENTS COMPRISE		
Cash at bank	**5,226**	26,238

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 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

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$41,517,000 (2012 US$7,263,000 profit)

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

Further information regarding the Group's financing arrangements is set out in notes 17 and 18 to the financial statements

Included in the Group's cash flow forecasts are amounts from the placement of shares announced on 21 March 2014 and approved by shareholders on 11 April 2014 The receipt of the funds from the placement has yet to be received as such receipt is subject to certain administrative tasks However, the placement is guaranteed by irrevocable contracts and has been approved by the Board of Directors and the shareholders, accordingly the inclusion of such inflow of funds is deeded suitable for cash flow planning purposes

Based on current performance and forecast cash flows the Directors are satisfied that the Group has sufficient cash resources to meet its financial obligations as they fall due for the foreseeable future Accordingly the Directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis

ADOPTION OF STANDARDS EFFECTIVE IN 2013

No material changes to accounting policies arose as a result of new standards applied by the Group from 1 January 2013

ISSUED IFRS THAT ARE NOT YET EFFECTIVE

Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Group in these financial statements IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of interests in other entities are effective for periods commencing 1 January 2014 and may impact upon the level of disclosure regarding the Group's non-controlling interests

The Group does not expect other pronouncements to have a material impact upon the Group's primary statements and disclosure requirements

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, as appropriate

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

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 33%
- Computers 33%
- Motor vehicles 33%

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 statement of comprehensive income 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

Financial assets and liabilities at fair value through profit and loss
Financial assets and liabilities at fair value through profit and loss comprise derivative financial instruments Subsequent to initial recognition financial assets at fair value through profit and loss are stated at fair value Movements in fair values are recognised in profit or loss, unless they relate to derivatives designated and effective as hedging instruments, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship The Group does not currently have any such hedging instruments

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 20

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

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

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

Inventories
Valuations of gold in stockpiles and gold in process require estimations of the amount of gold contained in, and recovery rates from, the various work in progress gold circuits These estimations are based on analysis of samples and prior experience Judgement is also required regarding the timing of utilisation of stockpiles and the gold price to be applied in calculating net realisable value

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 SEGMENTAL REPORTING

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker The Group's chief operating decision maker is considered by management to be the Board of Directors The operating segments included in internal reports are determined on the basis of their significance to the Group In particular, operating mines are reported as separate segments together with exploration projects that have significant capitalised expenditure An analysis of the Group's business segments is set out below

	Kalsaka/ Sega	Yaoure	Baomahun	All other segments	Total
	US$000	US$000	US$000	US$000	US$000
Year ended 31 December 2013					
External revenue – sale of gold	56,798	-	-	-	56,798
Direct costs of production	(49,822)	-	-	(175)	(49,997)
Other operating and administrative costs	(8,750)	-	-	(5,619)	(14,369)
Segmental result - EBITDA	(1,774)	-	-	(5,794)	(7,568)
Total assets	84,635	43,388	86,031	6,496	220,550
Capital expenditure	14,085	9,090	8,110	3	31,288

An impairment totalling US$14 7m (2012 nil) was recognised against the Kalsaka/Sega operating segment - further detail is given in note 9

	Kalsaka	Yaoure	Baomahun	All other segments	Total
	US$000	US$000	US$000	US$000	US$000
Year ended 31 December 2012					
External revenue – sale of gold	89,370	2,289	-	-	91,659
Direct costs of production	(46,428)	(3,149)	-	-	(49,577)
Other operating and administrative costs	(7,729)	(2,514)	-	(7,859)	(18,102)
Segmental result - EBITDA	35,213	(3,374)	-	(7,859)	23,980
Total assets	74,654	35,965	78,977	26,754	216,350
Capital expenditure	38,592	14,221	18,518	1,799	73,130

In 2013 the Group had two customers (2012 two)	2013	2012
	%	%
Customer A	52	85
Customer B	48	15

The segmental result reported represents earnings before interest, tax, depreciation and amortisation (EBITDA) and excludes share option charges, which is the measure of segmental profit regularly reported to the board of Directors The accounting policies of the reporting segments are different from the Group's accounting policies as follows

