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Amara Mining plc
Annual Report and Financial Statements
For the year ended 31 December 2014

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Amara Mining plc

STRATEGIC REPORT

for the year ended 31 December 2014

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

It is a pleasure to present my first Annual Report in the dual role of Chairman and Chief Executive Officer of Amara Mining plc.

The weakness in the gold price over the past two years has created an attractive entry point for investors to buy into gold mining stocks. Companies with high quality assets are trading at the lowest levels seen for more than a decade, generating the opportunity for investors to ride the cycle upwards as the next gold bull market begins.

At the start of 2014, our Yaoure Gold Project in Côte d'Ivoire was just one of many gold development projects in West Africa. However, after the delivery of an outstanding PEA and another successful drilling programme, Yaoure is recognised as one of the most exciting projects in the region. With economics that remain strong at a gold price of US\$1,000/oz and large scale production over a long mine life, we are developing a top African gold mine.

The Largest Gold Development Project in West Africa

The Preliminary Economic Assessment ("PEA"), which was completed in March 2014, demonstrated that Yaoure is a highly economic gold project at current gold prices and remained robust at much lower prices. On this basis, Amara undertook an 85,574 metre drilling programme at Yaoure to increase the drill density, improving our geological knowledge and confidence in the Mineral Resource estimate. We believe it was the largest drilling programme in Africa at the time and it created over 420 jobs for local people in a variety of roles from junior geologist to laboratory technician, bringing skills and prosperity to the area.

The objective of the 2014 drilling programme was to upgrade a significant portion of the largely Inferred Mineral Resource base to the higher confidence Indicated category. We achieved this goal, reporting a 466% increase in Indicated resources. Within the economic pit shells, designed at gold prices of US\$800 and US\$950 per ounce, approximately 80% of the Mineral Resources are now in the Indicated category. It is these resources that are the focus of the Pre-Feasibility Study ("PFS").

The drilling programme also increased the size of the Yaoure resource base by over half a million ounces compared to the December 2013 Mineral Resource estimate. This brings Yaoure's Mineral Resources to 6.8 million ounces, making it the largest gold development project in West Africa and delivering a discovery cost of just US\$6/oz. It also brings Amara's total attributable Mineral Resources to 9.6 million ounces, the largest resource base of any London-listed junior gold mining company.

Advancing Yaoure Towards a Pre-Feasibility Study

In conjunction with the drilling programme, Amara began work towards the next stage of economic study for Yaoure, the PFS. To supervise this process, we appointed Nigel Tamlyn, a mining engineer with over 30 years' experience in the construction and operation of mining projects. He has previously worked in Côte d'Ivoire for La Mancha and in Ghana for Golden Star Resources. We expect to grow our development team around Nigel as we progress the project from PFS to Bankable Feasibility Study ("BFS") and then to a construction decision.

The PEA identified a number of optimisation opportunities and these are being investigated as part of the work towards the PFS and, ultimately, the BFS. They included amendments to the site layout and the use of electric shovels as part of the mining fleet to fully utilise the availability of low cost power at Yaoure. During 2014 we also conducted a comprehensive metallurgical test work campaign. The results indicate that Yaoure's rock is softer than previously thought, which may positively impact the process selection for the project. We expect this optimisation work to yield reductions in both the upfront capital cost and the operating costs of the project, confirming the compelling economics for Yaoure that are outlined in the PEA.

The metallurgical test work to be released as part of the PFS also confirms that Yaoure's material is simple and non-refractory, with recoveries remaining robust at around 90%. This is another important milestone in de-risking the Yaoure deposit.

Fully-Funded to BFS

In order to continue to drive Yaoure along the value curve, Amara completed a placing on 21 January 2015, which raised £14.6 million (US\$22 million). As a result, Amara is fully funded to Q1 2016, including the delivery of a BFS in December 2015.

It was very encouraging that the fundraising received strong support from both new and existing investors, so much so that it was oversubscribed and upsized, which is an endorsement of Yaoure's potential. A leading mining-focused private equity fund, Tembo Capital Mining Fund LP ("Tembo Capital"), participated in the placing and now owns 5.9% of Amara's issued share capital, strengthening Amara's shareholder base. This is a further testimony to Yaoure's compelling economics and I was delighted that even in an unpredictable gold price environment the project received such strong backing to allow Amara to continue to unlock its value.

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To maintain our strong financial position, Amara has continued to streamline our activities to reduce costs. Since 2012, Amara has delivered a 38% decrease in G&A costs from US\$9.6 million per annum to US\$5.9 million in 2014. This is the result of a 38% reduction in headcount in London, salary cuts by the Board, senior and middle management in H2 2013 and 2014 and other measures to conserve cash.

The majority of the proceeds of the placing are being used to advance Yaoure, with US\$7.5 million assigned to further exploration and resource definition and US\$2.4 million towards the BFS. US\$0.8 million was also raised to expand Amara's technical team as we advance towards a construction decision.

A Second Compelling Growth Opportunity

Although Yaoure was our focus in 2014, the Baomahun Gold Project in Sierra Leone hosts a 2.8 million ounce Mineral Resource with a high grade core. Over the past few years I have been proud to witness Sierra Leone's development, with improving infrastructure and a growing mining industry. I am deeply saddened by the recent Ebola crisis, but I am pleased to see that recent statistics from the World Health Organisation indicate that the new infection rate has reduced substantially from its high in late 2014.

As a result of Ebola, Baomahun remained in an evaluation phase throughout the period. We plan to conduct further optimisation work on the existing Feasibility Study ("FS") to improve the economics, given the continuing tough market conditions. Initially this will be conducted through a re-examination of existing data, including re-logging of the core, to better understand and delineate the high grade core of the deposit. We believe that there are additional targets that could be delineated and tested as a result of this work. However the extent of the work in country is very much dependent on the abatement of the Ebola situation, which will be the subject of a risk assessment and discussion with our consultants.

We believe that Baomahun has the potential to be a second compelling growth opportunity for Amara. Alongside Yaoure, Baomahun will assist Amara in achieving its goal of becoming a mid-tier producer with production of between 350,000 and 400,000 ounces per annum at low operating costs.

Strengthening Relationships in West Africa

As we have continued to build our confidence in the Yaoure deposit through drilling and further metallurgical and engineering studies, we have also continued to strengthen our relationship with the communities living close to the project in Côte d'Ivoire. Our initiatives have centred on the three key focuses of education, healthcare and infrastructure development and have included projects such as building 16 latrines for three schools in nearby villages, re-profiling 8km of local roads and rehabilitating a water pump.

In Sierra Leone we have worked alongside the government and local people in the fight against Ebola. Amara continued to invest in the villages close to Baomahun during the past year, providing chlorine for hand washing, medicines, food and educational pamphlets to local people as well as donating vehicles to the government with funds to allow them to be converted into ambulances. We also maintained our investment in sustainable livelihood projects, such as rice and cassava farms and community fish ponds, in order to allow local people's lives to return to normal as soon as the Ebola situation improves.

In Burkina Faso, we have continued to work alongside the government and local communities during the liquidation of the subsidiary company that owns the Segla mine, Seguenega Mining SA ("SMSA"). Despite one creditor seeking to delay the liquidation process, all preferential creditors, which include the employees of the Kalsaka/Segla Gold Mine ("Kalsaka/Segla") and the local people living nearby, received the remainder of the payments they were owed in December 2014. Management in Burkina Faso is fully focused on ensuring that the mine is closed in an efficient manner, with all environmental obligations fulfilled from a bonded bank account.

Well-Positioned for Growth

Finally, I would like to thank my fellow Board members for their enthusiasm, hard work and valuable guidance. 2014 was a year of considerable change for Amara as we transitioned from being a small-scale producer to an explorer/developer, but I believe this has crystallised where the value in the Group truly lies: in our growth assets.

I look forward to updating you on our continued progress over the course of 2015, including delivering the PFS in early Q2 2015 and the BFS in December. Despite the challenging market conditions, we have started 2015 in good shape and we are well positioned to deliver further growth, with the most robust portfolio of any gold growth company in West Africa.

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REVIEW OF OPERATIONS

YAOURE GOLD PROJECT, CÔTE D'IVOIRE

A Top African Gold Mine

Yaoure has the potential to be one of the top gold mines in Africa. With average production of 279,000 ounces/annum over a 10 year mine life in the PEA 6.5Mtpa scenario, it delivers a compelling IRR of 33% and an NPV of US\$613 million at a gold price of US\$1,250 per ounce and a discount rate of 8%. It is one of the few projects that remain resilient at a gold price of US\$1,000 per ounce, with an IRR of 19% and a breakeven point of below US\$800 per ounce. Yaoure is the largest gold development project in West Africa with 6.8 million ounces of Mineral Resources (106Mt at 1.29g/t for 4.4Moz Indicated and 63Mt at 1.19g/t for 2.4Moz Inferred) and significant exploration upside potential. Amara owns 100% of Yaoure through Amara Mining Cote d'Ivoire SARL.

Yaoure's location 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, relocation requirements are expected to be minimal, minimising the timeline from exploration to production. Amara intends to utilise this excellent existing infrastructure to full effect, reducing the upfront capital requirement for the project.

Largest Drilling Programme in Africa

Amara conducted a drilling programme between April and October 2014, which the Directors believe was the largest in Africa at the time. A total of 85,574 metres were drilled, including 2,957 metres of geotechnical drilling.

The results demonstrate the strong continuity of the higher grade CMA zone, which has the potential for selective mining at the start of Yaoure's mine life. They also confirm the presence of significant higher grade areas within the Yaoure Central zone, with intercepts including 17 metres at 7.3g/t and 5 metres at 17.0g/t.

Significant intercepts from 2014 Drilling Programme

Zone	Borehole	Length (m)	Grade (g/t)	From (m)
CMA	YDD0240	10	6.1	158
CMA	YRC0682	31	5.4	184
CMA	YRC0688	22	9.1	48
CMA	YRC0698	36	4.2	108
Yaoure Central	YDD0215	17	7.3	180
Yaoure Central	YDD0216G	42	3.2	249
Yaoure Central	YDD0229R	5	17.0	179
Yaoure Central	YDD0273	20	4.1	239

466% Increase in Indicated Resources

The objective of the 2014 drilling programme was to increase confidence in the Mineral Resource estimate through closer spaced drilling. Thus the average drill spacing was reduced from 100m to 50m across the Yaoure deposit. Amara delivered two Mineral Resource updates in September 2014 and January 2015 based on these results. The second update resulted in a 466% increase in higher confidence Indicated resources compared to the December 2013 Mineral Resource update. The Indicated portion of the deposit contains the highest grade areas and will form the basis for Mineral Reserve definition.

