Registered number: 02255996

CAMBRIDGE MINERAL RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

CAMBRIDGE MINERAL RESOURCES PLC

CONTENTS

CAMBRIDGE MINERAL RESOURCES PLC

COMPANY INFORMATION

Directors	Geoffrey Hall (Non-Executive Chairman) Michael Burton (Executive Director) Mark Slater (Executive Director) Timothy Greatrex (Non-Executive Director) Jose Navalon (Non-Executive Director) (appointed 10 February 2013) Nevyanka Mateeva (Non-Executive Director) (resigned 31 January 2013) David Swan (Non-Executive Director) (appointed 5 August 2013, resigned 5 January 2014)
Company Secretary	Michael Burton
Registered Office	11 Greenleaf House 128 Darkes Lane Potters Bar Hertfordshire EN6 1AE
Company Number	02255996
Bankers	Royal Bank of Scotland plc 8-9 Quiet Street Bath BA1 2JN
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD

CAMBRIDGE MINERAL RESOURCES PLC

CHAIRMAN'S REPORT

During 2013 your company ("CMR") made further progress towards its objectives of ensuring financial stability and developing its assets and opportunities in Spain. This has not been without difficulties,

Masa Valverde
In December 2013 this project was formally vested with CMR by the regional government in Andalucia, Spain. At this point our joint venture partners, Glencore Xstrata, began work on the three year exploration program; their expenditures will qualify as equity earn-ins to the project. News of developments on the project will be announced as they occur.

Lomero-Poyatos
During the year CMR discontinued its legal activities regarding Lomero-Poyatos. This was due to a result of lack of progress with the case and also cash constraints. A significant amount had been spent on that process, on behalf of Iberian Gold plc ("Iberian") over which CMR had taken control in August 2012. The Group subsequently lost control of Iberian Gold plc in 2013 and management decided to focus their efforts on other more viable projects.

Romerita
For some time CMR has been investigating other mining opportunities in the Andalucian region in line with our plan to establish a strategically positioned group of mines with central infrastructure and processing synergies. In 2014 CMR optioned the Romerita group of mines as part of this program. The Romerita group is a group of poly-metallic former producing mines and is strategically located in order to optimise our plans. We have developed an exploration plan for certain of these mines and at the time of writing we are waiting to commence a drilling campaign on the Romerita mine itself.

There are no developments to report on other involvements or interests.

CORPORATE

During the year David Swan resigned as a director in order to pursue other interests. He remains as a financial advisor to CMR. Additionally the Company is fortunate to have secured the advisory services of two of the UK's leading mining experts in geology and engineering - Douglas Chikohora and Mark Jones.

Between November and December 2013 those CMR directors who were also directors of Iberian resigned from the board of Iberian, and they were replaced by other independent directors. That meant that Iberian ceased to be an accounting subsidiary of CMR. Also CMR sold its entitlement to its Renounceable Letters of Allotment in Iberian to a third-party and therefore Iberian also ceased to be an associate of CMR. Therefore, Iberian is no longer part of CMR in any respect. Its accounts are included in our 2013 financial statements only up to the point where control changed. The year-end balance sheet shows the position of your Company excluding any involvement in Iberian Gold plc.

It is the intention of the board to re-list the Company on the stock exchange as soon as practicable, now that your Company has been stabilized, The Company expects to hold an AGM within the next 3 months when I will update shareholders further on progress related to Masa Valverde and Romerita, and in the meantime, any information concerning developments will be posted on our website www.cambmin.co.uk. I urge shareholders to visit the website and sign-up to receive news directly.

FINANCIAL

The accounts for the year-ending 31st December 2013 are enclosed. These show a Group loss of £3,041,835 (2012: £5,580,327) and a Company loss of £2,988,896 (2012: £1,112,720). The losses mainly arose from the full write-down of the company's investment in Iberian Gold plc.

We are currently in the process of raising additional funding from share issues in order to fund the exploration activities mentioned above and general working capital.

I believe that the actions that your directors have taken during 2013 and so far in 2014 have taken the Company forward significantly; the Masa Valverde involvement has contributed long term underpinning of the company's value; progress at Romerita is expected to provide cash flow in the medium term, and we continue to seek other concessions that may contribute near term cash flows.

I would like to thank all of CMR's staff, shareholders and other stakeholders for their continuing support.

Geoffrey Hall
Chairman
Cambridge Mineral Resources Plc
30 June 2014

CAMBRIDGE MINERAL RESOURCES PLC

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of Cambridge Mineral Resources Plc, together with the audited Financial Statements, for the year ended 31 December 2013.

Principal Activity and Business Review

The Group and the Company are principally engaged in directing investment into the discovery, exploration, development and exploitation of precious and base metals in Europe.

The Group is focused on the acquisition of projects in the Iberian Pyrite Belt, its joint venture interest in Bulgaria and investigating new mineral opportunities worldwide. A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Statement and the Strategic Report.

Results and Dividends

The loss of the Group for the year ended 31 December 2013 before taxation amounts to £3,041,835 (31 December 2012: £5,580,327).

The Directors do not recommend the payment of a dividend for the year (31 December 2012: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2013 are shown in the Company Information on page 2 and had, at that time the following beneficial interests in the shares of the Company:

	31 December 2013		31 December 2012	
	Ordinary Shares	Options	Ordinary Shares	Options
Geoffrey Hall	9,500,000	-	9,500,000	-
Michael Burton	6,125,914	-	3,568,461	-
Mark Slater (1)	2,861,510	-	550,000	-
Timothy Greatrex	2,500,000	-	2,500,000	-
Nevyanka Mateeva (2)	2,605,020	-	-	-

(1) Appointed 25 July 2012
(2) Resigned 31 January 2013

Further details on options can be found in Note 19 to the Financial Statements.

Corporate responsibility

Environmental

The Group undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Cambridge is a mineral explorer, not a mining company. Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Cambridge conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

The Group operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

CAMBRIDGE MINERAL RESOURCES PLC

DIRECTORS' REPORT

Going Concern

These consolidated financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the reasons given below and also in Note 2.3 to the financial statements.

As is the case with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. Further funding will be required. The directors have prepared cash flow information for twelve months. On the basis of the cash flow information the directors are of the opinion that the Company will require additional financial resources to enable the Group to undertake an optimal programme of exploration and appraisal activities over the next twelve months and to meet its commitments. The Group is currently reliant on continued investor support and the Company is in the process of raising funds via a share placing with investors. Further funding will be required and management expects that there will be sufficient funding to meet the needs of the Group.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Events after the Reporting Date

The events after the reporting date are set out in Note 26 to the Financial Statements.

Policy and Practice on Payment of Creditors

The Company and its subsidiary undertakings agree terms and conditions for their business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. On occasion and in order to manage cash more effectively the Company negotiates special terms with certain suppliers to extend payment terms. As at 31 December 2012, the Company had an average of 44 days (2012: 178 days) purchases outstanding in trade payables. The Group average was 123 days (2012: 218 days).

