

# **Aurum Mining Plc**

Company No. 05059457

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED 31 MARCH 2016**

# Annual Report and financial statements

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for the year ended 31 March 2016

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# Company information

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<b>Directors</b>	David Williams    Chairman Sean Finlay        Non-Executive Director Haresh Kanabar    Non-Executive Director
<b>Company Secretary and Registered Office</b>	Haresh Kanabar 22 Great James Street London WC1N 3ES
<b>Company Number</b>	05059457
<b>Nominated Adviser and Broker</b>	WH Ireland Limited 24 Martin Lane London EC4 0DR
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Solicitors</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Registrars</b>	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
<b>Website</b>	<a href="http://www.aurummining.net">www.aurummining.net</a>

# Review of activities

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for the year ended 31 March 2016

The Company's Interim results statement, published on 19 November 2015, outlined that the Board was in the process of changing the direction of the Company in response to the challenging market conditions that continue to blight the Natural Resources sector. The statement went on to say that in order to maximise potential returns for Shareholders the Board would be pursuing a twin strategy of identifying a transformational deal for the Company while looking to deliver value from the Company's highly prospective gold and tungsten portfolio.

The Board continues to be optimistic about the Company's exploration assets in North-West Spain. In recent months the Company and its joint venture partner, Ormonde Mining plc ("Ormonde") (AIM: ORM), have commissioned a report to review all the work that has been undertaken on the gold projects to date and to propose the optimal next steps for the joint venture. The findings of the report, written by a highly regarded third party Professional Geologist Kieran Harrington, were extremely encouraging, with an overall conclusion that "exploration work carried out on the projects to date supports the view that there is potential for discovery of an economic gold deposit." The report also identifies very clear targets for follow up exploration work and sets out a high-impact, low cost work programme which has the potential to rapidly and more fully demonstrate the prospectivity and potential of these assets.

Given that the mining sector for small companies is likely to be difficult for some time to come, and in spite of the fact that the gold projects provide the Company with some hope for the coming period, the Board will continue to actively look at other opportunities. The Board will consider opportunities both within and outside of the mining sector in order to maximise the Company's potential as a listed company. The Board is currently appraising funding options to enable the Company to secure opportunities and to finance due diligence and transaction costs.

The Board feels that the Company has done well to withstand the severe shake out in the junior mining sector but it will now be looking at different sectors in its efforts to provide the upside that our Shareholders require.

During this challenging period, the Board has continued to keep operational costs to a bare minimum.

## Key financials

For the twelve months to 31 March 2016, the Group reported a loss of £243,000 compared to a loss of £317,000 for the same period in 2015.

The loss for the year includes a £64,000 impairment charge on the Morille tungsten project (refer to Note 9 for further details of the impairment charge). The Board took the decision to impair its Morille tungsten asset due to the current low tungsten price and due to the fact that the current operator of the project, Plymouth Minerals Limited (ASX: PLH) ("Plymouth") is not currently undertaking any exploration work on the project. The Company continues to have a residual shareholding in Plymouth and is encouraged by its recent strong share price performance.

Administrative costs for the period were £179,000 compared to £290,000 for the same period in 2015.

During this period of transition, cash management and cost control have remained key priorities for the Company.

# Review of activities

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continued

## **Corporate**

The Board would like to thank its Shareholders and advisers for their input during this transitional period.

To facilitate the transformation process and to reduce costs, the Company announced various Directorate changes during the period. David Williams, the Company's major Shareholder, was appointed to the Board as Chairman, and Mark Jones stepped down from the Board.

Sean Finlay stepped down as Chairman on David's appointment but remains on the Board as a Non-Executive Director along with Haresh Kanabar who also remains on the Board as a Non-Executive Director. Chris Eadie continues to assist the Company as a consultant on a part-time basis.

In order to preserve cash and keep operating costs to a minimum, David Williams has agreed to take no salary until a transformational deal is completed.