The Mineral Resource remains strong at higher cut-off grades, with 3.1 million ounces (46.7Mt at 2.05g/t) above a 1.0g/t cut-off grade in the Indicated category. Amara used pit shells priced at US\$800 per ounce and US\$950 per ounce as the basis for the different scenarios of the PEA released in March 2014. Following the January 2015 Mineral Resource update, these pit shells remain robust, with almost 80% of contained gold within the Indicated category. This significant upgrade in categorisation of Mineral Resources substantially de-risked the Yaoure deposit and increased Amara's confidence in it.

Based on the drilling programmes undertaken between late 2011 and the end of October 2014, the average discovery cost per ounce at Yaoure is US\$6/oz, which compares favourably to the average discovery cost in Africa in 2013 of US\$33/oz.

Amara also expanded the size of the resource, increasing the total Mineral Resource at Yaoure by 523,000 ounces compared to the December 2013 update. This brings Amara's total Mineral Resources to 9.6 million ounces, the largest resource base of any London-listed junior gold mining company.

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Yaoure Mineral Resource estimate within a US\$1500 per ounce pit shell, including cut-off grade sensitivity, as of 5 January 2015

Cut-Off g/t Au	Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Content (Koz)	Tonnes (Mt)	Grade (g/t)	Content (Koz)
0.5	106.3	1.29	4,416	63.0	1.19	2,405
0.8	62.5	1.75	3,526	37.4	1.57	1,883
1.0	46.7	2.05	3,070	26.9	1.83	1,580

Yaoure Mineral Resource estimate within a US\$950 per ounce pit shell, including cut-off grade sensitivity, as of 5 January 2015

Cut-Off g/t Au	Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Content (Koz)	Tonnes (Mt)	Grade (g/t)	Content (Koz)
0.5	64.8	1.48	3,079	20.2	1.28	831
0.8	42.4	1.92	2,620	14.1	1.55	706
1.0	33.9	2.18	2,377	10.5	1.78	602

Yaoure Mineral Resource estimate within a US\$800 per ounce pit shell, including cut-off grade sensitivity, as of 5 January 2015

Cut-Off g/t Au	Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Content (Koz)	Tonnes (Mt)	Grade (g/t)	Content (Koz)
0.5	50.7	1.57	2,560	15.6	1.35	676
0.8	35.2	1.98	2,241	11.7	1.58	595
1.0	28.8	2.22	2,058	8.9	1.80	513

Notes to tables

1. The effective date of the Yaoure Mineral Resource estimates is 5 January 2015, prepared by Mario E Rossi, GeoSystems International, Inc.
2. The estimates assume an open pit mining scenario, processing via tank leaching. Pit slopes are 44° in oxide, 53° in sulphide. Recoveries have been assumed at 90%. Pit Optimisation was completed by A. Wheeler for all prices shown here.
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.

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Compelling PEA and Strengthened Technical Team in Advance of PFS

Amara completed a PEA for Yaoure in Q1 2014, which confirmed that Yaoure is a top tier gold development project and that it should be advanced to the next stage of engineering study and economic assessment, a PFS. The PEA examined a range of throughput scenarios, but the 6.5Mtpa scenario utilising a pit shell priced at US\$800 per ounce proved to be the most economic, therefore the PFS will also be based on a 6.5Mtpa throughput.

Key Parameters of Yaoure PEA: 6.5Mtpa scenario

Parameter	Unit	Rate
Ore mined	Mt	64
Average head grade mined	g/t	1.53
Waste mined	Mt	314
Strip ratio	waste:ore	4.9
Contained gold	Koz	3.1
Average gold recovery rate	%	95
Average annual production over life of mine ("LOM")	ounces	279,000
Open pit mine life	years	10
Processing plant capacity	Mtpa	6.5
Total pre-production capital cost	US\$ million	357
Total capital payback period	years	2.6
Total cash costs (including royalties)	US\$/oz	594
All-in sustaining costs	US\$/oz	624
All-in costs	US\$/oz	743

Nigel Tamlyn was appointed as Senior Project Manager for Yaoure and he is responsible for overseeing the PFS, which is expected in early Q2 2015 and the BFS in December 2015. As a graduate of the Camborne School of Mines and the University of the Witwatersand, Nigel is a mining engineer with over 30 years' experience in the construction and operation of mining projects. His work has spanned a variety of commodities, including gold, in West, South and East Africa, Australia, North America, Russia and Europe. Initially employed for 17 years by Gold Fields, he most recently held the position of Chief Operating Officer and Technical Director for TSX-listed La Mancha Resources, where he supervised the delivery of a number of NI 43-101 compliant technical reports for African gold mines. Prior to that, he was General Manager of TSX-listed Golden Star Resources' Bogoso Prestea gold mine in Ghana for three years.

Optimisation Opportunities for PFS

The PEA identified a number of optimisation opportunities for Yaoure and following its completion, Amara commenced work on a number of key areas to further improve the project economics. Nigel is overseeing this work, which includes a comprehensive metallurgical test work programme, and supervising Amara's external consultants including Tetra Tech, the lead consultant for the PFS.

The PFS will incorporate an upgraded plant design as a result of the metallurgical test-work results and optimised site layout. Other optimisation opportunities require longer to study and will be presented at a later date.

There may be potential for staged development and selective mining of the high grade CMA zone at the start of Yaoure's mine life, and the potential to process this material through a smaller plant, reducing upfront capital costs will be examined. While an initial understanding of this will be available at the PFS stage, it is anticipated that detailed costing and scheduling will not be completed until later in the year. In addition, opportunities will be explored to lower operating costs through a greater use of electrical power for mining and through the utilisation of dry tailings disposal.

As Amara continues to move the project towards a PFS and ultimately BFS, the Group will gain further understanding of these opportunities to ensure the optimal path for development is understood. This will be done in conjunction with our application for an exploitation (mining) licence.

Yaoure Exploration Strategy in 2015

The priority of Yaoure's exploration programme in 2015 is to support the advancement of the project through to a construction decision. Approximately 80% of the Mineral Resources within the US\$950 per ounce pit shell are now in the Indicated category. Improving the understanding of mineralisation controls through closer spaced drilling will allow Amara to further upgrade the Mineral Resource to the Measured and Indicated categories.

Amara believes there remains significant exploration upside in and around Yaoure and accordingly there are three other key objectives for Yaoure's exploration team in 2015:

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1. Opportunity to increase Yaoure's Mineral Resources through closer spaced drilling – historic reverse circulation drilling and rip line data, collected when Yaoure was being operated previously, has highlighted areas of the current block-model defined as waste where gold mineralisation may be present. While this data cannot be used within the current Mineral Resource estimate, it may indicate that by reducing the drill spacing in the Yaoure Central zone the estimate of total gold content could increase through demonstrating greater continuity of high and low grade areas. Undertaking this work is also expected to upgrade a portion of the Indicated resources to the Measured category, further increasing Amara's confidence in the deposit.
2. Opportunity to add further near-pit Mineral Resources – the 2014 drilling programme defined new structures at depth in the Yaoure deposit, which when projected through to surface coincide with artisanal mining activity. Drilling these structures up-dip may result in the discovery of additional near-surface ounces, which could be used to expand the current pit shell and further improve Yaoure's profitability.
3. Opportunity to gain a better understanding of long-term regional potential – Utilising Amara's increased knowledge of gold genesis and mineralisation controls from the Yaoure deposit, the Company has embarked on a regional target generation programme, initially utilising geophysics and soil geochemistry. The Yaoure resource area is contained in only a small portion of Amara's total exploration licences and soil geochemistry and structural mapping have identified other areas similar to the resource area. Through further geological mapping, trenching and soil sampling, Amara intends to identify drilling targets with the potential to deliver satellite deposits for Yaoure.

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BAOMAHUN GOLD PROJECT, SIERRA LEONE

High Grade Deposit with Upside Potential

Baomahun is a feasibility stage, Archean-age gold project in central Sierra Leone, with a high grade core and grades that strengthen at depth. With 1.21 million ounces of Probable Reserves (23.27Mt at 1.62g/t) and Mineral Resources of 2.24 million Indicated ounces (38.4Mt at 1.81g/t) and 0.54 million Inferred ounces (6.6Mt at 2.2g/t), it forms a second strong growth opportunity for Amara. Amara owns 100% of Baomahun through Baomahun Gold Limited.

The FS, which was completed in Q2 2013, demonstrated that the project is robust and economically viable at a gold price of US\$1,350 per ounce. Amara is now focused on gaining a better understanding of the project with the aim of delivering the same strong returns in the current uncertain gold price environment.

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

	Classification	Tonnes (Mt)	Grade (g/t)	Gold (Moz)
RESERVES¹				
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

First Phase of Optimisation Work Complete

Smaller Open Pit and Plant

In January 2014 Amara announced the results of the first phase of optimisation work for the FS. 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 1Mtpa 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.

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 consultants 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.

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Key Parameters of Baomahun FS and Optimisation Work

Parameter	Unit	FS (2Mtpa)	OP Only (1Mtpa)	OP & UG (1Mtpa)
Average production/year	oz	94,360	62,580	77,870
Life of mine	yrs	12	10	20
Total cash cost	US\$/oz	799	711	668
Upfront capital cost	US\$m	253	143	143
Payback period	yrs	3	5	5
NPV @ US\$1,250/oz	US\$m	70	50	192
IRR @ US\$1,250/oz	%	16	17	25

Strategy for Baomahun in 2015

Following the announcement of the optimisation work in January, Baomahun remained in an evaluation phase for 2014 due to the Ebola outbreak in Sierra Leone. Amara had planned to commence a small-scale drilling programme at Baomahun in 2014 to enhance our understanding of the continuity of the high grade core of the deposit, but this course of action was not possible due to the situation in country.

Encouragingly, the World Health Organisation's statistics demonstrate that the rate of new infections in Sierra Leone has decreased substantially from its highs of late 2014, with 63 new cases reported in the week commencing Sunday 22 February 2015 compared to over 530 new cases in the week commencing 7 December 2014. New infection rates in the other two affected countries, Liberia and Guinea, have decreased further still.