- Pre-commissioning income and expenditure at operating mines is not capitalised in the segmental results
- Income is accrued for gold bullion on hand at the period end in segmental results and, accordingly, no stock is recognised for this item
- The depreciation charge against segmental assets is based on a different total asset cost compared to the statutory accounts due to the fact that income and expenditure is not capitalised during the commissioning period In addition, the total asset cost is depreciated from the commencement of mining operations

1 SEGMENTAL REPORTING (continued)

A reconciliation of segmental revenue to the statutory financial statements is as follows

	2013 US$000	2012 US$000
Revenue for reportable segments	56,798	91,659
Change in accrued revenue for gold bullion stock at year-end	(4,395)	(339)
Revenue for statutory accounts	52,403	91,320

A reconciliation of EBITDA to (loss)/profit before taxation is as follows

	2013 US$000	2012 US$000
EBITDA for reportable segments	(7,568)	23,980
Depreciation and amortisation	(6,608)	(9,825)
Share based payments	(968)	(786)
Net interest payable	(1,205)	(162)
Loss on disposal of fixed assets	82	(64)
Impairment of stock-pile	(3,172)	-
Margin on gold bullion stock at year-end	(1,210)	115
Impairment of deferred exploration and evaluation costs	(9,747)	(4,374)
Impairment of mine development and associated property, plant and equipment costs	(20,118)	-
Exchange rate variance	(655)	(40)
Provision for Burkinabe tax audit	-	(925)
VAT provision (provided)/released net of direct fees in year	(782)	608
(Loss)/profit before taxation	(51,951)	8,527

A reconciliation of segmental assets to the statutory financial statements is as follows

	2013 US$000	2012 US$000
Total assets for reportable segments	220,550	216,350
EBITDA capitalised during commissioning phase of mining operations	5,962	5,962
Differences in depreciation and amortisation	749	749
Impairment of non-current assets	(51,779)	(21,914)
Accrued revenue for gold bullion stock at year-end	1,210	(115)
Total assets	176,692	201,032

Geographic information

	Burkina Faso US$000	Côte d'Ivoire US$000	Sierra Leone US$000	UK US$000	Other US$000	Total US$000
Year ended 31 December 2013						
Revenue	52,403	-	-	-	-	52,403
Non-current assets	18,711	29,830	85,672	154	477	134,844
Year ended 31 December 2012						
Revenue	89,031	2,289	-	-	-	91,320
Non-current assets	42,513	23,727	78,032	220	3	144,495

2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)	2013 US$000	2012 US$000
Depreciation of property, plant and equipment	6,330	9,109
Amortisation of intangible assets	277	716
Share option charges	968	786
Impairment of deferred exploration and evaluation costs	9,747	4,374
Impairment of mine development and associated property, plant and equipment costs	20,118	-
Provision against gold in process	3,172	-
Provision for Burkinabe tax audit	-	925
VAT provision released	-	(1,505)
Exchange differences	655	40

In addition, US$676,000 (2012 US$608,000) of depreciation relating to property, plant and equipment has been capitalised within deferred exploration and evaluation costs and US$6,756,000 of depreciation has been absorbed into inventories (2012 US$756,000 released from)

The exploration costs written off relate to exploration expenditure which the Board consider to be of no further commercial value to the Group Impairment of mine development and associated property plant and equipment is detailed in note 9

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

	2013 US$000	2012 US$000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	105	100
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)	148	160
-Other services supplied pursuant to such legislation	17	22
-Other services relating to taxation	43	47
	313	329

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

3 DIRECTORS' AND EMPLOYEE REMUNERATION AND STAFF NUMBERS

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

	2013 Group	2012 Group	2013 Company	2012 Company
Operations	415	494	4	2
Administration	118	137	18	21
	533	631	22	23

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

	2013 Group US$000	2012 Group US$000
Wages and salaries	15,792	16,657
Social security costs	1,050	1,260
Share based payment	968	786
	17,810	18,703

Emoluments paid to Directors	2013 Group US$000	2012 Group US$000
Aggregate emoluments	1,396	2,146
Contributions to pension schemes	91	94
Share based payment	430	362
Compensation for loss of office	-	487
	1,917	3,089

The number of Directors to whom retirement benefits accrued during the year is 3 (2012 4)

The highest paid Director received aggregate emoluments totalling US$619,000 (2012 US$974,000)