## **Qualified person**

Sean Finlay, Professional Geologist, Chartered Engineer, Non-Executive Director of Aurum Mining Plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, has reviewed and approved the technical information contained in this report.

On behalf of the Board

**David Williams**

Chairman

24 August 2016

# Strategic report

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for the year ended 31 March 2016

## Principal activity

Aurum Mining Plc is a mining Company with a portfolio of gold and tungsten exploration projects in North-West Spain. The gold projects are held through a joint arrangement with Ormonde.

The Company currently retains a 20% carried interest in the Morille tungsten project.

## Business review and future developments

A detailed review of activities for the year and future prospects of the Company are included in the Review of Activities Report on pages 3 and 4.

## Principal risks and uncertainties

The Company's activities are carried out in Spain and the United Kingdom. Accordingly, the principal risks and uncertainties are considered as follows:

### Exploration risk

Exploration activities are high risk undertakings and there can be no guarantee that exploration will result in the discovery of an economically viable ore body. Exploration activities may be delayed or adversely affected by factors outside the Company's control. In particular, climatic conditions, performance of joint arrangement partners or suppliers, unknown geological conditions, actions of host governments or other regulatory authorities relating to the grant, maintenance or renewal of any required authorizations, environmental regulations or changes in law.

### Financing risk

The Board is currently looking at a number of options to secure a long-term sustainable future for the Company. The Board is cognisant of difficult market conditions facing AIM quoted junior exploration companies but is confident of securing a transformational transaction that will secure the Company both operationally and financially.

## Key performance indicators (KPIs)

**Costs:** The Board and management monitor actual against budgeted costs on a monthly basis.

**Finance:** Control of bank and cash balances is a priority for the Company and these are budgeted and monitored closely to ensure that the Company maintains adequate liquidity to meet financial commitments as they arise.

On behalf of the Board

**David Williams**

Chairman

24 August 2016

# Report of the Directors

for the year ended 31 March 2016

The Directors present their annual report together with the audited financial statements for the year ended 31 March 2016.

## Dividends

The Directors do not recommend payment of a dividend for the year (2015: £nil).

## Strategic report

A review of the business and future developments of the Company are included within the Strategic Report and the Review of Activities Report on pages 3 to 5.

## Directors

The Directors of the Company who held office during the year and their beneficial interests, at the beginning and end of the year and at the date of signing the financial statements are as follows:

### Name of Director

David Williams	Appointed as Chairman on 20 April 2015
S Finlay	Resigned as Chairman and appointed as Non-Executive Director on 20 April 2015
H Kanabar	Remains as Non-Executive Director
M Jones	Resigned as Non-Executive Director on 15 April 2015

## Directors' indemnities

Aurum Mining Plc maintained liability insurance for its Directors and officers during the period and also as at the date of the report of the Directors.

## Directors' interests

	Number of shares held at 31 March 2016	Number of shares held at 31 March 2015
D Williams	51,083,994	50,083,994
S Finlay	666,055	666,055
H Kanabar	841,668	841,668
M Jones- resigned 15 April 2015	N/A	2,746,946

David Williams who was appointed to the Board on 20 April 2015, held 50,083,994 shares at that date. David Williams purchased an additional 1,000,000 shares on 11 February 2016 at an average of 0.76 pence per share taking his total holding to 51,083,994 ordinary shares representing a beneficial interest of 29.30% of the current issued share capital of the Company.

The Directors' who held office during the year and their interests in the share options of the Company as at 31 March 2016 and 1 April 2015 are as follows:

	Number of options at 1 April 2015	Number of options granted during the year	Number of options exercised during the year	Number of options at 31 March 2016	Exercise Price	Date of grant	First date of exercise	Final date of exercise
S Finlay	650,000	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
H Kanabar	650,000	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
M Jones – resigned 15 April 2015	650,000	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16

Since 26 April 2016, all outstanding options held by the above Directors have lapsed as they were not exercised by the final date.

The remuneration of Directors during the year is disclosed in Note 5.