The focus of Amara's efforts at Baomahun will be to gain a greater understanding of the high grade core of the deposit and to evaluate the potential to grow the 2.8Moz Mineral Resource. The first step towards achieving these objectives will be to re-log the core, ensuring a thorough geological understanding has been gained from the extensive drilling completed to date. The next step will be to undertake a small-scale, low cost drilling programme, if appropriate, aiming 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 evaluating the optimal place in the orebody to transition between open pit and underground mining and the most optimal underground mining strategy. While the FS focused on the lower grade halo surrounding the higher grade core, Amara will now channel its efforts to advancing the case for a smaller, higher grade scenario for Baomahun, which will be fed initially by the open pit and subsequently by the underground mine.

Amara believes that Baomahun has the potential to be a compelling second project for the Group. Once Yaoure is in steady state production it will generate strong cash flow which could be used for the development of Baomahun. Through further optimisation work it is expected that Baomahun's production could increase from an average production rate of 90,000 ounces over a 16 year LOM in the combined open pit and underground 1Mtpa scenario to closer to 100,000 ounces per annum. Alongside Yaoure, Baomahun will assist Amara in achieving its goal of becoming a mid-tier producer with production of between 350,000 and 400,000 ounces per annum at low operating costs.

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CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT

A Socially Responsible Group

Amara is committed to working with the highest level of respect for the communities and environments in which we operate, along with our employees, while pursuing value for our shareholders. Our goal is to achieve a socially responsible business that balances economic prosperity with environmental stewardship and ethical business practice. Taking this approach allows Amara to ensure that a positive and sustainable legacy is left beyond the lives of our mining operations.

Our Approach

Amara has had a presence in West Africa for over a decade and we are proud to contribute to the economic growth of communities, regions and countries to bring sustainable socio-economic benefits to the places where we work. Our corporate social responsibility ("CSR") programme has four key pillars, which are as follows:

- The safety and wellbeing of our employees
- The development of our employees
- Environmental responsibility
- Stakeholder relations at local, regional and national levels

We understand that maintaining our social licence to operate is central to our culture of responsible mining and exploration.

To find out more about our CSR programmes, please visit <http://www.amaramining.com/About-Amara/Amara-in-the-Community-CSR>

A Sustainable Legacy

Amara takes a long term view in matters relating to local communities and our stakeholders at both regional and national level. We want to ensure a sustainable legacy continues beyond the lives of our operations and we have appointed country managers in each of our host countries to ensure our support is given to the most beneficial initiatives.

Côte d'Ivoire

Bringing skills and prosperity

Between April and October 2014 Amara conducted what we believed to be the largest drilling programme in Africa at the time, with over 85,500 metres drilled. As a result of this activity, Amara employed over 420 people from the local area, teaching them new skills and bringing prosperity to the villages around Yaoure. The roles they undertook ranged from junior geologist to laboratory technician to IT assistant.

Although the number of people employed reduced when the drilling programme concluded, Amara is planning another campaign in 2015. Furthermore, once the construction process begins the number of employees required will rise again and as a large scale, long-term gold mine, Yaoure will create opportunities for local people for many years to come.

Educating the next generation

As well as providing jobs for local people, Amara is committed to assisting the next generation of young Ivorians. In 2014, Amara hosted visits for over 100 students to give them an understanding of the workings of an exploration site, including geology students from the nearby Yamoussoukro University. Amara has also agreed to allow three students to complete their final projects at the project. Additionally, we welcomed back a former employee who had completed a Masters degree at Abidjan University with sponsorship from Amara and he has since re-joined the exploration team.

Strengthening relationships with local communities

Amara values highly its relationship with the communities near Yaoure. The Group Exploration Manager, Peter Brown, who oversees all activities at site, holds regular meetings with the Community Consultative Committee, which includes a number of local leaders.

Under the Committee's guidance, Amara's community initiatives focused on the key areas of education, infrastructure development and healthcare in 2014. Some of our projects included building blocks of latrines for three schools in nearby villages, improving sanitation for local children; re-profiling 8km of local roads between villages close to Yaoure, maintaining roadside verges to allow better visibility and thus safer travel; and rehabilitating a water pump, to ensure local people have access to a clean water supply.

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Sierra Leone

Supporting Sierra Leone in its fight against Ebola

In May 2014 the first new cases of Ebola in Sierra Leone were recorded, following outbreaks in Guinea and Liberia. As a result, Amara's Baomahun Gold Project in central Sierra Leone remained in an evaluative phase throughout the year.

However Amara continued to honour its commitment to the communities around Baomahun and to the government of Sierra Leone in its fight against Ebola. We provided vehicles to the government as well as funds to allow them to be converted to ambulances to carry Ebola patients comfortably. We donated chlorine and water basins, healthcare supplies, food to local people, as well as providing bicycles and a motorcycle so people who have had contact with confirmed Ebola patients can be traced, in order to prevent the spread of the disease. Amara also worked alongside the Baomahun Peripheral Health Centre to support the free treatment of vulnerable groups whose opportunities for care have been weakened as a result of the Ebola outbreak. Most importantly, our site remains secure, with our small group of employees safe and well.

Looking to the future

Although anti-Ebola measures became the focus of Amara's efforts in Sierra Leone in 2014, we also recognised that it was important to continue to support the other community initiatives we had started before the outbreak. This will ensure that local people's lives can return to normal as soon as the situation improves.

As part of our commitment to supporting sustainable livelihoods, Amara funded the planting of 20 acres of rice farms and 20 acres of cassava farms early in 2014 and these were harvested successfully in December. It is expected that this project will be repeated in 2015, with new farmers encouraged to be involved for years to come. In 2013 we also built and stocked two fish ponds, with a third built in early 2014, and these continue to thrive.

Amara also believes it is important to assist communities in improving local infrastructure. Two communities close to Baomahun began construction of meeting halls (known locally as Barris) and drying floors in November 2014, after the rainy season. We provided bags of cement and roofing sheets and supported the construction process. The Baomahun market, which was originally built by Amara, was also extended and refurbished.

Burkina Faso

During H1 2014 when Kalsaka/Sega was in production, Amara supported a number of community initiatives. These focused the key areas of education and infrastructure development. The initiatives included building a school in Oulao village, which will allow 100 students to benefit from a more spacious learning environment; expanding a water dam near Touli village to ensure it will hold enough water to supply the villagers during the dry season; and building a water pump for Tiba village to decrease the distance local people have to walk to get clean water and to reduce water-borne infections.

During 2014 Amara paid compensation to the local people affected by the development of the Sega deposit, such as farmers, in line with the relocation action plan. In late 2014 all the preferential creditors, which included the Kalsaka/Sega employees and the local people living nearby, received the remainder of the payments they were owed from the liquidator.

Our relationship with the government of Burkina Faso and the communities living close to the mine remains strong and we are focused on ensuring that Kalsaka/Sega is closed in an efficient manner, with all environmental obligations fulfilled.

Amara Mining plc

STRATEGIC REPORT

for the year ended 31 December 2014

FINANCE REVIEW

2014 marked an important transition for Amara with the closure of the Kalsaka/Sega mine in Burkina Faso and the emergence of Yaoure as the Group's flagship development project. With the underperformance of Kalsaka/Sega in 2013 and 2014, driven by the weakening gold price, the closure represents a simplification of the Group and it allows management to focus on the true value within the development assets.

Kalsaka/Sega Closure

As reported on 5 August 2014, mining ceased at Kalsaka/Sega following receipt of a default notice to SMSA, the operating company for the Sega mine, from BCM Burkina SARL ("BCM"), the mining contractor, due to overdue invoices. Prior to the cessation of mining, the mine had been operating on a break-even basis at the EBITDA level, an improvement compared to 2013. However, the mine had required funding from the Company for capital expenditure and had generated a higher level of creditors than normal due to cash locked up in working capital associated with the heap leach inventory and recoverable VAT.

Production Statistics

	Unit	2014	2013
Ore mined	kt	885	1,228
Waste mined	kt	4,392	5,615
Strip ratio	w:o	4.96	4.57
Ore processed	kt	871	1,359
Average ore head grade	g/t	1.41	1.29
Gold production	oz	35,241	42,348
Gold sold	oz	41,227	37,920
Gross revenue	US\$000	45,156	56,798
Cost of sales	US\$000	(36,859)	(49,822)
Other operating costs	US\$000	(8,172)	(8,750)
EBITDA	US\$000	125	(1,774)
Cash cost	US\$/oz	1,278	1,383

At the time of the default notice, high grade ore was being mined at Sega, but this had not yet delivered strong gold flow from the heaps due to the nature of the heap leach cycle. This replaced lower grade ounces in the heap that had been stacked in the preceding months from an area of the resource that had underperformed the original block model. BCM requested a parent company guarantee for the debts of SMSA from Amara Mining plc, which was not included in the original mining contract and could not be provided, leading to the notice of default.

A liquidator has now been appointed for SMSA by the courts in Burkina Faso to manage the unlocking of the working capital to generate funds to repay creditors. The remaining ore in the stockpiles from Sega are now being stacked and it is expected that it will take a further six months to recover all the gold due to the leach cycle. In addition, significant amounts of VAT are recoverable by SMSA which should allow SMSA to make significant payments to all creditors.

SMSA was removed from the consolidation with effect from 9 December 2014 on appointment of the liquidator. The remaining Burkina entities have been presented as a disposal group held for sale in the Group Financial Statements following the commitment of the Company's board to sell these operations on 4 December 2014. Kalsaka Mining SA ("KMSA") controls the processing plant for the Kalsaka/Sega mine which, along with the exploration portfolio, is currently being marketed for sale and a transaction is expected within 12 months. A full provision has been made against the net assets of the disposal group due to the uncertainty concerning the recovery of full value of some amounts or the ability of Amara to generate proceeds from the sale process. The whole of the Burkinabe group has been treated as a discontinued operation in the income statement.

In addition, BCM has initiated preliminary legal proceedings in Burkina Faso claiming joint and several liability of Amara Mining plc and KMSA for the debts of SMSA. They have also claimed a conservatory seizure over certain assets directly owned by the Company in Côte d'Ivoire pending the outcome of the Burkina Faso litigation. Amara has obtained detailed legal advice that supports the Directors' view that this action is highly unlikely to succeed and that this does not constitute a contingent liability in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. It is not expected that the dispute will result in a material outflow of economic benefits for the Company.