4 FINANCE INCOME

	2013 US$000	2012 US$000
Interest on bank deposits	175	208
Gain on foreign exchange	133	-
	308	208

5 FINANCE COSTS

	2013 US$000	2012 US$000
Interest payable	1,533	370
Loss on foreign exchange	-	127
	1,533	497

Details of the interest charges incurred by the Group are given in note 17

6 INCOME TAX

	2013 US$000	2012 US$000
TAX CHARGE		
Current tax	247	6,291
Deferred tax credit - foreign	(94)	(211)
	153	6,080

Domestic income tax is calculated at 23 25% (2012 24 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)/profit per the statement of comprehensive income as follows

	2013 US$000	2012 US$000
(Loss)/profit before tax	(51,951)	8,527
Tax at the domestic income tax rate of 23 25% (2012 24 5%)	(12,079)	2,089
Expenses not allowable for tax	1,324	889
Effect of lower rate overseas	2,312	(1,417)
Share based payments increase in deferred tax asset not recognised	-	(19)
Depreciation in advance of capital allowances not recognised	4,271	688
Income tax provision for Burkinabe tax audit	-	775
Minimum tax charge on revenue in Burkina Faso	247	-
Withholding tax on overseas dividends	-	902
Tax losses not recognised	4,112	1,180
Other permanent differences	(34)	993
Tax charge	153	6,080

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	2013 US$000	2012 US$000
Unrecognised temporary differences (gross)		
Relating to carried forward tax losses	66,806	50,017
Relating to potential tax deductions in respect of share based payments	-	208
Other timing differences	44,709	10,462

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

DEFERRED TAX LIABILITY	2013 US$000	2012 US$000
Other timing differences	-	94

Deferred tax liabilities recognised in the financial statements are in respect of the Group's Kalsaka gold mine in Burkina Faso They represent timing differences between the local tax bases and accounting policies and those present in the Group financial statements under IFRS The main differences being income recognition and depreciation in advance of taxable benefits

At 31 December 2013 the subsidiary operating the Kalsaka gold mine in Burkina Faso had distributable reserves totalling $19 2m (2012 $14 7m) In the event of a dividend distribution income tax totalling US$1m (2012 US$0 7m) 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$2 8m have been made on account during 2013 in relation to the tax year ended 31 December 2013 As no profit was 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 is shown as a non-current asset due to timing of expected receipt

7 LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data	2013 US$000	2012 US$000
Loss for the purposes of loss per share (net loss for the year attributable to equity holders of the parent)	(47,096)	(351)
Number of shares		
Weighted average number of ordinary shares for the year ('000's)	173,086	158,065
Effect of share options in issue	-[1]	-[1]
Weighted average for the purposes of diluted loss per share ('000's)	173,086	158,065

[1] Due to the loss incurred in 2013 and 2012 the effect of the share options in issue (totalling 15,030,000 and 10,000,980 respectively) are anti-dilutive and consequently not included in the calculation of diluted loss per share

8 INTANGIBLE ASSETS

GROUP	Exploration and mining rights US$000	Deferred exploration and evaluation costs US$000	Total US$000
COST			
At 1 January 2012	30,223	43,937	74,160
Additions	26,325	35,709	62,034
Impairment	-	(4,374)	(4,374)
Transfer to property, plant and equipment	-	(4,858)	(4,858)
At 31 December 2012	56,548	70,414	126,962
Additions	-	22,253	22,253
Impairment	-	(9,747)	(9,747)
Transfer (to)/from property, plant and equipment	(26,326)	4,206	(22,120)
At 31 December 2013	30,222	87,126	117,348
AMORTISATION			
At 1 January 2012	6,133	-	6,133
Charge for the year	716	-	716
At 31 December 2012	6,849	-	6,849
Charge for the year	277	-	277
At 31 December 2013	7,126	-	7,126
NET BOOK VALUE			
At 31 December 2013	23,096	87,126	110,222
At 31 December 2012	49,699	70,414	120,113
At 1 January 2012	24,090	43,937	68,027

Included above is an amount of US$80 4 million in relation to the Baomahun Gold Project A further US$5 3m is included within Property Plant and Equipment in Note 9 relating to Baomahun 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 17 - 19

Also included above is US$29 1m in relation to the Yaoure Gold Project A further US$0 7m is included within Property Plant and Equipment in Note 9 relating to Yaoure Yaoure faces the same risk as described above for Baomahun