# Report of the Directors

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continued

## **Going concern**

Following a review of the Company's operations, its current financial position and cash flow forecasts, the Directors have formed a view that the Company will have sufficient financial resources available to it to continue in operational existence and meet its financial commitments as they arise in the next twelve months. The Directors have formed this view based on the amount of available cash within the Company, the Company's historical track record of raising funds from the AIM market, the recent additional post reporting date funding through the issue of further convertible loan notes and the assets and investments that the Company holds which could be made available for potential sale, should the need arise.

Based on the above the Directors have concluded that the Company can continue as a going concern for a period of at least twelve months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

At the date of approval of these financial statements there are no legally binding agreements in place relating to either fundraising or to the sale of any of the Company's assets or investments.

Further disclosure is provided in Note 1 of the financial statements.

## **Events after the reporting date**

Details of this are included in the notes to the financial statements per Note 18: Events after the reporting period.

## **Financial instruments**

Details of the use of financial instruments by the Company are contained in Note 15 of the financial statements.

The financial risk management policies and objectives are set out in detail in Note 15 of the financial statements.

## **Statement as to disclosure of information to auditors**

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all steps that he ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## **Auditor**

BDO LLP has expressed its willingness to continue in office as auditors and a resolution to re-appoint BDO will be proposed at the forthcoming Annual General Meeting.

## **Annual General Meeting**

The Company proposes to convene the Annual General Meeting for 12.00 noon on 29 September 2016 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. Notice of the Annual General Meeting is attached at the end of this document.

On behalf of the Board

**David Williams**

Chairman

24 August 2016



# Corporate governance statement

for the year ended 31 March 2016

The Company, being listed on the AIM, is not required to comply with the UK Corporate Governance Code (“the Code”) as amended in October 2014. However, the Company has given consideration to the provisions set out in the Code. The Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Company’s size and circumstances but do not consider it necessary to comply with the Code in its entirety. Details of these are set out below. A statement of the Directors’ responsibilities in respect of the financial statements is set out on page 9. Below is a brief description of the role of the Board and its committees, including a statement regarding the Company’s system of internal financial control.

## **The Board of Directors**

The Board currently comprises a Chairman and two Non-Executive Directors.

The Board meets approximately every one to two months and is responsible, inter alia, for setting and monitoring Company strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

## **Internal Financial Control**

The Board is responsible for establishing and maintaining the Company’s system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Company and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Company’s operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Company.

## **The Audit Committee**

An Audit Committee has been established which comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. The Committee also reviews the Company’s annual and interim financial statements before submission to the Board for approval. The role of the Audit Committee is also to consider the appointment of the auditors, audit fees, scope of audit work and any resultant findings.

## **The Remuneration Committee**

The Remuneration Committee comprises two Non-Executive Directors – Haresh Kanabar (who chairs the Committee) and Sean Finlay. It is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Company. The remuneration of the Chairman and the Non-Executive Directors is determined by the Board as a whole, based on a review of the current practices in other companies.

## **The Nomination Committee**

The Nomination Committee comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for reviewing the size, structure and composition of the Board of Directors, succession planning and identifying and monitoring candidates for all Board vacancies.

# Statement of Directors' responsibilities

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for the year ended 31 March 2016

The Directors are responsible for preparing the Strategic Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 Company and of the profit or loss for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## Website publication

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

# Report of the independent auditors

## To the members of Aurum Mining Plc

We have audited the financial statements of Aurum Mining Plc for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

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

### Respective responsibilities of directors and auditors

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. As set out in Note 1 the Directors have reviewed the financial position of the Company. The Directors' conclusion on the Company's ability to continue as a going concern is reliant on the Company raising further funds through the issue of equity, further convertible loan notes or the potential sale of assets or investments held by the Company. As there are no legally binding agreements in place relating to either of these at the date of approval of these financial statements this indicates the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