Amara Mining plc

STRATEGIC REPORT

for the year ended 31 December 2014

Accounts Review

With the closure of the Kalsaka/Sega mine, the presentation of the Group's income statement for 2014 is materially different from 2013, with all of the revenue and costs associated with the mine presented in a single loss from discontinued operations. Only the G&A costs of the Group, together with interest income and expenses, are set out on the face of the income statement. The US\$20m loss reported in 2014 primarily relates to the discontinued Burkinabe entities, and it is expected that a much smaller loss will be announced in 2015.

The Group's balance sheet at 31 December 2014 is also simplified compared to the previous year, with all assets and liabilities associated with the disposal group included as a single item within current assets and current liabilities as appropriate. The Group's remaining assets relate primarily to the investment at the Yaoure and Baomahun projects, which total US\$47 million and US\$86 million respectively. In addition to trade and other payables, the Group continues to recognise an environmental liability representing the historic mining activity at the Yaoure project totalling US\$3 million, which is likely to be incurred either during the construction of, or on the closure of, the much larger Yaoure development currently being contemplated.

During 2014 Amara's cashflow has primarily been invested in Côte d'Ivoire to further the Yaoure property, delivering the PEA in March 2014 and two Mineral Resource updates in September 2014 and January 2015. A total of US\$19.6 million was invested in 2014, of which US\$17.4 million (89%) was invested at Yaoure. The Samsung debt facility, which totalled US\$13.3 million at 1 January 2014, was fully repaid leaving the Group debt free.

Fully Funded to Bankable Feasibility Study

The most important financial issue in the current market is the availability of cash to allow the PFS and BFS at Yaoure to be completed. On 21 January 2015, post the period end, Amara announced a placing to raise £14.6 million (US\$22 million), leaving the Group fully financed to deliver these goals in 2015. Amara was fully funded to deliver the PFS following the previous placing in March 2014, however some of the Company's largest shareholders had told the directors that they did not want the cash position to get too low in the weeks preceding the delivery of the PFS. They felt this would leave Amara vulnerable at a time when it was important that Yaoure was advanced as rapidly as possible.

The oversubscribed and upsized placing was supported by new and existing investors and mining-focused private equity fund, Tembo Capital, joined the register, buying approximately 5.9% of the Company's issue share capital (post admission of the placing shares). This was a further endorsement for the project. Of the placing proceeds, US\$2.5 million is assigned to the technical work for the BFS and US\$7.5 million will be used for further exploration and resource definition at Yaoure.

Strategic Report

This Strategic Report and the information referred to herein, together with the principal risks and uncertainties on pages 17 and 18, has been approved by the Board and signed on its behalf by:



John McGloin
Chairman and Chief Executive Officer
2 April 2015

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

The Directors present their report and the audited financial statements for the year ended 31 December 2014.

Principal activities

Amara Mining is a gold mining and exploration company with assets in West Africa. Further information is included in the Strategic Report, which includes the Chairman and Chief Executive Officer's Statement, Review of Operations, Corporate and Social Responsibility Statement, Financial Review and Principal Risks and Uncertainties.

Business review and future developments

The Strategic Report is presented on pages 1 to 12 and 17 to 18 of this Annual Report. The Strategic Report contains certain forward-looking statements, particularly concerning the development plans at the Yaoure and Baomahun projects. These statements have been made by the Directors in good faith based on the information available at the time of the approval of the Annual Report.

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

Key performance indicators

Following the cessation of mining operations in Burkina Faso, the Group is now focused on exploring and developing the remaining assets within its investment portfolio. At this stage in its development, the Directors do not consider the use of numerous quantitative key performance indicators to be an effective way to measure the Group's performance.

Key quantitative indicators for 2015 will focus on control of cash balances compared to budget which will be monitored closely to ensure the Group remains financed to meet its stated qualitative goals.

A qualitative summary of performance in the year is given in the Strategic Report, which focuses on mineral resource growth and feasibility study progress and highlights.

Results and dividends

The Group made a consolidated loss after taxation for the year of US\$19.8m (2013: US\$52.1m). The Directors do not recommend the payment of a dividend (2013: 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 2014, 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 Gardner
P Spivey (resigned 6 August 2014)
P Cowley
A Davidson
H Faul
P Hain
G Stanley

In compliance with the Company's articles of association, J McGloin, H Faul and G Stanley will retire by rotation at the Company's annual general meeting to be held on 3 June 2015 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 19 to 20.

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

Substantial shareholdings

As at 28 February 2015, 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 (RDV)	63,924,293	15.21
Franklin Templeton Investments (UK)	57,750,000	13.74
JP Morgan Asset Management	32,493,591	7.73
Ingalls and Snyder	31,278,624	7.44
Tembo Capital Mining Fund LP	24,830,000	5.91

¹ Based on 420,386,077 shares issued and outstanding as at 28 February 2015.

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 January 2015 the Company announced the placement of 91,250,000 ordinary shares of 1p at 16p. The placement was subject to shareholder approval which was sought and received at the General Meeting held on 6 February 2015. Following the placing of these shares the Company had 420,386,077 ordinary shares of 1p in issue.

Health and safety

The Group remains committed to the highest standards of health and safety, and strives to exceed statutory obligations and achieve best practice. Health and safety policy and reporting is governed by the Health, Safety and Environment Committee which monitors the Group operations to identify areas for improvement or of potential weakness.

Corporate governance

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

Going concern

Included in the Group's cash flow forecasts is income from the placement of shares announced on 21 January 2015 and approved by shareholders on 6 February 2015. The funds were received on 10 February 2015.

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.

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

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 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 seven Directors, two 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. Following the resignation of P Spivey on 6 August 2014, J McGloin was appointed as Chief Executive Officer.

Board meetings and sub-committees

Attendance at the meetings of the Board and sub-committee meetings, by the relevant Board members, is set out below (n/a indicates that a Director was not a member of the committee at any time during the year).

	Board	Sub-committee				
		Audit	Health, Safety and Environment	Nomination	Remuneration	Technical
J McGloin	15/15	n/a	n/a	n/a	n/a	n/a
P Gardner	15/15	n/a	n/a	n/a	n/a	n/a
P Spivey	10/10	n/a	n/a	n/a	n/a	n/a
P Cowley	15/15	2/2	2/2	n/a	2/2	2/2
A Davidson	14/15	n/a	n/a	n/a	n/a	2/2
H Faul	15/15	2/2	2/2	n/a	2/2	2/2
P Hain	13/15	n/a	2/2	n/a	n/a	n/a
G Stanley	15/15	2/2	n/a	n/a	2/2	2/2

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.

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

Corporate governance (continued)

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.

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 Cowley, the other members being H Faul and P Hain.

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 A Davidson, 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 and Chief Executive Officer and the Finance Director are on permanent employment contracts with notice periods of one year each. 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. The Company is assisted in its public relations strategy by Farm Street Media.

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 and Chief Executive Officer and the Finance Director, and with guidance from the non-executive Directors, this process continues to evolve as the Group reacts to its changing position and relative 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. Following the decision to close the mining operations at Kalsaka/Sega in Burkina Faso the Group is no longer exposed to a number of risks related to an operating gold mine. Accordingly, the risks associated with operational risk, exposure to cost pressures and gold price risk have been amended below to reflect this changed status.

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

Principal risks and uncertainties

Risk	Comment and mitigating actions
<p>Operational Risk Exploration and mine development operations generally involve a degree of risk. Unexpected events could result in damage to the Company's property or otherwise give rise to financial liability which could affect the ability of the Company to continue to operate profitably.</p> <p>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.</p> <p>Exploration and development sites have inherent risks and liabilities associated with environmental laws and regulations, which are constantly evolving. There may be unforeseen environmental issues under existing or updated legislation which could expose the Company to additional liabilities and have a material adverse effect on the Company's operations.</p>	<p>The Board has implemented a number of processes and discussion forums to enable management to monitor the operational performance of the Company's exploration performance.</p> <p>Health and safety and the environment are key considerations for the Board who have made it a priority to ensure that good practices are at the core of the Company's culture. The operational Directors are regularly reported to on any health and safety concerns by the exploration and country managers to ensure that the codes of the Company are being implemented correctly to ensure the safety of the employees, local communities and the environment.</p>
<p>Exposure to Cost Pressures Amara is exposed to increases in the prices for services and equipment (e.g. drilling contractors, drilling consumables and the price of diesel).</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>
<p>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.</p> <p>A note of the risks associated with ore reserve estimates is set out within the Critical Accounting Estimates and Judgements within the accounting policies.</p>	<p>The Board ensures that there is a regular dialogue with the Group Exploration Manager and his team, together with reviewing the reporting data to focus resources and expenditure upon key exploration and development targets.</p>
<p>Gold Price Amara is not currently directly exposed to commodity price risk following the closure of its mining operations in Burkina Faso.</p> <p>A significant fall in the gold price could have a potential impact on the Company's ability to raise funds for the development of its exploration properties in Cote d'Ivoire and Sierra Leone.</p>	<p>The Company regularly reviews changes in the gold price to ensure that feasibility studies take into account the Company's long term view of the gold price.</p>
<p>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</p>	<p>The Board regularly reviews the levels of discretionary spending on capital items and exploration expenditure to ensure that there is sufficient headroom should unexpected liabilities arise. This includes regularly updating working capital models, reviewing actual costs against budget and assessing potential impacts on</p>

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

Risk	Comment and mitigating actions
for investor support for its projects. There can be no assurance that the Company will be able to obtain the necessary financing in a timely manner on acceptable terms to complete its investment strategy.	future funding requirements and performance targets.
<p>Political Risk</p> <p>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.</p> <p>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.</p> <p>The renewal of exploration and exploitation licences is an area of risk given the countries in which the Company operates. Whilst the Company has in place legal titles on the assets in its portfolio, there remains a risk to the Company that changes within regimes could put the ownership of these assets at risk.</p> <p>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.</p>	<p>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.</p> <p>The Company will also put in place political risk insurance covering expropriating acts if it is deemed appropriate and cost effective to do so.</p>
<p>Contractual Risk</p> <p>The Company has several contractual relations that could potentially end in dispute and legal settlement given their complexity - such examples being the dispute with the mining contractors as disclosed in note 22 to the financial statements.</p>	<p>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.</p>
<p>Community Relations</p> <p>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.</p>	<p>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.</p>

Corporate social responsibility

A review of the Group's corporate and social responsibility values, objectives and actions is set out in the Strategic Report on pages 9 to 10.