9 PROPERTY, PLANT AND EQUIPMENT

GROUP	Assets in the course of construction US$000	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 2012	-	73,267	5,918	79,185
Additions	4,543	4,895	1,658	11,096
Transfer from intangible assets	-	4,858	-	4,858
Disposals	-	-	(223)	(223)
At 31 December 2012	4,543	83,020	7,353	94,916
Additions	-	8,854	181	9,035
Impairment	-	(20,118)	-	(20,118)
Business combination	-	-	709	709
Transfer from/(to) intangible assets	-	22,157	(37)	22,120
Disposals	-	(101)	(98)	(199)
At 31 December 2013	4,543	93,812	8,108	106,463
DEPRECIATION				
At 1 January 2012	-	57,641	4,091	61,732
Charge for the year	-	7,719	1,242	8,961
Disposals	-	-	(159)	(159)
At 31 December 2012	-	65,360	5,174	70,534
Charge for the year	-	13,170	592	13,762
Disposals	-	(10)	(31)	(41)
At 31 December 2013	-	78,520	5,735	84,255
NET BOOK VALUE				
At 31 December 2013	4,543	15,292	2,373	22,208
At 31 December 2012	4,543	17,660	2,179	24,382
At 1 January 2012	-	15,626	1,827	17,453

Impairment reviews

In accordance with IAS 36 - Impairment of Assets, the group assesses whether there are any indicators of impairment of its assets at the end of each reporting period Due to the reduction in the spot price of gold during 2013 impairment reviews were carried out on the Group's main cash generating units (CGU) Further to these reviews an impairment charge was recognised in respect of the Kalsaka/Sega CGU

Kalsaka/Sega
The reduction in the price of gold led to the decision in 2013 to re-optimise the Sega gold resource using lower priced pit-shells The revised mine schedule estimated less gold production and a shorter mine life which results in a reduced recoverable amount Accordingly, an impairment charge totalling US$14 7m has been recognised

The recoverable amount was calculated by reference to value in use - using a discounted cash flow model on the re-optimised mine plan Given the relative short-term life (estimated 12 months) of the mine a gold price of US$1,300 and a post-tax discount rate of 5% were deemed appropriate The table below presents reasonably possible changes to key assumptions in the value in use calculation

	US$000	US$000	US$000	US$000
Gold price sensitivity +/(-)	US$(200)/oz	US$(100)/oz	US$100/oz	US$200/oz
Impact on impairment charge	(10,869)	(5,435)	5,435	10,869
Gold production sensitivity +/(-)	(20)%	(10)%	10%	20%
Impact on impairment charge	(14,066)	(7,033)	7,033	14,066

9 PROPERTY, PLANT AND EQUIPMENT (continued)

The relative short-term nature of the mine means that the value in use calculation is insensitive to changes in production costs or the discount rate

A further impairment totalling US$2 8m against the ZR reserve at Kalsaka, which was transferred to mine development on 31 December 2012, was recognised to reflect that this ore body will not be mined in the lower gold price environment

Yaoure - residual plant impairment

A detailed review of the carrying value of the residual heap leach plant equipment was performed by reference to resale value An impairment charge totalling US$2 6m was recognised against this equipment

Included in the residual mining, development and associated property, plant & equipment cost is US$4 2m relating to the Yaoure resource that was not exploited prior to the cessation of the heap leach activities in 2011 This amount has been transferred back to deferred exploration and evaluation costs

9 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 2012	119	123	242
Additions	-	232	232
At 31 December 2012	119	355	474
Additions	-	3	3
At 31 December 2013	119	358	477
DEPRECIATION			
At 1 January 2012	82	84	166
Charge for the year	37	51	88
At 31 December 2012	119	135	254
Charge for the year	-	68	68
At 31 December 2013	119	203	322
NET BOOK VALUE			
At 31 December 2013	-	155	155
At 31 December 2012	-	220	220
At 1 January 2012	37	39	76

10 INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary Undertakings US$000
Cost brought forward at 1 January 2012	10,323
Additions	4
At 31 December 2012	10,327
Additions	10,804
At 31 December 2013	21,131