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 30 June 2014 and signed on its behalf.

M Burton

Michael Burton
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements.

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 Group and Company, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

STRATEGIC REPORT

The Directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report for the year ended 31 December 2013. The Strategic Report is a new statutory requirement under section 414A of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

Review of the Business

The Group is focused on the exploration and development of its Masa Valverde and Romerita polymetallic projects, and the generation of new mineral opportunities in Spain.

Organisation

Overview

The Group's business is directed by the Board and is managed on a day to day basis by the Chief Executive Officer, based at the Company's offices in the United Kingdom. The Board of Directors comprises the Chief Executive Officer, two executive directors and two non-executive directors. The corporate structure reflects the historical development of the Group, together with various project holdings of the Group, with relevant licences and permits held through locally domiciled subsidiaries. The Group's exploration activities in Spain are undertaken through its subsidiaries Compania Minera Espana SL and Andalucian British Mining Corporation SL.

Aims, Strategy & Business Plan

The Group's aim is to create value for shareholders through the discovery and development of economic mineral deposits. The Group's strategy is to progress the development of its 100%-owned Masa Valverde project and the Romerita group of projects which are held under an option agreement. The Group also evaluates on an ad hoc basis mineral project opportunities in Spain, with a view to eventual acquisition, exploration and development.
The Group's business plan is:

- To complete in 2014 and 2015 an exploration and investigation programme on Masa Valverde with its joint venture partner, which is a major multi-national mining and commodity trading group.
- To undertake in 2014 a drilling program at Romerita, and if warranted then develop the project towards feasibility study.

These plans have been the core focus of the Group since the acquisition of Masa Valverde in 2013 and Romerita in 2014. The Board seeks to run the Group with a low cost base in order to maximise the amount that is spent on exploration and development as this is where value can be added. To this extent, the corporate office is run on a streamlined basis by a core team, and specialist skills and activities are outsourced as appropriate, both in the United Kingdom and in Spain. The Group finances its activities through loans from investors and periodic capital raisings with share placings. As the Group continues to develop its projects, there may be opportunities to obtain funding through other financial instruments, including royalty, debt or other arrangements with strategic parties.

Principal Risks and Uncertainties

Set out below are the principal risks and uncertainties facing the Group:

Exploration risks

The exploration and mining industry is controlled by a number of global factors, principally supply and demand which in turn is a key driver in global metal prices; these factors are beyond the control of the Group. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed by qualified third party consultants to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

The principal assets of the Group comprise investments in entities which have explorations assets in Spain. Exploration is normally undertaken in areas after obtaining mineral exploration licences. Such licences are subject to certain financial and legal commitments. If these commitments are not fulfilled the licenses could be revoked. They are also subject to legislation defined by governments in the project countries; if this legislation is changed it could adversely affect the value of the Group's assets.

Resource estimates

The Group's reported resources are only estimates. No assurance can be given that the estimated resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and as a result are uncertain because the samples may not be fully representative of the full resource. Mineral

resource estimates may require revision (either up or down) in future periods based on further drilling or actual production experience.
Any future resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that they can be brought into profitable production. Furthermore, a decline in the market price for natural resources, particularly nickel, could render reserves containing relatively lower grades of these resources uneconomic to recover.

Country risk

The Group's licences and operations are located in foreign jurisdictions. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, appropriation of property without fair compensation, cancellation or modification of contract rights, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted. Spain, the current focus of the Group's activity, offers stable political frameworks and actively supports foreign investment. Spain has a well-developed exploration and mining code with proactive support for foreign companies.

Volatility of commodity prices

Historically, commodity prices have fluctuated and are affected by numerous factors beyond the Group's control. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices in the long-term may adversely affect the returns of the Group's exploration projects. A significant reduction in the global demand for metals, leading to a fall in prices could lead to a significant fall in the cash flow of the Group in future periods and/or delay in exploration and production, which may have a material adverse impact on the operating results and financial position of the Group.

Financing

The successful exploration of natural resources on any project requires significant capital investment. The Group currently sources finance either through the issue of additional equity capital or through funding agreements with various joint venture partners. The Group's ability to raise further funds will depend on the success of its investment strategy and acquired operations. The Group may not be successful in procuring the requisite funds on terms which are acceptable and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

Dependence on key personnel

The Group is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions. To date the Group has been successful in recruiting and retaining high quality staff.

Uninsured risk

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Financial risks

The successful exploration of natural resources on any project requires significant capital investment. The Group currently sources finance through the issue of additional equity capital, funding agreements with various joint venture partners and loans from directors and investors. The Group's ability to raise further funds will depend on the success of its investment strategy and acquired operations. The Group may not be successful in procuring the requisite funds on terms which are acceptable and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in debt market prices and foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

STRATEGIC REPORT

Financial Instruments

The use of financial instruments by the Group is disclosed in Note 2 to the financial statements, together with an indication of both the risks that the Company and its subsidiaries are exposed to, and the risk management objectives that are in place.

Financial Performance Review

The Group is not yet producing minerals and so has no income. Consequently the Group is not expected to report profits until it disposes of or is able to profitably develop or otherwise turn to account its exploration and development projects. The Board monitor the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2014.

The five main Key Performance Indicators (KPIs) for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

	2013	2012
Cash and cash equivalents	£63,121	£7,018
Administrative expenses (excluding impairments)	£268,239	£448,842
Total assets	£83,631	£3,461,591
Administrative expense as a percentage of total assets	320.7%	12.97%
Exploration costs capitalised	£nil	£nil

At 31 December 2013 the Group's intangible assets had a carrying value of £ nil.

Fundraising

During 2013 the Company raised £82,500 through the issue of 1,650,000 ordinary shares of 5 pence each fully paid at 5 pence and Company also issued 10,217,623 ordinary shares of 5 pence each fully paid in part settlement of certain creditor balances that were outstanding. Details of the Group's financial risk management objectives and policies are set out in the notes to the Financial Statements.

By order of the Board

Michael Burton
Managing Director
30 June 2014

CAMBRIDGE MINERAL RESOURCES PLC

CORPORATE GOVERNANCE REPORT

The Board of Directors currently comprises two Executive Directors and three Non-Executive Directors, one of whom is the Chairman. The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the UK Corporate Governance Code, as published by the Financial Reporting Council to the extent they consider appropriate in light of the Group's size, stage of development and resources.

The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Board has a wide range of experience directly related to the Company and its activities and its structure ensures that no one individual or group dominates the decision making process.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. The Company has held the following Board meetings during the year:

	Number held and entitled to attend	Number attended
Geoffrey Hall	16	16
Michael Burton	16	16
Mark Slater	16	16
Jose Navalon	16	12
Timothy Greatrex	16	16
Nevyanka Mateeva	16	-

Board Committees

The Company has established an Audit Committee and a Remuneration Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under regular review.