# Report of the independent auditors

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## To the members of Aurum Mining Plc

continued

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

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

### Matters on which we are required to report by exception

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

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

**Anne Sayers** (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

24 August 2016

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

# Statement of comprehensive income

for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Impairment charge	9	(64)	(27)
Administrative expenses		(179)	(290)
<b>Operating loss</b>	3	(243)	(317)
<b>Loss for the year before taxation</b>		(243)	(317)
Taxation	6	–	–
<b>Loss for the year after taxation</b>		(243)	(317)
<b>Loss after taxation</b>		(243)	(317)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Change in fair value of available-for-sale financial assets	9	27	–
<b>Total comprehensive loss for the year</b>		(216)	(317)
<b>Loss per share expressed in pence per share</b>			
Basic and Diluted	7	(0.14p)	(0.22p)

The notes on pages 16 to 34 form part of these financial statements.

# Statement of financial position

as at 31 March 2016

	Notes	2016 £'000	2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8	926	899
Investments	9	42	79
<b>Total non-current assets</b>		968	978
<b>Current assets</b>			
Receivables	10	11	13
Cash and cash equivalents	15	45	106
<b>Total current assets</b>		56	119
<b>Total assets</b>		1,024	1,097
<b>Liabilities</b>			
<b>Current liabilities</b>			
Convertible Loan	11	50	–
Trade and other payables	12	67	89
<b>Total current liabilities</b>		117	89
<b>Total liabilities</b>		117	89
<b>Net assets</b>		907	1,008
<b>Capital and reserves attributable to the equity holders of the company</b>			
Share capital	13	1,719	1,461
Shares to be issued	13	–	140
Share premium		11,593	11,596
Available for sale reserve	9	27	–
Retained deficit		(12,432)	(12,189)
<b>Total equity</b>		907	1,008

The financial statements were approved by the Board of Directors and authorised for issue on 24 August 2016. They were signed on its behalf by:

**David Williams**  
Chairman

Company number: 05059457

The notes on pages 16 to 34 form part of these financial statements.

# Statement of changes in equity

for the year ended 31 March 2016

	Share capital £'000	Shares to be issued £'000	Available for sale reserve £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
<b>At 1 April 2014</b>	1,413	–	–	11,585	(11,872)	1,126
Total comprehensive expense for the year	–	–	–	–	(317)	(317)
Issue of shares net of issue costs (Note 13)	48	–	–	11	–	59
Shares to be issued (Note 13)	–	140	–	–	–	140
<b>At 31 March 2015</b>	1,461	140	–	11,596	(12,189)	1,008
Total loss for the year	–	–	–	–	(243)	(243)
<b>Other comprehensive income</b>						
Fair value adjustment on available for sale investment	–	–	27	–	–	27
<b>Total comprehensive loss for the year</b>	–	–	27	–	(243)	(216)
Issue of shares net of issue costs (Note 13)	118	–	–	(3)	–	115
Shares to be issued (Note 13)	140	(140)	–	–	–	–
<b>At 31 March 2016</b>	1,719	–	27	11,593	(12,432)	907

The following describes the nature and purpose of each reserve within owners' equity.

Reserve	Description and purpose
Share capital	Amounts subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value.
Shares to be issued	Shares for which consideration has been received, but which are not issued yet.
Available for sale reserve	Unrealised gains or losses on fair value re-measurement on available for sale investments.
Retained deficit	Cumulative net gains and losses recognised in the income statement less distributions made.

The notes on pages 16 to 34 form part of these financial statements.

# Statement of cash flows

for the year ended 31 March 2016

	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>		
Loss for the year before tax	(243)	(317)
Adjustments for:		
Impairment charge	64	27
<b>Cash flow from operating activities before changes in working capital</b>	(179)	(290)
Decrease in other receivables	2	7
Decrease in trade and other payables	(22)	(24)
<b>Net cash flow used in operating activities</b>	(199)	(307)
<b>Investing activities</b>		
Ormonde joint arrangement payments	(27)	–
<b>Net cash flow used in investing activities</b>	(27)	–
<b>Financing activities</b>		
Proceeds from issue of share capital	118	60
Expenses paid in connection with share issues	(3)	(1)
Proceeds from convertible loan	50	–
Cash received in respect of shares to be issued	–	140
<b>Net cash flow from financing activities</b>	165	199
<b>Net decrease in cash and cash equivalents</b>	(61)	(108)
<b>Cash and cash equivalents at the beginning of the year</b>	106	214
<b>Cash and cash equivalents at the end of the year</b>	45	106

The notes on pages 16 to 34 form part of these financial statements.