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 2013	2012
Amara Mining (Sierra Leone) Limited	United Kingdom	Head office	100%	100%
Amara Mining (Burkina) Limited	United Kingdom	Exploration	100%	100%
Amara Mining (Cote d'Ivoire) Limited	United Kingdom	Exploration	100%	100%
Amara Mining (Mali) Limited**	United Kingdom	Exploration	-	100%
Amara Mining Services Limited	United Kingdom	Dormant	100%	-
Cluff Gold (SL) Limited*	Sierra Leone	Exploration	100%	100%
Cluff Gold Sega SARL	Burkina Faso	Exploration	100%	-
Cluff Gold (WA) 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*	Burkina Faso	Mining	90%	-
Karbasso Joint Venture SARL*	Mali	Dormant	90%	90%
Baomahun Gold Limited*	Sierra Leone	Exploration	100%	100%
Yaoure Mining SA*	Côte d'Ivoire	Mining	90%	90%
Winston Mining Limited	BVI	Dormant	100%	100%
Amlib Drilling Services (Liberia) Inc	Liberia	Drilling	100%	-
AUMJ Limited	Jersey	Dormant	100%	-

* Companies owned indirectly
** Closed during the year
Seguenega Mining SA was incorporated in the year with US$20k of share capital

11 OTHER RECEIVABLES

	2013 US$000 Group	2012 US$000 Group	2013 US$000 Company	2012 US$000 Company
Non-current assets				
Amounts due from subsidiaries	-	-	89,915	107,633
Total non-current assets	-	-	89,915	107,633
Current assets				
Prepayments and accrued income	595	916	104	73
Taxation debtor	3,594	3,676	20	155
Other debtors	1,765	1,517	-	-
Amounts due from subsidiaries	-	-	-	7,778
Total current assets	5,954	6,109	124	8,006

The taxation debtor relates to indirect taxes recoverable in the UK and West Africa and has been allocated between amounts due within less than one year and more than one year on the basis of the Directors' expectations of when these amounts will be received Further information relating to the recovery of these amounts is set out in note 18 Amounts receivable from subsidiary companies have been allocated between amounts due within less than one year and more than one year on the basis of the Directors' expectations of when these loans will be repaid from operating cashflow Details of the terms of these receivables are included in note 21

12 INVENTORIES

	2013 US$000 Group	2012 US$000 Group
Consumable stores	2,928	2,784
Ore stockpiles	2,402	5,539
Gold in process	10,548	7,814
Gold bullion	8,644	2,481
	24,522	18,618

Following the depletion of the Kalsaka reserves during the year a provision totalling US$3,172k (2012 nil) was made against low grade ore stockpiles and gold in process

13 SHARE CAPITAL AND RESERVES

Share capital	2013 US$000	2012 US$000
Issued and Fully Paid		
220,215,954 Ordinary shares of 1p each (2012 168,113,466)	3,785	2,951

Shares issued

During 2013, 52,102,488 ordinary shares of 1p were issued as follows

On 25 November 2013, 51,846,782 ordinary shares of 1p were issued at 13p in respect of the acquisition of AUMJ

On 30 December 2013, the Company issued 155,706 ordinary shares of 1p, being 41,666 new ordinary shares of 1p each to the following non-executive Directors H Faul, P Cowley and G Stanley and 30,708 to P Ham at a value of 12p each in accordance with their letters of appointment

On 30 December 2013, the Company issued 100,000 ordinary shares of 1p to G Stanley as a bonus following the completion of the acquisition of AUMJ

During 2012, 36,215,529 ordinary shares were issued as follows

On 8 March 2012, 150,000 ordinary share of 1p were issued at 74p in respect of the exercise of options

On 22 March 2012, by way of placing, 25,000,000 ordinary shares of 1p were issued at 92p

On 24 March 2012, 11,000,000 ordinary shares of 1p were issued at 65 75p in respect of the acquisition of the Sega Gold project in Burkina Faso

On 23 November 2012 42,000 ordinary shares of 1p were issued at 50p in the respect of the exercise of options

On 21 December 2012, the Company issued 23,529 ordinary shares of 1p being 7,843 new ordinary shares of 1p each to the following non-executive Directors H Faul, P Cowley and G Stanley at a value of 63 75p each in accordance with their letters of appointment

13 SHARE CAPITAL AND RESERVES (continued)

During 2013 the Company has complied with the Companies Act requirements regarding the maintenance of 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