Audit Committee

The Audit Committee, comprising Michael Burton and Geoffrey Hall, reviews the Group's annual financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee

The Remuneration Committee, comprising Geoffrey Hall and Timothy Greatrex, is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Relations with Shareholders

The Board is committed to providing effective communication with the Shareholders of the Company. Significant developments are disseminated through regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agena.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE MINERAL RESOURCES PLC

We have audited the Financial Statements of Cambridge Mineral Resources Plc for the year ended 31 December 2013 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and Auditor

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter

Going Concern

We have considered the adequacy of the disclosures made in the statement on going concern at note 2.3 of the Financial Statements. The ability of the Parent Company to continue as a going concern is dependent on additional funding required to cover both working capital and operational needs of the various exploration activities of the Group. The matters detailed in the disclosures indicate the existence of a material uncertainty which may cast significant doubt on the Parent Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Parent Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE MINERAL RESOURCES PLC

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.

Mark Ling (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

30 June 2014

CAMBRIDGE MINERAL RESOURCES PLC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

Company number: 02255996

	Note	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Non-Current Assets					
Property, plant and equipment	7	1	1	1	1
Intangible assets	8	-	2,214,594	-	-
Investments in subsidiaries	9	-	-	18,854	2,782,350
Investment in associate	10	-	-	-	-
Available-for-sale financial assets	11	1	1,098,552	-	-
		2	3,313,147	18,855	2,782,351
Current Assets					
Available-for-sale financial assets	11	11,460	11,460	11,460	11,460
Trade and other receivables	12	9,048	129,966	7,375	56,770
Cash and cash equivalents	13	63,121	7,018	63,578	7,477
		83,629	148,444	82,413	75,707
Total Assets		83,631	3,461,591	101,268	2,858,058
Current Liabilities					
Trade and other payables	14	169,096	1,496,905	114,286	508,315
Borrowings	15	287,077	795,230	287,077	254,323
		456,173	2,292,135	401,363	762,638
Non-current liabilities					
Deferred income	16	1,253	1,253	-	-
		1,253	1,253	-	-
Total Liabilities		457,426	2,293,388	401,363	762,638
Net Assets		(373,795)	1,168,203	(300,095)	2,095,420
Equity attributable to the Owners of Parent Company					
Share capital	17	5,704,944	5,111,563	5,704,944	5,111,563
Share premium	17	11,275,592	11,275,592	11,275,592	11,275,592
Translation reserve		7,904	7,904	-	-
Other reserves	18	704,356	794,593	702,685	702,685
Retained losses		(18,066,591)	(16,533,125)	(17,983,316)	(14,994,420)
		(373,795)	656,527	(300,095)	2,095,420
Non-controlling interests		-	511,676	-	-
Total Equity		(373,795)	1,168,203	(300,095)	2,095,420

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 June 2014 and were signed on its behalf by:

M Burton

Michael Burton
Director

The Notes on pages 20 to 40 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2013

	Note	2013 £	2012 £
Revenue for services		-	11,278
Cost of sales		-	(10,025)
Gross profit		-	1,253
Administration expenses		**(268,239)**	(448,842)
Finance costs		**(90,000)**	(10,703)
Share of loss of associate		-	(77,469)
Other net gains		**(337)**	54,806
Exceptional items:		-	
- Impairment of goodwill		-	(2,116,684)
- Impairment of intangibles		-	(2,555,756)
- Impairment of investment in associate		-	-
- Impairment of available for sale financial assets		**(1,098,551)**	(558,628)
- Loss on removal of subsidiary – Iberian Gold		**(1,737,268)**	-
- Provision for doubtful debt – Bulgaria		-	-
Operating loss	6	**(3,194,395)**	(5,712,023)
Gain on sale of available for sale investments		-	129,776
Other income		**152,560**	1,920
Loss before income tax		**(3,041,835)**	(5,580,327)
Income tax expense	22	-	-
Loss for the year		**(3,041,835)**	(5,580,327)
Profit attributable to:			
- Owners of the parent		(3,041,835)	(4,274,555)
- Non-controlling interests		-	(1,305,772)
		(3,041,835)	(5,580,327)

All activities are classed as continuing.

The loss for the Company for the year was £2,988,896 (31 December 2012: £1,112,720).

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income.

The Notes on pages 20 to 40 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

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

	Note	2013 £	2012 £
Loss for the year		**(3,041,835)**	(5,580,327)
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
Elimination of previously written-off subsidiary loan		-	3,376,055
Reserves assumed on consolidation of subsidiary		**1,671**	187,568
Reserves released on deconsolidation of subsidiary		**904,785**	-
Items that may be reclassified to profit or loss			
Currency translation differences		-	(135,690)
Other comprehensive income for the year, net of tax		**906,456**	3,427,933
Total comprehensive income for the year		**(2,135,379)**	(2,152,394)
Attributable to:			
- Owners of the parent		**(2,135,379)**	(2,664,044)
- Non-controlling interests		-	511,650
		(2,135,379)	(2,152,394)

The Notes on pages 20 to 40 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Attributable to owners of the parent						
	Share capital £	Share premium £	Translation reserve £	Other reserves £	Retained losses £	Non-controlling interest £	Total equity £
As at 1 January 2012	**4,993,563**	**11,275,592**	**143,594**	**702,685**	**(13,912,837)**	**-**	**3,202,597**
Loss for the year	-	-	-	-	(4,274,555)	(1,305,772)	(5,580,327)
Other comprehensive income							
Currency translation differences	-	-	(135,690)	-	-	-	(135,690)
Elimination of previously written-off subsidiary loan	-	-	-	-	1,654,267	1,721,788	3,376,055
Reserves assumed on consolidation of subsidiary	-	-	-	91,908	-	95,660	187,568
Total comprehensive income for the year	**-**	**-**	**(135,690)**	**91,908**	**(2,620,288)**	**511,676**	**(2,152,394)**
Proceeds from share issue	-	-	-	-	-	-	7,905
Share based payments	-	-	-	-	-	-	590,000
Shares to be issued	118,000	-	-	-	-	-	(32,401)
Total contributions by and distributions to owners of the Parent, recognised directly in equity	**118,000**	**-**	**-**	**-**	**-**	**-**	**565,504**
As at 31 December 2012	**5,111,563**	**11,275,592**	**7,904**	**794,593**	**(16,533,125)**	**511,676**	**1,168,203**
As at 1 January 2013	**5,111,563**	**11,275,592**	**7,904**	**794,593**	**(16,533,125)**	**511,676**	**1,168,203**
Loss for the year	-	-	-		(3,041,835)	-	(3,041,835)
Other comprehensive income							
Currency translation differences							
Reserves assumed on consolidation of subsidiary				1,671			1,671
Reserves released on deconsolidation of subsidiary				(91,908)	1,508,369	(511,676)	904,785
Total comprehensive income for the year	**-**	**-**	**-**	**(90,237)**	**(1,533,466)**	**(511,676)**	**(2,135,379)**
Proceeds from share issue	82,500	-	-	-	-	-	82,500
Issue costs	-	-	-	-	-	-	-
Share based payments	510,881						510,881
Total contributions by and distributions to owners of the Parent, recognised directly in equity							
As at 31 December 2013	**5,704,944**	**11,275,592**	**7,904**	**704,356**	**(18,066,591)**	**-**	**(373,795)**