# Notes to the financial statements

for the year ended 31 March 2016

## 1 Accounting policies

The Company is a public limited Company incorporated and domiciled in the United Kingdom. The address of its registered office is 22 Great James Street, London, WC1N 3ES. 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 years presented, unless otherwise stated.

### Basis of preparation

These financial statements for the year ended 31 March 2016 have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

### Functional and presentational currency

The financial statements are presented in Great Britain Pounds Sterling, and all values are rounded to the nearest thousand Pounds (£'000) except when otherwise indicated.

### Basis of accounting and adoption of new and revised standards

No new standards were issued for mandatory adoption by the Company for its financial year beginning 1 April 2015.

No other IFRS issued and adopted but not yet effective are expected to have an impact on the Company's financial statements

Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date
IAS 19	Defined Benefit Plans: Employee Contributions: Amendments to IAS 19	1 Feb 2015
IFRSs	Annual Improvements to IFRSs (2010 – 2012 Cycle)	1 Feb 2015
IFRSs	Annual Improvements to IFRSs (2011 – 2013 Cycle)	1 Jan 2015
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations: Amendments to IFRS 11	1 Jan 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41	1 Jan 2016
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 Jan 2016
IFRSs	Annual Improvements to IFRSs (2012–2014 Cycle)	1 Jan 2016
IAS 1	Disclosure Initiative: Amendments to IAS 1	1 Jan 2016
IFRS 10*, IFRS 12* and IAS 28*	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 Jan 2016
IAS 12*	Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)	1 Jan 2017
IAS 7*	Disclosure Initiative: Amendments to IAS 7	1 Jan 2017
IFRS 15	Clarifications to IFRS 15 revenue from Contracts with Customers	1 Jan 2018

\*not yet been endorsed by the European Union at the date that these financial statements were approved and authorised for issue by the Board.

The Company is evaluating the impact of the above pronouncements but they are not expected to have a material impact on the Company's income or equity.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Going concern

Following a review of the Company's operations, its current financial position and cash flow forecasts, the Directors have formed a view that the Company will have sufficient financial resources available to it to continue in operational existence and meet its financial commitments as they arise in the next twelve months. The Directors have formed this view based on the amount of available cash within the Company, the Company's historical track record of raising funds from the AIM market, the recent additional post reporting date funding through the issue of further convertible loan notes and the assets and investments that the Company holds which could be made available for potential sale, should the need arise.

Based on the above the Directors have concluded that the Company can continue as a going concern for a period of at least twelve months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

The base case forecasts prepared by the Directors reflect the requirement for the Company to continue to contribute to the joint arrangement with Ormonde in order to retain the Company's interest in the gold assets, to raise further funds over the next twelve months and to dispose of both of the key assets of the Company. Following the year end £125,000 of funds have been raised through the issue of further convertible loan notes and equity instruments however, further funding is still required to allow the Company to continue in operational existence for at least 12 months from the date of these financial statements. Given that at the date of approval of these financial statement there are no legally binding agreements in place relating to either fundraising or to the sale of any of the Company's assets or investments, there can be no certainty relating to the Directors proposed courses of action to ensure the Company is sufficiently funded for the next twelve months, despite the Company's track record of raising funds or completing asset transactions. This position indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern, which would principally relate to the impairment of intangible assets and investments.

### Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

### Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the term of the lease.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Impairment of non-financial assets

The Company's non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment loss is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit and loss, except to the extent they reverse gains previously recognised in other comprehensive income.

### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

### Financial assets

The Company's financial assets fall into two categories, loans and receivables and available for sale financial assets which are discussed below. The Company does not have any held to maturity or fair value through profit and loss financial assets.