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

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

2014 US\$000	Salary	Bonus	Benefit-in -kind	Aggregate emoluments	Pension	Share based payment	Total
J McGloin	326	-	5	331	34	239	604
P Gardner	278	-	4	282	28	128	438
P Spivey ¹	156	-	103	259	15	-	274
P Cowley	60	-	-	60	-	-	60
A Davidson	50	-	-	50	-	-	50
H Faul	61	-	-	61	-	-	61
P Hain	62	-	-	62	-	-	62
G Stanley	72	-	-	72	-	-	72
TOTAL	1,065	-	112	1,177	77	367	1,621

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

¹ resigned 6 August 2014
² appointed 26 November 2013
³ appointed 6 March 2013

Amara Mining plc

DIRECTORS' REPORT

for the year ended 31 December 2014

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 2014	At 31 December 2013
J McGloin	1,288,736	284,065
P Gardner	1,000,109	168,289
P Cowley	83,284	83,284
A Davidson	-	-
H Faul	49,509	49,509
P Hain	141,806	113,080
G Stanley	171,565	171,565

As at 31 December 2014 the following Directors held options to subscribe for ordinary shares in the Company:

Name	Number of share options 31 December 2014	Number of share options 31 December 2013	Exercise price	Exercise period
J McGloin	1,680,480	1,680,480	62.75p	6 July 2015 - 5 July 2022
	319,520	319,520	59.25p	10 January 2016 - 9 January 2023
	3,300,000	-	24.00p	8 September 2017 - 7 September 2024
P Gardner	1,250,000	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
	2,300,000	-	24.00p	8 September 2017 - 7 September 2024
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 3 June 2015, 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



J McGloin
Chairman and Chief Executive Officer
2 April 2015

Amara Mining plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 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 and company 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 AUDITOR'S REPORT TO THE MEMBERS OF AMARA MINING PLC

We have audited the financial statements of Amara Mining Plc for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, consolidated and company statements of changes in equity, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated and company statements of cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 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.



Jason Homewood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
2 April 2015

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 2014

	Notes	2014 US\$000	2013 ¹ US\$000
Continuing operations			
General and administrative expenses		(5,938)	(7,809)
Other operating costs		(1,169)	-
Impairment of mine development and associated property, plant and equipment costs		-	(2,594)
Operating loss		(7,107)	(10,403)
Finance income	4	29	240
Finance costs	5	(838)	(1,086)
Loss before taxation	2	(7,916)	(11,249)
Income tax expense	6	-	-
Loss for the year from continuing operations		(7,916)	(11,249)
Discontinued operations			
Loss for the year from discontinued operations, net of tax	23	(11,884)	(40,855)
Loss and total comprehensive income for the year		(19,800)	(52,104)
Attributable to:			
Equity shareholders of the parent company			
Loss for the year from continuing operations		(7,908)	(11,054)
Loss for the year from discontinued operations		(7,824)	(36,042)
Loss for the year attributable to owners of the parent		(15,732)	(47,096)
Non-controlling interests			
Loss for the year from continuing operations		(8)	(195)
Loss for the year from discontinued operations		(4,060)	(4,813)
Loss for the year attributable to non-controlling interests	14	(4,068)	(5,008)
Loss per share - basic and diluted (cents per share)	7		
Loss from continuing operations		(2.64)	(6.39)
Loss from discontinued operations		(2.62)	(20.82)
Loss per share		(5.26)	(27.21)

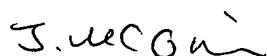
¹ Comparative results have been amended to reflect the results of the Burkinabe and Liberian operations within the loss for the year from discontinued operations, net of tax, as per the requirements of IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations - note 23.

Amara Mining plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2014

	Notes	2014 US\$000	2013 US\$000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	127,417	110,222
Property, plant and equipment	9	5,927	22,208
Corporation tax receivable		-	2,414
Total non-current assets		133,344	134,844
CURRENT ASSETS			
Inventories	12	486	24,522
Other receivables	11	1,789	5,954
Cash and cash equivalents		1,687	11,372
Total current assets		3,962	41,848
Assets of disposal group held for sale	24	13,506	-
TOTAL ASSETS		150,812	176,692
CAPITAL AND RESERVES			
Share capital	13	5,598	3,785
Share premium	13	200,420	173,242
Merger reserve	13	15,107	15,107
Share option reserve	13	4,721	4,678
Currency translation reserve	13	987	987
Accumulated losses		(93,109)	(77,941)
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT		133,724	119,858
Non-controlling interests	14	(4,360)	(2,839)
TOTAL EQUITY		129,364	117,019
NON-CURRENT LIABILITIES			
Provisions	15	3,150	10,156
Total non-current liabilities		3,150	10,156
CURRENT LIABILITIES			
Trade and other payables	16	4,792	36,355
Borrowings	17	-	13,162
Total current liabilities		4,792	49,517
Liabilities of disposal group held for sale	24	13,506	-
TOTAL LIABILITIES		21,448	59,673
TOTAL EQUITY AND LIABILITIES		150,812	176,692

The financial statements were approved and authorised for issue by the Board of Directors on 2 April 2015 and were signed on its behalf by:



J McGloin
Director

COMPANY NUMBER: 4822520

Amara Mining plc
COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Notes	2014 US\$000	2013 US\$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	113	155
Investments in subsidiaries	10	21,169	21,131
Other receivables	11	101,833	89,915
Total non-current assets		123,115	111,201
CURRENT ASSETS			
Other receivables	11	255	124
Cash and cash equivalents		1,580	5,226
Total current assets		1,835	5,350
TOTAL ASSETS		124,950	116,551
CAPITAL AND RESERVES			
Share capital	13	5,598	3,785
Share premium	13	200,420	173,242
Merger reserve	13	12,607	12,607
Share option reserve	13	4,721	4,678
Currency translation reserve	13	(16,591)	(16,591)
Accumulated losses		(82,721)	(75,312)
TOTAL EQUITY		124,034	102,409
CURRENT LIABILITIES			
Trade and other payables	16	916	980
Borrowings	17	-	13,162
Total current liabilities		916	14,142
TOTAL LIABILITIES		916	14,142
TOTAL EQUITY AND LIABILITIES		124,950	116,551

The financial statements were approved and authorised for issue by the Board of Directors on 2 April 2015 and were signed on its behalf by:



J McGloin
Director

COMPANY NUMBER: 4822520

Amara Mining plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2014

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							Non-controlling interests US\$000	Total equity US\$000
	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		
BALANCE AT 1 JANUARY 2013	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
Loss for the year	-	-	-	-	-	(15,732)	(15,732)	(4,068)	(19,800)
Total comprehensive income for the year	-	-	-	-	-	(15,732)	(15,732)	(4,068)	(19,800)
Issue of ordinary share capital	1,813	29,013	-	-	-	-	30,826	-	30,826
Share issue costs	-	(1,835)	-	-	-	-	(1,835)	-	(1,835)
Non-controlling interest disposed	-	-	-	-	-	-	-	2,547	2,547
Share option charge	-	-	-	607	-	-	607	-	607
Reserve transfer on exercise or lapse of share options	-	-	-	(564)	-	564	-	-	-
BALANCE AT 31 DECEMBER 2014	5,598	200,420	15,107	4,721	987	(93,109)	133,724	(4,360)	129,364

Amara Mining plc
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	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 2013	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
Loss for the year	-	-	-	-	-	(7,973)	(7,973)
Total comprehensive income for the year	-	-	-	-	-	(7,973)	(7,973)
Issue of ordinary share capital	1,813	29,013	-	-	-	-	30,826
Share issue costs	-	(1,835)	-	-	-	-	(1,835)
Share option charge	-	-	-	607	-	-	607
Reserve transfer on exercise or lapse of share options	-	-	-	(564)	-	564	-
BALANCE AT 31 DECEMBER 2014	5,598	200,420	12,607	4,721	(16,591)	(82,721)	124,034

Amara Mining plc
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	2014 US\$000	2013 US\$000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Operating loss for the year from continuing operations	(7,107)	(10,403)
Operating loss for the year from discontinued operations	(9,454)	(40,323)
Depreciation and amortisation	11,745	6,607
(Increase)/decrease in other receivables	(4,555)	13
Increase in trade and other payables	6,119	23,450
Decrease in inventories	6,715	1,052
(Decrease)/increase in provisions	(3,086)	858
Share option charge	607	968
Impairment of deferred exploration and evaluation costs	-	9,747
Impairment of mine development and associated property, plant and equipment costs	-	20,118
Loss on disposal of property, plant and equipment	-	68
NET CASH FLOWS FROM OPERATING ACTIVITIES	984	12,155
Income taxes paid	(779)	(4,858)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	87	175
Interest paid	(590)	(1,280)
Purchase of property, plant and equipment	(1,536)	(9,035)
Purchase of intangible assets - deferred exploration	(17,497)	(21,060)
Purchase of intangible assets - mining rights	(5)	-
Disposal of subsidiary net of cash	(49)	-
Cash acquired from business combination	-	10,000
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(19,590)	(21,200)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from the issue of share capital	28,105	-
Issue costs paid	(1,835)	-
Repayment of borrowings	(13,332)	(6,668)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	12,938	(6,668)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,447)	(20,571)
Cash and cash equivalents at start of period	11,372	31,810
Exchange (loss)/gain on cash and cash equivalents	(224)	133
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,701	11,372
CASH AND CASH EQUIVALENTS COMPRISE		
Cash at bank	1,687	11,372
Cash at bank - disposal group held for sale (note 24)	3,014	-
	4,701	11,372

Cash flows from discontinued operations have been presented in note 23.

Included in cash and cash equivalents is US\$2,997,000 (2013: US\$3,359,000) in respect of a restricted bank account held for the purposes of the rehabilitation of Kalsaka mine site in Burkina Faso.