The Notes on pages 20 to 40 form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital £	Share premium £	Merger reserve £	Retained losses £	Total equity £
As at 1 January 2012	**4,993,563**	**11,275,592**	**702,685**	**(13,881,698)**	**3,090,142**
Loss for the year	-	-	-	(1,112,722)	(1,112,722)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,112,722)**	**(1,112,722)**
Proceeds from share issue	-	-	-	-	-
Share based payments	118,000	-	-	-	118,000
Shares to be issued	-	-	-	-	-
Transaction with owners	**118,000**	**-**	**-**	**-**	**118,000**
As at 31 December 2012	**5,111,563**	**11,275,592**	**702,685**	**(14,994,420)**	**2,095,420**
As at 1 January 2013	**5,111,563**	**11,275,592**	**702,685**	**(14,994,420)**	**2,095,420**
Loss for the year	-	-	-	(2,988,896)	(2,988,896)
Total comprehensive income for the year	**-**	**-**	**-**	**(2,988,896)**	**(2,988,896)**
Proceeds from share issue	82,500	-	-	-	82,500
Issue costs	-	-	-	-	-
Share based payments	510,881	-	-	-	510,881
Transaction with owners	**593,381**	**-**	**-**	**-**	**593,381**
As at 31 December 2013	**5,704,944**	**11,275,592**	**702,685**	**(17,983,316)**	**(300,095)**

The Notes on pages 20 to 40 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CASH FLOW STATEMENTS
For the year ended 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	£	£	£	£
Cash flows from operating activities					
Loss before taxation		**(3,041,835)**	(5,580,327)	**(2,988,896)**	(1,112,722)
Adjustments for:					
interest expense		**90,000**	10,703	**90,000**	8,994
Gain on settlement of loan notes		-	(48,508)	-	(48,508)
Impairments		**1,098,551**	5,321,068	**2,555,009**	750,167
Removal of subsidiary		**1,737,268**	-	-	-
Bad debt		**9,710**	-	**255,596**	-
Fair value loss		**37,983**	-	**37,983**	-
Share of loss in associate		-	77,469	-	77,469
Provision for doubtful debts		-	-	-	-
Decrease in trade and other receivables		**11,414**	14,157	**11,414**	15,017
Increase in trade and other payables		**(27,647)**	988,307	**(27,647)**	42,580
Share based payments		**47,000**	118,000	**47,000**	118,000
Settlement		-	-	-	-
Net impact on assumption of control of subsidiary		-	(979,060)	-	-
Foreign exchange		**1**	(70,148)	**(3)**	(8,147)
Net cash used in operations		**(37,555)**	(148,339)	**(19,544)**	(157,150)
Cash flows from investing activities					
Loans granted to subsidiary undertakings		-	-	**(18,013)**	-
Loans granted to/from associate/related parties		**11,158**	(53,347)	**11,158**	(53,347)
Proceeds from sale of available for sale investments			13,800		13,800
Proceeds from sale of assets			-		-
Net cash used in investing activities		**11,158**	(39,547)	**(6,855)**	(39,547)
Cash flows from financing activities					
Proceeds from issue of share capital		**82,500**	-	**82,500**	-
Proceeds from share capital to be issued		-	-	-	-
Net received/paid from borrowings		-	189,905	-	202,985
Net cash generated from financing activities		**82,500**	189,905	**82,500**	202,985
Net increase/(decrease) in cash and cash equivalents		**56,103**	2,019	**56,101**	6,288
Cash and cash equivalents at beginning of year		**7,018**	4,999	**7,477**	1,189
Exchange gains on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at end of year	13	**63,121**	7,018	**63,578**	7,477

The Notes on pages 20 to 40 form part of these Financial Statements.

CASH FLOW STATEMENTS
For the year ended 31 December 2013

Major non-cash transactions

In December 2013 the Company issued 10,217,623 ordinary shares of 5 pence each fully paid in settlement of certain trade creditor balances that were outstanding.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. General information

The principal activity of Cambridge Mineral Resources Plc ("the Company") and its subsidiaries (together "the Group") is the exploration and development of precious and base metal resources. The Company is incorporated and domiciled in the UK.

The address of its registered office is 11 Greenleaf House, 128 Darkes Lane, Potters Bar, Hertfordshire EN6 1AE.

2. Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of Preparation of Financial Statements

The Group Financial Statements have been prepared in accordance International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS and IFRIC interpretations. The Group Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The Financial Statements are presented in UK Pound Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

2.2. Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Cambridge Mineral Resources Plc and the management accounts of all of its subsidiary and associate undertakings made up to 31 December 2013.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3. Going Concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's report on page 3. In addition, notes 3 and 4 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors are of the view that the Group should be able to raise sufficient funds to undertake its operating activities over the next 12 months, including any additional expenditures required in relation to its current exploration projects. As is often the case with exploration companies, finance for exploration and appraisal activities in discrete tranches to finance the Company's activities for limited periods only. The Directors have prepared cash flow information for the next twelve months to the end of June 2015, and acknowledge that further funding will be required to enable the Group to undertake an optimal programme of exploration and appraisal activities over the period and to meet its ongoing working capital commitments. The Group is currently reliant on continued investor support and the Company is in the process of raising funds via a share placing with investors which the Directors are confident will raise the required funding sufficient to meet the needs of the Group.