#### (a) Loans and receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### (b) Available for sale financial assets

These comprise of the Company's investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. After initial measurement, available for sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive income in the available for sale reserve (equity).

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be readily measured, which are measured at cost.

Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit and loss.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with less than three months' original maturity that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's financial liabilities fall into one category, financial liabilities held at amortised cost, which is discussed below.

### Financial liabilities held at amortised cost

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. The Company's financial liabilities are trade payables, other short term liabilities and convertible loans/debt.

### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

### Finance income and expense

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, calculated in accordance with the effective interest rate method.

Finance costs comprise interest expense on borrowings, the accumulation of interest on provisions and foreign exchange losses.

### Income taxes

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax based in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future tax profit will be available in the foreseeable future against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

### National Insurance on share options

To the extent that the share price as at the reporting date is greater than the exercise price of outstanding options, provision for any National Insurance contributions has been made based on the prevailing rate. The provision is accrued over the performance period attaching to the award.

### Pension contribution

The Company does not enter into any pension scheme arrangements. The Company does make payments in lieu of pensions for certain individuals; these costs are expensed as incurred.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Share-based payments

In order to calculate the charge for share-based payments as required by IFRS2, the Company makes estimates principally relating to assumptions used in its option-pricing model as set out in Note 14.

The cost of equity-settled transactions with suppliers of goods and services is measured by reference to the fair value of the good or service received, unless that fair value cannot be estimated reliably. The fair value of the good or service received is recognised as an expense as the Company receives the good or service. The cost of equity-settled transactions with employees, and transactions with suppliers where fair value cannot be estimated reliably, is measured by reference to the fair value of the equity instrument. The fair value of equity-settled transactions with employees is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions. The fair value is determined using an option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in the income statement, with a corresponding entry in equity.

### Joint arrangements

The Company is party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Company and at least one other party.

The Company classifies its interests in joint arrangements as either:

- **Joint ventures:** where the Company has rights only to the net assets of the joint arrangement
- **Joint operations:** where the Company has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Company considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances.

The Company only had joint operations during the year, and at year end. The Company accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Pre-production assets

Pre-production assets are categorized as intangible assets on the statement of financial position. Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development drilling, and an appropriate share of overheads are capitalised in the relevant cash-generating unit. These costs which relate to the exploration, appraisal and development of mining interests are initially held as intangible non-current assets pending determination of commercial viability. On commencement of production these costs are transferred to production assets.

### Convertible loan notes

Convertible notes are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Where the convertible fails the fixed-for-fixed criteria of IAS 32 the conversion feature is valued first with the balance being treated as the liability component which is recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Transaction costs are apportioned between the liability and equity components of the convertible notes, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

## 2 Accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial information and the reported amounts of expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates. The key accounting estimates and judgments are set out below:

### (a) Carrying value of mineral properties and pre-production assets

The Company assesses at each reporting period whether there is any indication that there may be facts or circumstances relating to these assets which may be impaired. If such indication exists, the Company estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from management's decision to terminate the project. The recoverable amount is assessed by reference to the higher of 'value in use' where a project is still expected to be developed into production and 'fair value less cost to sell'. No impairment has been booked in either this year, or the prior year. See Note 8 for further discussion.

# Notes to the financial statements

continued

## 2 Accounting estimates and judgements (continued)

### (b) Carrying value of investments

The Company regularly reviews its investments for impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of any market decline and the financial position of and specific prospects for the issuer. See Note 9 for further discussion.

### (c) Exploration and evaluation expenditure

The Company has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as an exploration and evaluation asset, or expensed. The Company has a policy of capitalising all applicable exploration and evaluation costs. Management therefore exercises judgement based on the nature, type and purpose of the exposure incurred. The total value of such costs capitalised as at each of the reporting dates is set out in Note 9.

### (d) Share-based payments

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in Note 14.