Amara Mining plc
COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	2014 US\$000	2013 US\$000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Operating loss for the year	(7,227)	(40,069)
Depreciation	58	68
(Increase)/decrease in trade and other receivables	(131)	102
(Decrease)/increase in trade and other payables	(64)	308
Share option charge	607	968
Impairment of amounts due from subsidiaries	741	33,377
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(6,016)	(5,246)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	29	107
Interest paid	(134)	(653)
Purchase of property, plant and equipment	(16)	(2)
Purchase of investments	(38)	(20)
Amounts remitted from subsidiary undertakings	55,346	62,129
Amounts remitted to subsidiary undertakings	(65,739)	(70,637)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(10,552)	(9,076)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
Proceeds from the issue of share capital	28,105	-
Issue costs paid	(1,835)	-
Repayment of borrowings	(13,332)	(6,668)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	12,938	(6,668)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,630)	(20,990)
Cash and cash equivalents at start of period	5,226	26,238
Exchange loss on cash and cash equivalents	(16)	(22)
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,580	5,226
CASH AND CASH EQUIVALENTS COMPRISE		
Cash at bank	1,580	5,226

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

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

BASIS OF PREPARATION

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

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

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

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

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006. The parent company made a loss of US\$7,973,000 (2013: US\$41,517,000).

NATURE OF BUSINESS AND GOING CONCERN

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

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

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

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

On 6 February 2015 the Company completed a fund raising for £14.6m. Based on subsequent forecast cash flows the Directors are satisfied that the Group has sufficient cash resources to meet its financial obligations, in particularly the exploration and development costs of its projects, 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 2014

No material changes to accounting policies arose as a result of new standards applied by the Group from 1 January 2014, including IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities

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.

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

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

FOREIGN CURRENCIES

Foreign currency transactions and balances

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

Translation of foreign operations

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

INTANGIBLE ASSETS

Deferred exploration and evaluation costs

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

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

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

Mining and exploration licences

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

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

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

PROPERTY PLANT AND EQUIPMENT

Mining and development costs

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

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

Property, plant and equipment

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

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

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

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

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

Stripping costs

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

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

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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

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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.

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DISCONTINUED OPERATIONS

In August 2014 the company announced the cessation of mining operations at the Kalsaka/Sega gold project in Burkina Faso following receipt of a default notice to the local subsidiaries from the mining contractor. One subsidiary, Seguenega Mining SA, was placed into liquidation on 9 December 2014 and has been deconsolidated at that date. The remaining controlled Burkinabe subsidiaries have been classified as held for sale as disclosed in note 24.

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

As at 31 December 2013 these reporting segments were not discontinued or classified as held for sale, accordingly the comparative consolidated statement of comprehensive income has been represented to show the discontinued operations separately from the continuing operations. In accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - notes 2, 3, 4, 5, 19, and 21 have been restated to represent continuing operations only.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Provisions for decommissioning and site restoration costs

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

Ore reserves estimates

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

Impairment

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

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

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

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.

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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.

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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 US\$000	Yaoure US\$000	Baomahun US\$000	All other segments US\$000	Total US\$000
Year ended 31 December 2014					
External revenue – sale of gold	45,156	-	-	-	45,156
Direct costs of production	(36,859)	-	-	-	(36,859)
Other operating and administrative costs	(8,172)	-	(897)	(5,300)	(14,369)
Segmental result - EBITDA	125	-	(897)	(5,300)	(6,072)
Total assets	13,506	60,778	86,628	1,947	162,859
Capital expenditure	1,249	17,377	942	7	19,575

The Kalsaka/Sega operating segment was discontinued during the year - full details are provided in notes 23 and 24.

	Kalsaka/ Sega US\$000	Yaoure US\$000	Baomahun US\$000	All other segments US\$000	Total 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

In 2014 the Group had two customers (2013: two).

	2014 %	2013 %
Customer A	67	52
Customer B	33	48

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.

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1 SEGMENTAL REPORTING (continued)

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

	2014 US\$000	2013 US\$000
Revenue for reportable segments	45,156	56,798
Change in accrued revenue for gold bullion stock at year-end	8,184	(4,395)
Revenue for statutory accounts - note 23	53,340	52,403

A reconciliation of EBITDA to loss for the year is as follows:

	2014 US\$000	2013 US\$000
EBITDA for reportable segments	(6,072)	(7,568)
Depreciation and amortisation	(12,928)	(6,607)
Share option charge	(607)	(968)
Net interest payable	(673)	(1,205)
Loss on disposal of property, plant and equipment	-	82
Impairment of stock-pile	-	(3,172)
Margin on gold bullion stock at year-end	3,021	(1,210)
Impairment of deferred exploration and evaluation costs	-	(9,747)
Impairment of mine development and associated property, plant and equipment costs	-	(20,118)
Foreign exchange loss	(197)	(656)
VAT provision net of direct fees in year	-	(782)
Net assets disposed	(2,259)	-
Income tax	(85)	(153)
Loss for the year from continuing and discontinued operations	(19,800)	(52,104)

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

	2014 US\$000	2013 US\$000
Total assets for reportable segments	162,859	220,550
EBITDA capitalised during commissioning phase of mining operations	12,656	5,962
Differences in depreciation and amortisation	(195)	749
Impairment of non-current assets	(24,508)	(51,779)
Accrued revenue for gold bullion stock at year-end	-	1,210
Total assets	150,812	176,692

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 2014						
Revenue	53,119	-	-	-	221	53,340
Non-current assets	-	46,972	86,259	113	-	133,344
Year ended 31 December 2013						
Revenue	52,403	-	-	-	-	52,403
Non-current assets	18,711	29,830	85,672	154	477	134,844

All assets of the Burkina Faso segment are shown within the disposal Group held for sale; accordingly none are included in the non-current assets of the Group.

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2	LOSS BEFORE TAXATION	2014 US\$000	2013 US\$000
	Continuing operations		
	The loss before taxation is stated after charging:		
	Depreciation of property, plant and equipment	329	299
	Share option charge	607	968
	Impairment of mine development and associated property, plant and equipment costs	-	2,594
	Foreign exchange loss	52	209
	Other operating costs	1,169	-

Other operating costs relate to the holding costs of the Baomahun project in Sierra Leone from 1 July 2014 which do not relate to evaluative studies or direct exploration.

Auditor's Remuneration

Amounts payable to BDO LLP and their associates in respect of both audit and non-audit services:

	2014 US\$000	2013 US\$000
Fees payable to the Company's auditor for the audit of the consolidated and Company annual accounts	104	105
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)	48	148
-Other services supplied pursuant to such legislation	-	17
-Other services relating to taxation	19	43
	171	313

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

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3 DIRECTORS' AND EMPLOYEE REMUNERATION AND STAFF NUMBERS

Continuing operations

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

	2014 Group	2013 Group	2014 Company	2013 Company
Operations	88	96	3	4
Administration	54	73	17	18
	142	169	20	22

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

	2014 Group US\$000	2013 Group US\$000
Wages and salaries	5,046	6,829
Social security costs	387	555
Share option charge	607	968
	6,040	8,352

Emoluments paid to Directors

	2014 Group US\$000	2013 Group US\$000
Aggregate emoluments	1,177	1,396
Contributions to pension schemes	77	91
Share option charge	367	430
	1,621	1,917

The number of Directors to whom retirement benefits accrued during the year is 3 (2013: 3).

The highest paid Director received aggregate emoluments totalling US\$604,000 (2013: US\$619,000), including US\$239,000 (2013: US\$111,000) of share-based payment charges in relation to share options.

4 FINANCE INCOME

Continuing operations

	2014 US\$000	2013 US\$000
Interest on bank deposits	29	107
Gain on foreign exchange	-	133
	29	240

5 FINANCE COSTS

Continuing operations

	2014 US\$000	2013 US\$000
Interest payable	760	1,086
Loss on foreign exchange	78	-
	838	1,086

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

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6	INCOME TAX	2014 US\$000	2013 US\$000
	TAX CHARGE - continuing operations		
	Current tax	-	-
	Deferred tax	-	-
		-	-

Domestic income tax is calculated at 21.5% (2013: 23.25 %) of the estimated assessable profit or loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2014 US\$000	2013 US\$000
Loss before tax from continuing operations	(7,916)	(11,249)
Loss before tax from discontinued operations	(11,799)	(40,702)
Total loss before taxation	(19,715)	(51,951)
Tax at the domestic income tax rate of 21.5% (2013: 23.25%)	(4,239)	(12,079)
Expenses not allowable for tax	1,594	1,324
Effect of lower rate overseas	441	2,312
Depreciation in advance of capital allowances not recognised	12	4,271
Minimum tax charge on revenue in Burkina Faso	85	247
Tax losses not recognised	2,192	4,112
Other permanent differences	-	(34)
Tax charge	85	153
Tax charge on continuing operations	-	-
Tax charge on discontinued operations	85	153

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	2014 US\$000	2013 US\$000
<i>Unrecognised temporary differences (gross)</i>		
Relating to carried forward tax losses	80,942	66,806
Other timing differences	44,982	44,709

These potential deferred tax assets have not been recognised in the financial statements because of the uncertainty as to the incidence and timing of future taxable income against which the asset may be recovered. Included in the amounts above is US\$69.8m related to the disposal group held for sale. There are no deferred tax liabilities (2013: nil).

At 31 December 2014 the subsidiary operating the Kalsaka gold mine in Burkina Faso had distributable reserves totalling US\$16.4m (2013: US\$19.2m). In the event of a dividend distribution income tax totalling US\$0.8m (2013: US\$1.0m) would be payable. No provision has been made for this amount as Amara Mining plc has control over the timing of any distribution and no payment is likely in the foreseeable future.

Burkinabe law requires the payment on account of corporation tax based on the prior year tax charge. Payments totalling US\$3.1m were made on account during 2013 in relation to the tax year ended 31 December 2013. As no future profits have been made in Burkina this amount is owed back to the Burkinabe subsidiary and can be recovered against future profits or on closure of the Company. This amount forms part of the assets held for sale disclosed in note 24. No provision has been made against this balance.