Taking account of the current position and the principal risks, the Directors have a reasonable expectation that the Group and Company will be able to raise the necessary funds to continue in operational existence for the foreseeable future and meet their liabilities as they fall due, as demonstrated by previous share placing success in the current and prior years. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 New and Amended Standards

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2013

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period. The following new standards, interpretations and amendments to published standards effective in the year have been adopted by the Company:

Standard	Impact on initial application	Effective date
IAS 12 (amendment)	Deferred tax: Recovery of underlying assets	1 January 2012 *1
IAS 1 (amendment)	Presentation of items of other comprehensive income	1 July 2012
IFRS 13	Fair value measurement	1 January 2013
IAS 19 (amendment)	Employee benefits	1 January 2013
IFRIC 20	Stripping costs in the production phase of surface mine	1 January 2013
IFRS 1 (amendment)	Government loans	1 January 2013
IFRS 7 (amendment) (annual improvements 2009-2011)	Disclosures: Offsetting financial assets and financial liabilities	1 January 2013
IRFS 1 (amendment) (annual improvements 2009-2011)	First time adoption of International Financial Reporting Standards	1 January 2013
IAS 1 (amendment) (annual improvements 2009-2011)	Presentation of financial statements	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

Standard	Impact on initial application	Effective date
IAS 16 (amendment) (annual improvements 2009-2011)	Property, plant and equipment	1 January 2013
IAS 32 (amendment) (annual improvements 2009-2011)	Financial instruments – presentation	1 January 2013
IAS 34 (amendment) (annual improvements 2009-2011)	Interim financial reporting	1 January 2013

*1 Effective date 1 January 2013 for the EU

(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective or not yet endorsed for the financial year beginning 1 January 2013 and have not been early adopted:

Standard	Impact on initial application	Effective date
IFRS 10	Consolidated financial statements	1 January 2013*2
IFRS 11	Joint arrangements	1 January 2013*2
IFRS 12	Disclosure of interest in other entities	1 January 2013*2
IAS 27 (amendment 2011)	Separate financial statements	1 January 2013*2
IAS 28 (amendment 2011)	Investments in associates and joint ventures	1 January 2013*2
IAS 32 (amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014
IFRS 9	Financial instruments	No mandatory effective date*3
IFRS 9 (amendment November 2013)	Financial instruments	No mandatory effective date
IFRS 7 (amendment November 2013)	Financial instruments	No mandatory effective date
IAS 39 (amendment November 2013)	Financial instruments	No mandatory effective date
IFRS 10 (amendment)	Consolidated financial statements – Investment entities	1 January 2014
IFRS 12 (amendment)	Disclosure of interests in other entities – Investment entities	1 January 2014
IAS 27 (amendment)	Separate financial statements – Investment entities	1 January 2014
IAS 36 (amendment)	Impairment of assets – Recoverable amount disclosures for non-financial assets	1 January 2014
IAS 39 (amendment)	Financial instruments: recognition and measurement – Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21	Levies	1 January 2014
IFRS 2 (amendment) (annual improvements 2010-2012)	Share-based payment – Definition of 'vesting condition'	1 July 2014
IFRS 3 (amendment) (annual improvements 2010-2012)	Business combinations – Accounting for contingent consideration in a business combination	1 July 2014
IFRS 8 (amendment) (annual improvements 2010-2012)	Operating segments – Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to the entity's assets	1 July 2014
IFRS 13 (amendment) (annual improvements 2010-2012)	Fair value measurement – Short-term receivables and payables	1 July 2014
IAS 16 (amendment) (annual improvements 2010-2012)	Property, plant and equipment – Revaluation method – proportionate restatement of accumulated depreciation	1 July 2014
IAS 24 (amendment) (annual improvements 2010-2012)	Related party disclosures – Key management personnel	1 July 2014
IAS 38 (amendment) (annual improvements 2010-2012)	Intangible assets – Revaluation method – proportionate restatement of accumulated amortisation	1 July 2014
IFRS 1 (amendment) (annual improvements 2011-2013)	First time adoption of International Financial Reporting Standards – Meaning of effective IFRSs	1 July 2014
IFRS 3 (amendment) (annual improvements 2011-2013)	Business Combinations – Scope of exception for joint ventures	1 July 2014
IFRS 13 (amendment) (annual improvements 2011-2013)	Fair value measurement – Scope of paragraph 52 (portfolio exception)	1 July 2014

Standard	Impact on initial application	Effective date
IAS 40 (amendment) (annual improvements 2011-2013)	Investment property – Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	1 July 2014

*2 Effective date 1 January 2014 for the EU
*3 Not yet endorsed by the EU

The Company is evaluating the impact of the above pronouncements. No other pronouncement is expected to have a material impact on the Company's results or shareholders' funds.

2.5 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the UK parent entity is Pounds Sterling. The currency of Spain is the Euro, the currency of Bulgaria is the Lev and the currency of Peru is the New Sol. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position sheet;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill arose on the assumption of control of Iberian Gold Plc (refer note 8 and note 9). The balance has been impaired in full as the Directors do not consider this reflects any increase in the value of the group's assets.

(b) Exploration and evaluation

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost.

Exploration and evaluation assets are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Statement of Comprehensive Income.

2.7 Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Fixtures, fittings and equipment – 25% straight line

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the Statement of Comprehensive Income.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial Assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, restricted assets and cash and cash equivalents in the Statement of Financial Position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value unless the Group is precluded from doing so as, in the case of unlisted equity securities, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In such circumstances available-for-sale financial assets are held at cost and reviewed annually for impairment. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as "gains and losses from investment securities."

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Comprehensive Income as part of other income. Dividends on available-for-sale equity instruments are recognised in Statement of Comprehensive Income as part of other income when the Group's right to receive payments is established.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

(i) Assets carried at amortised cost

The amount of impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the Statement of Comprehensive Income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

(ii) Assets classified as available-for-sale

The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income – is removed from equity and recognised in the Statement of Comprehensive Income.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, bank overdrafts, and short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

2.11 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Statement of Comprehensive Income and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (at nominal value) and share premium when the options are exercised.

2.13 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.14 Taxation

The tax credit or expense for the period comprises movement in deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities are not discounted.

2.15 Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.16 Finance income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and Value-Added Tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The Group hires vehicles to its joint venture partner in Bulgaria. Revenue is recognised in the accounting period in which the services are rendered.

2.18 Discontinued operations, assets and businesses held for sale

Cash flows and operations that relate to a major component of the business or geographical region that has been sold or is classified as held for sale are shown separately from continuing operations.

Assets and businesses classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. No depreciation is charged on assets and businesses classified as held for sale.

Assets and businesses are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the assets or businesses are available for immediate sale in their present condition or is a subsidiary acquired exclusively with a view to resale. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Finance income or costs are included in discontinued operations only in respect of financial assets or liabilities classified as held for sale or derecognised on sale.

2.19 Exceptional items

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

(a) Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the British Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiaries in the relevant local currencies. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the financial statements of the Group at the present time. The Directors will continue to assess the effect of movements in exchange rates on the Groups financial operations and initiate suitable risk management measures where necessary.

(b) Price risk
The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group is exposed to equity securities price risk because of investments held by the Group as available-for-sale financial assets.

(c) Interest rate risk
The Group has interest-bearing borrowings outstanding at the year end, and is therefore exposed to interest rate risk on financial liabilities. The Group also has an interest rate risk arising from its cash held on short-term deposit, which is not significant.

Credit Risk
Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board. The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity Risk
In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its exploration and evaluation activities. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value. The Group does not have any liabilities measured at fair value.