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 2013

14 NON-CONTROLLING INTERESTS

The Group has three subsidiaries with minority shareholders Kalsaka Mining SA, in which the Group owns a 78% effective interest, Yaouré Mining SA, in which the Group owns a 90% effective interest, Seguenega Mining SA, in which the Group owns a 90% effective interest and Karbasso Joint Venture SARL, in which the Group owns a 90% effective interest

15 PROVISIONS

Group	Decommissioning, mine closure and site restoration provision US$000
At 1 January 2012	8,578
Provision movement in year	720
At 31 December 2012	9,298
Provision movement in year	858
At 31 December 2013	10,156

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 Based on current estimations the provision is expected to be utilised within one to five years The discount factor applied does not result in a material difference and consequently has not been included

16 TRADE AND OTHER PAYABLES

	2013 US$000 Group	2012 US$000 Group	2013 US$000 Company	2012 US$000 Company
Trade creditors	25,412	2,213	360	136
Other creditors	3,236	1,705	105	103
Accruals and deferred income	7,707	8,630	515	486
	36,355	12,548	980	725

17 BORROWINGS

	2013 US$000 Group	2012 US$000 Group	2013 US$000 Company	2012 US$000 Company
Non-current borrowing	-	10,000	-	10,000
Current portion of borrowings	13,332	10,000	13,332	10,000
Facility fees	(170)	(424)	(170)	(424)
	13,162	19,576	13,162	19,576

The loan was drawn in September 2012 and is secured by way of a mortgage over the shares of Amara Mining (Burkina) Limited (formerly Cluff Mining (West Africa) Limited)

The loan is repayable in equal monthly instalments from September 2013 until completion of the repayments in August 2014 There have been no defaults or breaches of interest or capital payment terms during the period

At 31 December 2013 payments to a small number of suppliers have been delayed under agreed payment plans This represents a technical breach of the Samsung loan facility that would allow Samsung to demand immediate repayment of the loan, although no such requirement has been made by Samsung As set out in note 24, subsequent to the year end the Company has announced a placing to raise additional funds which will allow all monies due to be repaid as they fall due

Facility fees have been prepaid and are being amortised over the life of the loan

The loan bears interest at 2 5% plus three months US Dollar LIBOR, which represents a floating interest rate risk to the Group, and is payable monthly

In addition, the loan agreement provides for the lender to be delivered 1,929 ounces of gold each month for the period of the loan at a discount of 2 25% to the London Bullion Market Association PM fix on the monthly price fixing date This notional interest charge is subject to commodity price risk and is considered to be an embedded derivative as its economic characteristics are not closely related to those of the host contract However, the fair value of the embedded derivative has been calculated by management and is considered immaterial and consequently is not shown separately from the host contract

18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categorisation and fair value of financial instruments
The Group's financial assets comprise cash and cash equivalents and trade 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 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 The taxation debtors as described in note 11 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

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

18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

	2013 Group US$000	2012 Group US$000	2013 Company US$000	2012 Company US$000
US Dollars	5,045	24,732	4,950	24,578
Sterling	310	1,474	262	1,294
West African CFA franc	5,993	5,133	-	-
Other	24	471	14	366
	11,372	31,810	5,226	26,238

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

	2013 US$000	2012 US$000
Currency of monetary items in US Dollars		
Sterling	(1,191)	294
US Dollars	(24,787)	(2,190)
West African CFA Franc	(7,448)	5,041
Other	(384)	359
Total	(33,810)	3,504

18 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**	
	2013 US$000	**2012 US$000**	**2013 US$000**	**2012 US$000**
If there was a 20% weakening in the US Dollar/ Sterling exchange rate with all other variables held constant - increase/(decrease)	1,319	(738)	190	(86)
If there was a 20% strengthening in the US Dollar/ Sterling exchange rate with all other variables held constant - increase/(decrease)	(964)	886	(139)	103
If there was a 20% weakening in the US Dollar/ West African CFA Franc exchange rate with all other variables held constant - increase/(decrease)	-	-	210	(92)
If there was a 20% strengthening in the US Dollar/ West African CFA Franc exchange rate with all other variables held constant - increase/(decrease)	-	-	(205)	111