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7	LOSS PER SHARE	2014	2013
	The calculation of the basic and diluted loss per share is based on the following data:	US\$000	US\$000
	Loss for the purposes of loss per share (net loss for the year attributable to equity holders of the parent)		
	Continuing operations	(7,908)	(11,054)
	Discontinued operations	(7,824)	(36,042)
	Total loss for the year attributable to owners of the parent	(15,732)	(47,096)
	<i>Number of shares</i>		
	Weighted average number of ordinary shares for the year ('000's)	298,884	173,086
	Effect of share options in issue ¹	-	-
	Weighted average for the purposes of diluted loss per share ('000's)	298,884	173,086

¹ None of the share options in issue are dilutive at the current share price.

8	INTANGIBLE ASSETS			
	GROUP	Exploration and mining rights US\$000	Deferred exploration and evaluation costs US\$000	Total US\$000
	COST			
	At 1 January 2013	56,548	70,414	126,962
	Additions	-	22,253	22,253
	Impairment	-	(9,747)	(9,747)
	Transfer to property, plant and equipment	(26,326)	4,206	(22,120)
	At 31 December 2013	30,222	87,126	117,348
	Additions	5	18,034	18,039
	Reclassification to assets held for sale	(6,033)	-	(6,033)
	At 31 December 2014	24,194	105,160	129,354
	AMORTISATION			
	At 1 January 2013	6,849	-	6,849
	Charge for the year	277	-	277
	At 31 December 2013	7,126	-	7,126
	Charge for the year	844	-	844
	Reclassification to assets held for sale	(6,033)	-	(6,033)
	At 31 December 2014	1,937	-	1,937
	NET BOOK VALUE			
	At 31 December 2014	22,257	105,160	127,417
	At 31 December 2013	23,096	87,126	110,222
	At 1 January 2013	49,699	70,414	120,113

Included above is an amount of US\$81.3m in relation to the Baomahun Gold Project. A further US\$4.9m 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 and 18.

Also included above is US\$46.1m in relation to the Yaoure Gold Project. A further US\$0.9m is included within Property Plant and Equipment in Note 9 relating to Yaoure. Yaoure faces the same risk as described above for Baomahun.

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9 PROPERTY, PLANT AND EQUIPMENT

GROUP	Mining, development and associated property, plant and equipment cost US\$000	Motor vehicles, office equipment, fixtures & computers US\$000	Total US\$000
<i>COST</i>			
At 1 January 2013	87,563	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	98,355	8,108	106,463
Additions	1,492	44	1,536
Disposals	(20,472)	(822)	(21,294)
Reclassification to assets held for sale	(42,429)	(4,782)	(47,211)
At 31 December 2014	36,946	2,548	39,494
<i>DEPRECIATION</i>			
At 1 January 2013	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
Charge for the year	10,134	767	10,901
Disposals	(19,276)	(677)	(19,953)
Reclassification to assets held for sale	(38,095)	(3,541)	(41,636)
At 31 December 2014	31,283	2,284	33,567
<i>NET BOOK VALUE</i>			
At 31 December 2014	5,663	264	5,927
At 31 December 2013	19,835	2,373	22,208
At 1 January 2013	22,203	2,179	24,382

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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
<i>COST</i>			
At 1 January 2013	119	355	474
Additions	-	3	3
At 31 December 2013	119	358	477
Additions	-	16	16
At 31 December 2014	119	374	493
<i>DEPRECIATION</i>			
At 1 January 2013	119	135	254
Charge for the year	-	68	68
At 31 December 2013	119	203	322
Charge for the year	-	58	58
At 31 December 2014	119	261	380
<i>NET BOOK VALUE</i>			
At 31 December 2014	-	113	113
At 31 December 2013	-	155	155
At 1 January 2013	-	220	220

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

10 INVESTMENTS IN SUBSIDIARIES

COMPANY	Subsidiary Undertakings US\$000
Cost brought forward at 1 January 2013	10,327
Additions	10,804
At 31 December 2013	21,131
Additions	38
At 31 December 2014	21,169

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	
			2014	2013
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 Services Limited	United Kingdom	Dormant	100%	100%
Cluff Gold (SL) Limited*	Sierra Leone	Exploration	100%	100%
Cluff Gold Segs SARL	Burkina Faso	Exploration	100%	100%
Amara Mining Côte d'Ivoire SARL*	Côte d'Ivoire	Exploration	100%	100%
Cluff Mining Burkina SARL*	Burkina Faso	Exploration	100%	100%
Kalsaka Mining SA*	Burkina Faso	Mining	78%	78%
Seguenega Mining SA* ¹	Burkina Faso	Mining	90%	90%
Baomahun Gold Limited*	Sierra Leone	Exploration	100%	100%
Yaoure Mining SA*	Côte d'Ivoire	Dormant	90%	90%
Winston Mining Limited	BVI	Dormant	100%	100%
ADS (Liberia) Inc **	Liberia	Drilling	-	100%
AUMJ Limited	Jersey	Dormant	100%	100%

* Companies owned indirectly

** Closed during the year

¹ Placed into liquidation during the year

11 OTHER RECEIVABLES

	2014 US\$000 Group	2013 US\$000 Group	2014 US\$000 Company	2013 US\$000 Company
Non-current assets				
Amounts due from subsidiaries	-	-	101,833	89,915
Total non-current assets	-	-	101,833	89,915
Current assets				
Prepayments and accrued income	405	595	153	104
Taxation debtor	-	3,594	102	20
Other debtors	1,384	1,765	-	-
Total current assets	1,789	5,954	255	124

Amounts receivable from subsidiary companies have been allocated as amounts due after more than one year on the basis of the Directors' expectations of when these loans will be repaid from operating cash flow. Details of the terms of these receivables are included in note 21.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

12 INVENTORIES

	2014 US\$000 Group	2013 US\$000 Group
Consumable stores	486	2,928
Ore stockpiles	-	2,402
Gold in process	-	10,548
Gold bullion	-	8,644
	<hr/> 486	<hr/> 24,522

Following the depletion of the Kalsaka reserves during 2013 a provision totalling nil (2013: US\$3,172,000) was made against low grade ore stockpiles and gold in process.

13 SHARE CAPITAL AND RESERVES

Share capital	2014 US\$000	2013 US\$000
<i>Issued and Fully Paid</i>		
328,979,827 Ordinary shares of 1p each (2013: 220,215,954)	5,598	3,785

Shares issued

During 2014, 108,763,873 ordinary shares of 1p were issued, by way of placing at 17p.

Total shares in issue at 1 January 2013 were 168,113,466. 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 Hain 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 2014 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.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

13 SHARE CAPITAL AND RESERVES (continued)

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 2014.

14 NON-CONTROLLING INTERESTS

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

15 PROVISIONS

Group	Decommissioning, mine closure and site restoration provision US\$000
At 1 January 2013	9,298
Provision movement in year	858
At 31 December 2013	10,156
Provision movement in year	(602)
Amounts paid in the year	(2,484)
Loss of control of subsidiary	(477)
Transfer to disposal group held for sale	(3,443)
At 31 December 2014	3,150

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

During the year the Kalsaka/Sega gold mine formally ceased mining and closure processes were initiated, this included the payment of all end of service benefits to the employees of the mine. The balance relating to the environmental rehabilitation and decommissioning of the mine has been transferred to the disposal group held for sale - note 24.

The remaining provision relates to the Yaoure gold project in Cote d'Ivoire and in particular the historic heap leach operations. As the Yaoure project is currently being developed into a large long life mine the current estimation for the provision is that it is expected to be utilised within ten to fifteen years. The discount factor applied does not result in a material difference and consequently has not been included.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

16 TRADE AND OTHER PAYABLES

	2014 US\$000 Group	2013 US\$000 Group	2014 US\$000 Company	2013 US\$000 Company
Trade creditors	2,221	25,412	305	360
Other creditors	546	3,236	74	105
Accruals and deferred income	2,025	7,707	537	515
	4,792	36,355	916	980

17 BORROWINGS

	2014 US\$000 Group	2013 US\$000 Group	2014 US\$000 Company	2013 US\$000 Company
Current portion of borrowings	-	13,332	-	13,332
Facility fees	-	(170)	-	(170)
	-	13,162	-	13,162

The loan was drawn in September 2012 and was secured by way of a mortgage over the shares of Amara Mining (Burkina) Limited.

The loan was 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 and the loan became fully redeemed in August 2014.

Facility fees were prepaid and amortised over the life of the loan.

The loan bore interest at 2.5% plus three months US Dollar LIBOR, which represents a floating interest rate risk to the Group, and was payable monthly.

In addition, the loan agreement provided 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 was subject to commodity price risk and was 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 was been calculated by management and was considered immaterial and consequently was 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 and assets held for sale.

The Group's and Company's financial liabilities comprise trade and other payables and borrowings. All of the Group's and Company's financial liabilities are measured at amortised cost and classified as other financial liabilities and liabilities held for sale. The taxation debtors as 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. The taxation debtor in 2014 is disclosed within the disposal group held for sale.

Assets and liabilities held for sale are disclosed in note 24.

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.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

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:

	2014 Group US\$000	2013 Group US\$000	2014 Company US\$000	2013 Company US\$000
US Dollars	1,033	5,045	1,006	4,950
Sterling	629	310	574	262
West African CFA franc	3,033	5,993	-	-
Other	6	24	-	14
	4,701	11,372	1,580	5,226

Included in the West African CFA franc balance in 2014 is US\$3,014,000k in relation to assets held for sale - note 24.