	2013			2012		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Assets	£	£	£	£	£	£
Investment in associate	-	-	-	-	-	-
Intangible assets	-	-	-	-	2,214,594	2,214,594
Available-for-sale financial assets	11,460	1	11,461	11,460	1,098,552	1,110,012
Total assets	11,460	1	11,461	11,460	3,313,146	3,324,606

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise ASX listed equity investments classified as available-for-for sale financial assets.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4. Critical Accounting Estimates and Judgements

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

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.

Significant items subject to such estimates and assumptions include, but are not limited to:

Intangible assets

Intangible assets comprise exploration and evaluation expenditure incurred by the Company's indirectly held Spanish subsidiary Recursos Metalicos S.L ("Recursos"). Recursos held underground mining permits at Lomero Poyatos in Spain until they were cancelled by the Spanish mining authorities in 2012. As disclosed in Note 8, the directors undertook a detailed review of these assets to assess whether they continue to have any value. Following their review, the directors concluded that an impairment of £2,555,756 was required to leave a balance of £2,214,594 being carried at 31 December 2012, which the directors believed to be a reasonable estimate of its fair value. In 2013 the directors reviewed the position further and concluded that there was no prospect of recovery of the mining permits and therefore fully impaired the balance of £2,214,594.

Available-for-sale financial assets

Available-for-sale financial assets have a carrying value at 31 December 2013 of £ 11,461 (2012: £1,110,012) of which £11,460 (2012: £11,460) relates to Level 1 measured financial instruments. The remaining balance of £1 (2012: £1,098,552) consists of unlisted equity securities which are held as a Level 3 measured financial instruments at a directors' valuation.

The fair value of these Level 3 measured financial instruments that are not traded in an active market (for example un-listed equity securities) is determined, where possible, by using valuation techniques. Management has concluded that in the case of unlisted securities held as available-for-sale financial assets, the range of reasonable fair value estimates is significant and estimates cannot be reasonably assessed. In such circumstances the Group is precluded from measuring the instruments at fair value and have thus valued these investments at cost less impairment.

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. These Level 3 measured financial instruments comprise of:

a) A 10% net profit share in a Bulgarian venture with Electum Limited of Denver, USA. The directors have assessed the carrying value of this interest and concluded that an impairment of £1,098,551 is required. Further details are disclosed in Note 11.

b) The balance of shares in Iberian Gold Plc ("Iberian") held in the form of Renounceable Letters of Allotment following the sale of its Spanish subsidiary Recursos Metalicos SL to Iberian in 2010. The Directors have undertaken an impairment review of its interest in Iberian and have concluded that this was fully impaired by to £nil in 2012 following the cancellation of the mining permits held by Iberian's subsidiary Recursos Metalicos SL in March 2012 and the negative net asset position of Iberian at 31 December 2012.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in note 19.

Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax liabilities are recognised on any fair value gains in available-for-sale financial assets. Deferred tax assets are recognised for the utilisation of the available capital tax losses against the fair value gain. Should the actual final outcome regarding the utilisation of these losses be different from management's estimations the Group may need to revise the carrying value of this asset.

5. Segment Information

Under IFRS 8 neither the Company or Group are required to disclose segmental data because neither entity has debt or equity instruments which are traded in a public market, nor files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

6. Operating Loss

The operating loss is stated after charging:

	Group	
	2013	2012
	£	£
Depreciation	-	-
Impairments	**1,098,551**	5,231,068
Removal of subsidiary	**1,737,268**	-
Provision for doubtful debts	-	-

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Group	
	2013	2012
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	**10,000**	**12,500**
Fees payable to the Company's auditor and its associates for tax services	-	**1,000**

7. Property, Plant and Equipment

	Group			Company
	Vehicles	Office equipment	Total	Computer equipment
	£	£	£	£
Cost				
As at 1 January 2012	91,476	43,859	135,335	43,859
Additions	-	-	-	-
As at 31 December 2012	91,476	43,859	135,335	43,859
Additions	-	-	-	-
As at 31 December 2013	**91,476**	**43,859**	**135,335**	**43,859**
Depreciation				
As at 1 January 2012	(91,476)	(43,858)	(135,334)	(43,858)
Charge for the year	-	-	-	-
As at 31 December 2012	(91,476)	(43,858)	(135,334)	(43,858)
Charge for the year	-	-	-	-
As at 31 December 2013	**(91,476)**	**(43,858)**	**(135,334)**	**(43,858)**
Net book value				
As at 1 January 2012	-	1	1	1
As at 31 December 2012	**-**	**1**	**1**	**1**
As at 31 December 2013	**-**	**1**	**1**	**1**

Depreciation expense of nil (2012: nil) has been charged in administration expenses.

8. Intangible Assets

Exploration and evaluation assets are all internally generated.

	Group	
	2013	2012
	£	£
Exploration & Evaluation Assets - Cost and Net Book Value		
At 1 January	**2,214,594**	-
Arising on loss of control of subsidiary	**(2,214,594)**	-
Arising on assumption of control of subsidiary (at fair value)	**-**	4,598,006
Impairment	**-**	(2,555,756)
Exchange rate movements	**-**	172,344
At 31 December	**-**	2,214,594

An impairment review of exploration and evaluation assets is carried on out an annual basis in order to ensure that it is valued at the lower of cost and recoverable amount. Following their review and assessment the Directors concluded that an impairment charge of £2,214,594 was necessary at the year end.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

	Group	
	2013	2012
Goodwill - Cost and Net Book Value	£	£
At 1 January	-	-
Arising on assumption of control of subsidiary (at fair value)	-	**2,116,684**
Impairment	-	**(2,116,684)**
At 31 December	-	-

Goodwill arose on the assumption of control of Iberian Gold Plc (refer note 9). The balance has been impaired in full as the Directors do not consider this reflects any increase in the value of the group's assets.

9. Investments in Subsidiary Undertakings

	Company	
	2013	2012
	£	£
Shares in Group Undertakings		
At 1 January	**2,536,464**	822,938
Investment in the incorporation of a subsidiary	**840**	-
Reclassified from investment in associates	-	1,856,967
Impairment	**(xxx)**	(143,441)
Loss of control of subsidiary	**(1,856,967)**	(143,441)
At 31 December	**840**	2,536,464
Loans to Group undertakings	**18,014**	245,886
At 31 December	**18,854**	2,782,350

In 20 August 2012 the Company assumed control of Iberian Gold Plc ("Iberian") by replacing its board of directors with four directors from the Company. As a result of this change in control Iberian Gold Plc was reclassified from being an associate to a subsidiary. In December 2013 the aforementioned Company directors were replaced on the board of Iberian Gold plc by other directors, at which point Iberian Gold Plc therefore ceased to be a subsidiary of the Company.