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 2, 4 and 5 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 is exposed to commodity price risk as its revenues are 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 is also exposed to fluctuations in the price of consumables, such as fuel, cement and cyanide The Group does not currently hold any gold future positions as a hedge against gold price volatility, or other derivatives as a hedge against other commodity price fluctuations The Board regularly reviews this matter The Group occasionally makes forward sales on gold poured - this risk is not deemed to be material as the sales are only at most a week in advance

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

The table below sets out the maturity profile of financial liabilities as at 31 December 2013

	2013 Group US$000	2012 Group US$000	2013 Company US$000	2012 Company US$000
Due in less than one month	16,528	8,010	818	257
Due between one and three months	19,831	4,538	162	468
Borrowings due < 1 year	13,332	10,000	13,332	10,000
Borrowings due > 1 year	-	10,000	-	10,000
	49,691	32,548	14,312	20,725

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$5,778,000 (2012 US$2,460,000) in Burkina Faso and US$210,000 (2012 US$1,352,000) in Côte d'Ivoire In 2012 the Directors included an impairment provision against the taxation debtor due to the slow moving nature of the amounts in accordance with their best estimate of the recovery of these amounts totalling US$310,000 in Burkina Faso Due to stronger recovery in 2013 no impairment provision has been recognised at 31 December 2013

18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Recovery of indirect taxes in Côte d'Ivoire has significantly improved following the change of government in 2012 and the majority of the taxation receivable has now been recovered The remaining unprovided balance has been treated as due within one year

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 2013 are set out in note 21

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 trade receivables and 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

The Group monitors capital on the basis of the debt equity ratio, based on external debt divided by total equity, and on its ability to service its debt The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets In order to maintain or adjust the capital structure the Group may issue new shares, draw down debt, or sell assets to reduce debt The Group will only commit to drawing down debt if forecast cashflows are deemed to be sufficient to service that debt and other financial obligations

Debt equity ratio	2013 US$000	2012 US$000
Borrowings	13,332	19,576
Total equity	117,019	157,320
Debt equity ratio	0 11	0 12

19 COMMITMENTS

Future commitments for the Group under non-cancellable operating leases are as follows

	Land and buildings	
	2013 US$000	2012 US$000
Payable in less than one year	202	214
Payable between one and two years	186	137
Payable between two and five years	217	273
	605	624

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

20 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

	2013		2012	
	Number of options	Weighted average exercise price (p)	Number of options	Weighted average exercise price (p)
Outstanding at 1 January	10,000,980	67 9	7,705,000	68 6
Granted during the year	5,752,020	59 3	2,667,980	65 1
Exercised during the year	-	-	(192,000)	69 0
Expired/cancelled during the year	(723,000)	65 8	(180,000)	43 8
Outstanding at 31 December	15,030,000	64 7	10,000,980	67 9
Exercisable at 31 December	6,480,000	67 7	3,943,000	65 4

The options outstanding at 31 December 2013 had a weighted average remaining contractual life of 7 1 years (2012 7 1 years) No options were exercised in 2013 The weighted average share price at the date of exercise for options exercised in 2012 was 57 8p

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

	2013	**2012**
Weighted average share price	60 0p	65 6p
Weighted average exercise price	69 8p	65 1p
Expected volatility	0 42	0 43
Expected life	3 5	3 5
Risk free rate	1%	1%
Expected dividends	-	-
Fair value per option	15 4p	21 2p

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

The total number of options over ordinary shares outstanding at 31 December 2013 was as follows

Exercise period	Number	Weighted average exercise price (p)
Exercisable until 2014	675,000	49 8
Exercisable until 2016	695,000	74 2
Exercisable until 2018	1,180,000	77 3
Exercisable until 2019	1,040,000	54 3
Exercisable until 2020	2,890,000	71 3
Exercisable at period end	6,480,000	67.7
Exercisable between 2014 and 2021	450,000	87 2
Exercisable between 2015 and 2022	2,567,980	65 0
Exercisable between 2016 and 2023	5,532,020	59 3
Total options	15,030,000	64 7

21 RELATED PARTY TRANSACTIONS

The Group's investments in subsidiaries have been disclosed in note 10 Transactions between the Company and its subsidiaries during the year are disclosed below

	2013 US$000	2012 US$000
Interest receivable	-	2,910
Management charges receivable	-	1,781
Amounts owed by subsidiaries at year end	89,915	115,411