### (e) Going concern

In assessing whether the Company is a going concern and confirming the basis of preparation for the year a number of judgements have been made. The details of these judgments are set out in Note 1.

### (f) Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. The Company measures its available for sale financial assets at fair value. See Note 15 for further information.

# Notes to the financial statements

continued

## 3 Operating loss

Operating loss is stated after charging:

	2016 £'000	2015 £'000
Operating lease expense	–	13
External auditors' remuneration		
– Audit fee for the annual audit of the Company and financial statements	20	24
– Other taxation compliance services	3	3

The Company has a policy in place for the award of non-audit work to the auditors, which requires the approval of the Audit Committee.

## 4 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	58	133
Social security costs	(1)	12
Pension costs	2	6
	59	151

Staffs costs comprise both Directors' and staff salaries, fees and benefits and share based payments and are shown gross.

The share-based payment charge for the year was £nil (2015: £nil).

The weighted average monthly number of employees, including Directors, employed by the Company during the year was:

	2016	2015
Administration	4	4
Total	4	4



# Notes to the financial statements

continued

5 Directors' emoluments	2016 £'000	2015 £'000
Directors' emoluments	33	133
Social security costs	–	12
Pension costs	–	6
<b>Total Directors' emoluments</b>	<b>33</b>	<b>151</b>

The remuneration of Directors during the year was as follows:

	Directors' emoluments 2016 £	Pension costs 2016 £	Total 2016 £	Total 2015 £
<b>Executive Directors</b>				
D Williams	–	–	–	–
C Eadie (resigned)	–	–	–	91,473
<b>Non-Executive Directors</b>				
M Jones (resigned)	625	–	625	15,000
S Finlay	17,496	–	17,496	17,496
H Kanabar	15,000	–	15,000	15,000
<b>Total 2016</b>	<b>33,121</b>	<b>–</b>	<b>33,121</b>	<b>–</b>
<b>Total 2015</b>	<b>132,587</b>	<b>6,382</b>	<b>–</b>	<b>138,969</b>

No share options were granted to the Directors during the year (2015: nil) and no share options were exercised during the year (2015: nil). For further information, refer to the Directors' report or Note 14.

The highest paid Director received emoluments (excluding share based payments) totalling £17,496 (2015: £91,473).

Chris Eadie resigned from the board effective 20 March 2015 but continues to assist the Company as a consultant on a part-time basis (Total salary 2016: £26,868). No other employment benefit payments were made to Chris Eadie for the year ended 31 March 2016. In order to keep operating costs to a minimum, David Williams has agreed not to take a salary until a transformational deal is completed.

M Jones was paid via J Cubed Ventures Ltd, a private service company.

S Finlay is paid via Mostop Ltd, a private service company.

H Kanabar is paid via Poonam & Roshni Ltd, a private service company.

Directors' interests and share options are disclosed in the Directors' Report.

In 2016 and 2015 key management personnel is considered to comprise of the Directors and Chris Eadie as consultant.

# Notes to the financial statements

continued

## 6 Taxation

No current or deferred tax charge has arisen in the current year.

The Company has incurred tax losses for the year and a corporation tax charge is not anticipated. At 31 March 2016, the Company had tax losses of £7.2m (2015: £7.1m) carried forward which can be used against future profits. However, these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognized in relation to these losses.

The total of potential deferred tax assets relating to tax losses which have not been recognised for in the financial statements amount to £1.3m (2015: £1.4m).

### Current taxation

The tax assessed for the year is different from the standard rate of Corporation tax in the UK. The differences are explained below:

	2016 £'000	2015 £'000
Loss before taxation	(243)	(317)
Loss at the standard rate of Corporation tax in the UK of 20% (2015: 21%)	(48)	(67)
Effects of:		
Expenses not deductible for tax purposes	12	6
Deferred tax asset not recognised	36	61
Current tax charge	–	–

The Company did not recognise any deferred tax assets or liabilities at 31 March 2016 or 2015.

The Directors believe that there have been no breaches of foreign tax regulations and that all necessary provisions have been made in these accounts.