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

Details of Subsidiary Undertakings at 31 December 2013

Name of subsidiary	Place of establishment	Parent company	Registered capital	Share capital held	Principal activities
Hereward Ventures Bulgaria EAD	Bulgaria	Cambridge Mineral Resources Plc	Ordinary shares 50,000	100%	Holding
Compania Minera Espana	Spain	Cambridge Mineral Resources Plc		100%	

Hereward Ventures Bulgaria EAD has a joint venture in Caracal Cambridge Mining Ventures Limited and Caracal Cambridge Bulgaria EAD. The Company and Group had a 10% net profit share interest in those companies at year end.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

10. Investment in Associate

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
At 1 January	-	1,934,436	-	1,934,436
Share of losses	-	(77,469)	-	-
Loss of control of subsidiary	**1,856,967**	-	-	-
Reclassification of loans from debtors	-	-	-	-
Impairment	**(1,856,967)**	-	-	-
Reclassification to investment in subsidiaries	-	(1,856,967)	-	(1,934,436)
Carrying amount at 31 December	-	-	-	-

In August 2012 the Company assumed control of Iberian Gold Plc by replacing its board of directors with Mark Slater, Geoffrey Hall, Timothy Greatrex and Michael Burton. As a result of this change in control Iberian Gold Plc was reclassified from being an associate to a subsidiary of the Company. In December 2013 the aforementioned Company directors were replaced on the board of Iberian Gold plc by other directors, at which point Iberian Gold Plc therefore ceased to be a subsidiary of the Company. The Directors have undertaken an impairment review of its interest in Iberian and have concluded that a full impaired is required following in light of the negative net asset position of Iberian at 31 December 2013 and the uncertainty disclosed in the financial statements in respect of its ability to continue as a Going Concern .

11. Available-for-Sale Financial Assets

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
At 1 January	**1,110,012**	1,708,524	**11,460**	553,432
Less, impairment - Bulgaria	**(1,098,551)**	-	-	-
Reclassification from other receivables - Peru	-	186,954	-	186,954
Gain on receipt of consideration shares - Peru	-	81,268	-	81,268
Disposals – Peru	-	(256,762)	-	(256,762)
Impairment – Peru	-	(553,432)	-	(553,432)
Exchange rate movements	-	(56,540)	-	-
At 31 December	**11,461**	1,110,012	**11,460**	11,460
Less: non-current portion	**1**	1,098,552	-	-
Current portion	**11,460**	11,460	**11,460**	11,460

Available-for-sale financial assets include the following:

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Listed securities:				
Equity securities – Australia – Peru Interest	**11,460**	11,460	**11,460**	11,460
Unlisted securities:				
10% net profit share – Bulgaria Interest	**1,098,552**	1,098,552	**-**	-
Less, impairment	**(1,098,551)**	-	**-**	-
Total	**11,461**	1,110,012	**11,460**	11,460

Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
UK pound	**-**	-	**-**	-
Australian dollar	**11,460**	11,460	**11,460**	11,460
Bulgarian lev	**1**	1,098,552	**-**	-
Total	**11,461**	1,110,012	**11,460**	11,460

Bulgarian Interest

A 10% net profit share in a Bulgarian venture with Electum Limited of Denver, USA. The two companies have set up an entity which has a 100% interest in the Tashlaka Hill Underground mine ("the project") situated in Bulgaria. The Group is entitled to a 10% net profit share in the project. The directors have assessed the carrying value of this project and concluded that it should be impaired down to £1. at this stage.

Peru Interest

As at 31 December 2013 the Company held 775,000 Laconia Shares with a fair value of £11,460.

12. Trade and Other Receivables

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Trade receivables	**-**	72,360	**-**	-
Receivable from sale of Peru asset	**550**	38,533	**550**	38,533
Prepayments	**836**	836	**-**	-
VAT receivable	**6,660**	18,152	**6,660**	18,152
Other receivables	**1,002**	85	**165**	85
	9,048	129,966	**7,375**	56,770

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies: UK Pounds, Euros, US Dollars and Bulgarian Lev. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

At 31 December 2013 all trade and other receivables were fully performing.

13. Cash and Cash Equivalents

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Cash at bank and in hand	**63,121**	7,018	**63,578**	7,477

All of the Company's cash at bank is held with institutions with an A credit rating.

14. Trade and Other Payables

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade payables	**90,066**	1,024,076	**60,318**	185,791
Social security and other taxes	**24,153**	35,481	**23,318**	34,646
Other payables	**24,227**	47,735	-	54
Accrued expenses	**30,650**	389,613	**30,650**	287,824
	169,096	1,496,905	**114,286**	508,315

15. Borrowings

	Group		Company	
	2013	2012	2013	2012
Current	£	£	£	£
Unsecured borrowings at amortised cost				
Convertible loan notes	-	205,817	-	-
Convertible Bonds	-	335,090	-	-
Loans from related parties	**258,659**	210,905	**258,659**	210,905
Other loans	**28,418**	43,418	**28,418**	43,418
At 31 December	**287,077**	795,230	**287,077**	254,323

Convertible loan notes

On 20 August 2012 the Company assumed control of Iberian Gold Plc ("Iberian"). On 10 May 2010 Iberian authorised a convertible loan note instrument and during that year Iberian issued £207,500 convertible loan notes and on 6 April 2011 Iberian issued £60,000 convertible loan notes to former directors of Iberian as compensation for loss of office (together "Iberian Loan Notes").

In December 2013 the aforementioned Company directors were replaced on the board of Iberian Gold plc by other directors, at which point Iberian Gold Plc therefore ceased to be a subsidiary of the Company. As a result these liabilities ceased to be included in the consolidated financial statements. Further details of the Convertible loan notes are disclosed in the financial statements of Iberian Gold plc filed at Companies House.

16. Deferred income

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Deferred income from non-returnable grant	**1,253**	1,253	**-**	-

17. Share Capital

Issued – Group and Company

	Number of shares	Ordinary shares £	Share premium £	Total £
Issued and fully paid				
At 1 January 2012	**102,258,157**	**5,111,563**	**11,275,592**	**16,387,155**
Issue of new shares for cash – February 2012	2,360,000	118,000	-	118,000
At 31 December 2012	**102,258,157**	**5,111,563**	**11,275,592**	**16,387,155**
Issue of new shares	11,867,623	593,381	-	593,381
As at 31 December 2013	**114,125,780**	**5,704,944**	**11,275,592**	**16,980,536**
Issued share capital at 31 December 2012	**102,258,157**	**5,111,563**	**11,275,592**	**16,387,155**
Issued share capital at 31 December 2013	**114,125,780**	**5,704,944**	**11,275,592**	**16,980,536**

1. In February 2012 the Company issued 2,360,000 ordinary shares of 5 pence each fully paid in settlement of certain trade creditor balances that were outstanding.
2. During 2013 the Company raised £82,500 through the issue of 1,650,000 ordinary shares of 5 pence each fully paid at 5 pence.
3. In December 2013 the Company issued 10,217,623 ordinary shares of 5 pence each fully paid in part settlement of certain creditor balances that were outstanding.