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:

	Continuing 2014 US\$000	Held for sale 2014 US\$000	Total 2014 US\$000	Total 2013 US\$000
Currency of monetary items in US Dollars				
Sterling	(481)	-	(481)	(1,191)
US Dollars	(545)	(289)	(834)	(24,787)
West African CFA Franc	(935)	(6,738)	(7,673)	(7,448)
Other	(46)	(16)	(62)	(384)
Total	(2,007)	(7,043)	(9,050)	(33,810)

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

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	
	2014 US\$000	2013 US\$000	2014 US\$000	2013 US\$000
If there was a 20% weakening in the US Dollar/ Sterling exchange rate with all other variables held constant - increase/(decrease)	1,019	1,319	260	190
If there was a 20% strengthening in the US Dollar/ Sterling exchange rate with all other variables held constant - increase/(decrease)	(1,222)	(964)	(312)	(139)
If there was a 20% weakening in the US Dollar/ West African CFA Franc exchange rate with all other variables held constant - increase/(decrease)	-	-	21	210
If there was a 20% strengthening in the US Dollar/ West African CFA Franc exchange rate with all other variables held constant - increase/(decrease)	-	-	(25)	(205)

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

c) Liquidity risk

Management regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The table below sets out the maturity profile of financial liabilities as at 31 December 2014:

	2014 Group US\$000	2013 Group US\$000	2014 Company US\$000	2013 Company US\$000
Due in less than one month	4,682	16,528	806	818
Due between one and six months	10,173	19,831	110	162
Borrowings due < 1 year	-	13,332	-	13,332
	14,855	49,691	916	14,312

Included in due between one and six months in 2014 is US\$10,063,000 in respect of liabilities of the disposal group held for sale - note 24. Timing of maturity is an estimate based on management's expectation regarding generation of cash by the disposal group.

d) Credit risk

The Group is exposed to credit risk in respect of direct and indirect taxes owing to the Group in West Africa, including taxes recoverable of US\$3,108,000 (2013: US\$5,778,000) in Burkina Faso and US\$184,000 (2013: US\$210,000) in Côte d'Ivoire. The Burkinabe balance is part of the disposal group held for sale and relates entirely to corporation tax recoverable.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

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 2014 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 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 cash flows are deemed to be sufficient to service that debt and other financial obligations.

<i>Debt:equity ratio</i>	2014 US\$000	2013 US\$000
Borrowings	-	13,332
Total equity	129,364	117,019
Debt:equity ratio	N/A	0.11

19 COMMITMENTS

Continuing operations

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

	<i>Land and buildings</i>	
	2014 US\$000	2013 US\$000
Payable in less than one year	181	181
Payable between one and two years	137	165
Payable between two and five years	80	217
	398	563

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.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

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:

	2014		2013	
	Number of options	Weighted average exercise price (p)	Number of options	Weighted average exercise price (p)
Outstanding at 1 January	15,030,000	64.7	10,000,980	67.9
Granted during the year	11,850,000	24.0	5,752,020	59.3
Expired/cancelled during the year	(3,057,500)	60.0	(723,000)	65.8
Outstanding at 31 December	23,822,500	45.1	15,030,000	64.7
Exercisable at 31 December	6,022,500	70.5	6,480,000	67.7

The options outstanding at 31 December 2014 had a weighted average remaining contractual life of 7.9 years (2013: 7.1 years). No options were exercised in 2014 or 2013.

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:

	2014	2013
Weighted average share price	24.0p	60.0p
Weighted average exercise price	24.0p	69.8p
Expected volatility	0.41	0.42
Expected life	3.5	3.5
Risk free rate	1%	1%
Expected dividends	-	-
Fair value per option	7.3p	15.4p

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 2014 was as follows:

Exercise period	Number	Weighted average exercise price (p)
Exercisable until 2015	300,000	61.8
Exercisable until 2016	620,000	74.3
Exercisable until 2018	1,045,000	76.6
Exercisable until 2019	865,000	55.0
Exercisable until 2020	2,230,000	72.3
Exercisable until 2021	450,000	87.2
Exercisable until 2022	212,500	68.0
Exercisable until 2023	300,000	59.3
Exercisable at period end	6,022,500	70.5
Exercisable between 2015 and 2022	2,267,980	64.6
Exercisable between 2016 and 2023	3,682,020	59.3
Exercisable between 2017 and 2024	11,850,000	24.0
Total options	23,822,500	45.1

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

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.

	2014 US\$000	2013 US\$000
Amounts owed by subsidiaries at year end	101,833	89,915

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

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

Interest rate	Repayment terms	2014 US\$000	2013 US\$000
US LIBOR plus 10%	Repayable in quarterly instalments	38,272	41,471
Non-interest bearing loans	Repayable only once construction commences on applicable project	136,520	117,547
		174,792	159,018
Less: provision for irrecoverable amount		(72,959)	(69,103)
		101,833	89,915

Included within amounts receivable from subsidiary undertakings is US\$75.5m (2013: US\$62.1m) in respect of the Yaoure Gold Mine. A provision totalling US\$31.1m was recognised in 2008 in respect of the then operating mine that was subsequently placed on care and maintenance.

An amount of US\$41.9m (US\$36.0m) has been provided in respect of the three remaining controlled Burkinabe subsidiaries.

Remuneration of key management personnel

Compensation for key management personnel is as follows:

	2014 US\$000	2013 US\$000
Short term employee benefits (including NI contributions)	2,244	2,793
Post-employment benefits	131	163
Share option charge	505	672
	2,880	3,628

Included in the above key management personnel are 8 directors and 7 key managers (2013: 7 and 7).

During 2014 consultancy fees totalling US\$nil (2013: US\$130,000) 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.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

22 LITIGATION

Cote d'Ivoire

In February 2011 the Company received a proposal for additional costs sustained by the mining contractor at the heap leach mining operations at Yaoure totalling US\$9.2m. An updated claim was made in June 2011 totalling a further US\$5.4m. Further claims for additional charges and interest were made in December 2013 and in December 2014 for a total claim of US\$36.4m.

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. The continued addition of cumulative interest charges to the claim is also completely without merit.

Burkina Faso

On 4 August 2014 the Company's subsidiary Seguenega Mining SA received a suspension of works notice from the mining contractor for the Kalsaka/Sega gold project in Burkina Faso due to non payment of invoices. The mining contractor initiated preliminary legal proceedings in Burkina Faso and Cote d'Ivoire claiming joint and several liability against the Company for the debts of the subsidiary totalling approximately US\$18.0m (at the year-end exchange rate) plus damages. The total amount of unpaid invoices is disputed by Seguenega Mining SA. The court appointed liquidator has stated the total debt due from Seguenega Mining SA, to the contractor, is US\$14.4m (7.8 billion West African CFA Franc).

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

Subsequent to the year end the liquidator of Seguenega Mining SA commenced payments to outstanding creditors, including partial payment of the outstanding balance due to the mining contractor.

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

23 DISCONTINUED OPERATIONS

In August 2014 the company announced the cessation of mining operations at the Kalsaka/Sega gold project in Burkina Faso. One subsidiary, Seguenega Mining SA, was placed into liquidation on 9 December 2014 and has been deconsolidated at that date. The remaining controlled subsidiaries have been classified as held for sale as disclosed in note 24.

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

As at 31 December 2013 these reporting segments were not discontinued or classified as held for sale, accordingly the comparative consolidated statement of comprehensive income has been represented to show the discontinued operations separately from the continuing operations.

	2014 Burkina Faso US\$000	2014 Liberia US\$000	2014 Total US\$000	2013 Burkina Faso US\$000	2013 Liberia US\$000	2013 Total US\$000
a) Net assets disposed						
Property, plant and equipment	1,196	-	1,196	-	-	-
Inventories	15,577	-	15,577	-	-	-
Other receivables	8,641	-	8,641	-	-	-
Cash and cash equivalents	49	-	49	-	-	-
Total assets	25,463	-	25,463	-	-	-
Trade and other payables	(25,211)	(63)	(25,274)	-	-	-
Provisions	(477)	-	(477)	-	-	-
Total liabilities	(25,688)	(63)	(25,751)	-	-	-
Non-controlling interest recycled on disposal	2,547	-	2,547	-	-	-
Net assets disposed	2,322	(63)	2,259	-	-	-
b) Results of discontinued operations						
Revenue	53,119	221	53,340	52,403	-	52,403
Costs of sales	(54,071)	(9)	(54,080)	(55,651)	(405)	(56,056)
Gross (loss)/profit	(952)	212	(740)	(3,248)	(405)	(3,653)
Other operating costs	(5,110)	(1,284)	(6,394)	(8,933)	(466)	(9,399)
Operating loss	(6,062)	(1,072)	(7,134)	(12,181)	(871)	(13,052)
Finance income	58	-	58	68	-	68
Finance costs	(144)	-	(144)	(447)	-	(447)
Loss before taxation	(6,148)	(1,072)	(7,220)	(12,560)	(871)	(13,431)
Income tax	(85)	-	(85)	(153)	-	(153)
Loss after tax before impairment charge	(6,233)	(1,072)	(7,305)	(12,713)	(871)	(13,584)
Impairment charge	(2,320)	-	(2,320)	(27,271)	-	(27,271)
Net loss for the year	(8,553)	(1,072)	(9,625)	(39,984)	(871)	(40,855)
Net assets disposed	(2,322)	63	(2,259)	-	-	-
Net loss for the year	(8,553)	(1,072)	(9,625)	(39,984)	(871)	(40,855)
Loss on discontinued operations	(10,875)	(1,009)	(11,884)	(39,984)	(871)	(40,855)

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

	2014 Total US\$000	2013 Total US\$000
Operating activities	(1,672)	15,199
Investing activities	(1,191)	(14,017)
Financing activities	-	19
Net cash utilised in discontinued operations	(2,863)	1,201

Amara Mining plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

24 DISPOSAL GROUP HELD FOR SALE

The Burkinabe subsidiaries that remain in the control of the Company have been presented as a disposal group held for sale following the commitment of the Company's Board, on 4 December 2014, to sell the operations. The subsidiaries held for sale are Kalsaka Mining SA, Cluff Gold Segla Sarl and Cluff Mining Burkina Sarl. Efforts to sell the disposal group have commenced, and a sale is expected within 12 months. The disposal group has been treated as a discontinued operation and included in note 23.

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

At 31 December 2014, the disposal group comprised the following assets and liabilities:

Assets of disposal group held for sale	2014 US\$000
Property, plant and equipment	5,575
Inventory	1,744
Other receivables and recoverable taxes	3,173
Cash and cash equivalents	3,014
	<hr/>
	13,506
	<hr/>
Liabilities of disposal group held for sale	
Trade and other payables	10,063
Provisions	3,443
	<hr/>
	13,506
	<hr/>

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

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

25 EVENTS AFTER THE REPORTING PERIOD

On 3 February 2015, the Company issued 156,250 ordinary shares of 1p, being 31,250 new ordinary shares of 1p each to the following non-executive Directors: A Davidson, H Faul, P Cowley, P Hain and G Stanley at a value of 16p each in accordance with their letters of appointment.

On 21 January 2015 the Company announced the placement of 91,250,000 ordinary shares of 1p at 16p. The placement was subject to shareholder approval which was sought and received at the General Meeting held on 6 February 2015. Following the placing of these shares the Company had 420,386,077 ordinary shares of 1p in issue.