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

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

Interest rate	Repayment terms	2013 US$000	2012 US$000
US LIBOR plus 2%	Repayable in quarterly instalments	-	-
US LIBOR plus 4%	Overdue from quarterly instalments above	-	-
GBP LIBOR plus 2%	Repayable only once construction commences on applicable project	-	-
US LIBOR plus 10%	Repayable in quarterly instalments	41,471	38,243
Non-interest bearing loans	Repayable only once construction commences on applicable project	117,547	112,894
		159,018	151,137
Less provision for irrecoverable amount		(69,103)	(35,726)
		89,915	115,411

Included within amounts receivable from subsidiary undertakings is US$62 1 million (2012 US$53 9 million) 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$2 6 million has been provided in respect of Cluff Mining Burkina SARL, an exploration company situated in Burkina Faso Further to the impairment review on Kalsaka/Sega project a provision totalling US$33 4m was made against amounts owed by Seguenega Mining SA and Kalsaka Mining SA Following the decision to close operations in Mali a provision totalling US$1 9m was made in full against amounts due to the parent company

Remuneration of key management personnel
Compensation for key management personnel is as follows

	2013 US$000	2012 US$000
Short term employee benefits (including NI contributions)	3,702	3,948
Post-employment benefits	163	164
Share based payments	731	563
Termination benefits	-	487
	4,596	5,162

Included in the above key management personnel are 7 directors and 11 key managers (2012 8 and 9)

During 2013 consultancy fees totalling US$130,000 (2012 US$180,000) were paid to J G Cluff, the former chairman, following his resignation as a director These fees were paid primarily to ensure continuity in the Company's relations with West African Governments

22 CONTINGENT LIABILITY

Contract dispute

In February 2011 the Company received a proposal for additional costs sustained by the mining contractor at the Yaoure Mine totalling US$9 2m An updated claim was made in June 2011 totalling a further US$5 4m A further claim for additional charges and interest was made in December 2012 taking the total claim to US$22 9m Whilst the situation remains unresolved, the Company has received external advice that confirms that the current provision of US$1 0m (included in accruals) is, in the opinion of the Directors, the maximum payable under the terms of the contract

The terms of the contract clearly state that the rates set out therein shall apply regardless of the difficulty in performing the works under the contract, such that the majority of the additional costs claimed cannot be recovered under the contract

23 BUSINESS COMBINATION

On 25 November 2013 the company acquired 100% of the issued share capital of AUMJ Limited, a dormant holding company incorporated in Jersey, from Amlib Holdings plc AUMJ Limited is the 100% shareholder of Amlib Drilling Services (Liberia) Inc (ADSL) a company incorporated in Liberia which was included in the acquisition

ADSL is a drilling company based in Monrovia, Liberia and the acquisition will enable the company to utilise ADSLs drill assets, including three fully operational diamond drill rigs In addition, ADSL holds the exploration rights to three licence tenements in Liberia

Consideration totalled US$10 8m and was settled by the issuance of 51,846,782 ordinary shares of 1p

FAIR VALUE OF CONSIDERATION	US$000
51,846,782 ordinary shares of 1p of Amara Mining plc	10,784

The fair value of the shares issued was measured using the closing market price on the date of acquisition

FAIR VALUE OF ASSETS ACQUIRED	Book value	Fair value adjustment	Fair value
	US$000	US$000	US$000
Intangible assets - exploration and mining rights	-	-	-
Property, plant and equipment	1,415	(706)	709
Cash and cash equivalents	10,000	-	10,000
Other assets and receivables	825	(496)	329
Other payables	(254)	-	(254)
	11,986	(1,202)	10,784

The fair value of consideration is considered to be the same as the fair value of the assets acquired

A deferred tax asset totalling US$196k has not been recognised in respect of the fair value adjustments as it is unclear when they may be utilised

24 EVENTS AFTER THE REPORTING PERIOD

On 21 March the Company announced the placement of 107,058,823 ordinary shares of 1p at 17p together with an open offer to existing shareholder of up to 24,468,439 additional ordinary shares of 1p also priced at 17p In the event of a full take up on the open offer the Company will have 351,743,216 shares in issue

The placement and open offer was subject to shareholder approval which was sought and received at the General Meeting held on 11 April 2014