18. Other Reserves

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Merger reserve	**702,685**	702,685	**702,685**	702,685
Share option reserve	**-**	32,092	**-**	-
Borrowing reserve	**-**	59,816	**-**	-
Revaluation reserve	**1,671**	-	**-**	-
	704,356	794,593	**702,685**	702,685

19. Share Based Payments

There were no share based payment instruments in force at 31 December 2012 or 31 December 2013.

Company

Share options and warrants outstanding and exercisable in the Company at the end of the year have the following expiry dates and exercise prices:

Vesting date	Expiry date	Exercise price in £ per share	Shares 2013	Shares 2012
9 May 2013	9 May 2015	£0.05	**7,600,000**	-
			-	-

The Company has no legal or constructive obligation to settle or repurchase the options in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2013 Warrants
Granted on:	9 May 2013
Life (years)	2 years
Risk free rate	2.31%
Expected volatility	30%
Expected dividend yield	-
Marketability discount	75%
Total fair value	£1

The expected volatility for the options and warrants is due to the shares not being quoted on any investment exchange. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

A reconciliation of options and warrants over the year to 31 December 2013 is shown below:

	2013 Number	**2013** Weighted average exercise price (£)	2012 Number	2012 Weighted average exercise price (£)
Outstanding as at 1 January	**-**	**-**	**3,300,000**	**1.000**
Expired	-	-	(3,300,000)	1.000
Granted	7,600,000	0.05	-	0.000
Outstanding as at 31 December	**7,600,000**	**0.05**	**-**	**0.000**
Exercisable at 31 December	**7,600,000**	**0.05**	**-**	**0.000**

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Income Statement for the year ended 31 December 2013 of £nil (2012: £nil).

Group

Share options and warrants outstanding and exercisable in the Company's subsidiary at the end of the year have the following expiry dates and exercise prices:

Vesting date	Expiry date	Exercise price in £ per share	Shares 2013	Shares 2012
20 August 2010	20 August 2013	£0.01	-	23,500,000
30 September 2010	30 September 2013	£0.01	-	4,975,000
			-	28,475,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

A reconciliation of options and warrants over the year to 31 December 2013 is shown below:

	2013		2012	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding as at 1 January	**28,475,000**	**0.01**	28,475,000	0.01
Expired	(28,475,000)	0.01	-	0.01
Granted	-	-	-	0.01
Outstanding as at 31 December	-	-	28,475,000	0.01
Exercisable at 31 December	-	-	28,475,000	0.01

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Group Income Statement for the year ended 31 December 2013 of £nil (2012: £nil).

20. Employees

The Company had no full time employees during the year. The directors and company secretary provided professional services as required on a part-time basis. Details of Directors' fees are disclosed in Note 21.

21. Taxation

No charge to taxation arises due to the losses incurred. No deferred tax asset has been recognised on accumulated tax losses, as the recoverability of any assets is not likely in the foreseeable future.

Income tax expense	**Group 2013 £**	Group 2012 £
Analysis of tax charge		
Current tax charge for the year	-	-
Deferred tax charge for the year	-	-
Tax on loss for the year	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

	Group 2013 £	Group 2012 £
Loss before tax	**(3,041,835)**	5,580,327
Tax at the applicable rate of 23% (2012: 26%)	**(699,622)**	(1,450,886)
Effects of:		
Expenditure not deductible for tax	**399,572**	550,338
Net tax effect of losses carried forward	**300,050**	900,548
Tax charge	-	-

No taxation has been provided due to losses in the year.

The weighted average applicable tax rate of 23% (2011: 26%) used is a combination of the 23% standard rate of corporation tax in the UK, 30% Spanish corporation tax and 10% Bulgarian corporation tax.

There are tax losses in the Group of £11,646,115 (2012: £10,341,548) which are carried forward for relief in future periods. The deferred tax asset of has not been provided in respect of these losses as there is presently insufficient evidence of the timing of suitable future profits against which they can be recovered.

Factors that may affect future tax charges:

The UK government legislated during 2012 to reduce the main rate of corporation tax to 23%, applicable from 1 April 2013, which has been reflected in the above unrecognised tax asset. Furthermore, the Government announced in March 2013 as part of the Budget a further reduction of 2% to 21% to apply from 1 April 2014, with an additional reduction of 1% to 20% with effect from 1 April 2015. These reductions have not been taken account in the disclosed deferred tax asset as they were not substantively enacted at the balance sheet date.

The directors estimate the further reduction would reduce the unrecognised deferred tax asset once the 23% rate is enacted.

No changes are foreseen to the future tax rates in Spain or Bulgaria.

22. Expenses by nature

Group	2013 £	2012 £
Directors' fees	**52,664**	99,907
Employee salaries	**500**	37,386
Consultancy and professional fees	**65,357**	287,611
Establishment expenses	**10,073**	9,068
Travel and subsistence	**(6,869)**	2,189
Loss/(gain) on foreign exchange	**335**	(54,806)
Depreciation and amortisation	**-**	-
Other expenses	**146,179**	67,487
Total administrative expenses	**268,239**	448,842

23. Commitments

The Group did not have any material commitments as at the year end.

24. Related Party Transactions

Loans to Group undertakings

Amounts receivable as a result of loans granted to subsidiary undertakings are as follows:

	2013 £	2012 £
Hereward Ventures Bulgaria EAD	-	245,886
Compania Minera Espana	18,017	-
	263,903	245,886

These amounts are interest free and repayable in Sterling when sufficient cash resources are available in the subsidiaries. All intra Group transactions are eliminated on consolidation.

Loans from related parties

Geoffrey Hall made cash advances to the Company of £47,754 (2012: £83,675) and paid expenses on behalf of the Company totalling £nil (2012: £115,230). As at 31 December 2013 the Company owed Geoffrey Hall £258,659 (2012: £210,905), which is interest free and repayable in Sterling when sufficient cash resources are available in the Company.

Other transactions

MBS Consultancy Services ("MBS"), a company of which Mark Slater is a director and beneficial owner, was paid a fee of £nil (2012: £35,000) for consultancy services provided to the Company while Mark was a director. The Company also paid £17,333 of expenses on behalf of MBS Consultancy during year. As at 31 December 2013, the Company owed MBS £18,592 (2012: £66,387).

Bay Mining Limited ("BML"), a company of which Michael Burton is a director and beneficial owner, was paid a fee of £17,500 (2012: £nil) for consultancy services provided to the Company while Michael was a director. The Company also paid £10,130 of expenses on behalf of BML during year. As at 31 December 2013, the Company owed BML £7,370 (2012: £nil).

25. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.