## 7 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of all the dilutive potential ordinary shares. The potential dilutive shares are anti-dilutive in 2015 and 2016 as the Company is loss making.

At the reporting date there were 3,950,000 (2015: 3,950,000) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

<b>Net loss attributable to equity holders of the parent:</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
From total operations	(243)	(317)
<b>Weighted average number of shares:</b>	<b>2016 Number</b>	<b>2015 Number</b>
Weighted average number of shares	170,580,011	145,296,862

# Notes to the financial statements

continued

## 8 Intangible assets

	Gold exploration £'000
<b>Cost</b>	
At 1 April 2015	899
Additions	27
At 31 March 2016	926
<b>Net book value</b>	
At 31 March 2016	926
At 31 March 2015	899
At 31 March 2014	899

On 14 March 2011 the Company entered into a joint arrangement with Ormonde Mining plc and since entering into the joint arrangement Aurum has a 56.5% (2015: 57.8%) interest in two permit areas in the Zamora province (Pino) and a 51.4% (2015: 52.5%) interest in the two permit areas in the Salamanca province (Cabeza and Peralonso). The Company has assessed that it holds joint control over the licences, due to the fact that the key strategic decisions are made by the unanimous consent of both parties. The joint arrangement was not structured through a separate entity, and is therefore classified as a joint operation.

Under the terms of the joint operation, funding of the projects is now carried out on a pro-rata basis by Aurum and Ormonde in line with each party's interest in the various projects.

Given the challenging market conditions and after taking into account the available cash resources of the Company the Board is not currently funding on a pro-rata basis to the gold projects. This has resulted in a dilution of Aurum's interest in these projects, which is expected to be further diluted over time due to cash constraints. However, given the current low levels of activity by the joint operation this dilution is not expected to result in a significant change in the interest currently held. The Board will keep this situation under constant review and is looking at other ways of funding the joint operation including strategic partnerships and corporate alliances.

The decision taken to not commit to future funding of the gold assets is an indicator of impairment under IFRS 6. As a result, the Directors have reviewed the carrying value of the exploration assets and consider them to be fairly stated and not impaired at 31 March 2016. Impairment has been assessed through analysis of publically available technical reports, and sensitized market data, including gold prices, which indicate a recoverable amount greater than cost. This analysis included evaluating the potential decline in fair value as a result of reasonable falls in the worldwide gold price. Due to the early stage of the project, there is naturally uncertainty over the recoverable amount, however the Directors consider that the pre-production asset is fairly stated at cost, and should not be impaired. The recoverability of the intangible assets is dependent upon future realisation through production or disposal of the gold resources.

# Notes to the financial statements

continued

## 9 Investments

	Investment in Morille Mining £'000	Investment in Plymouth Minerals Ltd £'000	Total £'000
<b>Cost</b>			
As at 1 April 2014	64	–	64
Additions	–	42	42
Impairment	–	(27)	(27)
At 31 March 2015	64	15	79
Impairment	(64)	–	(64)
Fair value gain	–	27	27
At 31 March 2016	–	42	42
<b>Net book value</b>			
At 31 March 2016	–	42	42
At 31 March 2015	64	15	79

### Morille Mining

Following the disposal of an 80% stake in the Morille tungsten project to Plymouth in 2014, the Company retained a 20% interest in the project through Aurum's 20% shareholding in Morille Mining SLU.

Given that the Company is unable to exert any operational influence over the Morille tungsten project, the Directors have determined to account for the Company's residual interest in the Morille project as an Investment rather than as an Associate. The Directors consider that accounting for the asset as an investment rather than an Associate is appropriate given the substance of the transaction and the difference between the definitions of an associate and an investment under IFRS.

The investment is held at cost, as it is an investment in an equity instrument that does not have a quoted market price in an active market and the fair value of which cannot be readily measured.

Impairment has been assessed through analysis of publically-available technical information regarding the main licence area being explored by Morille. In addition, calculations of the implied market value based on the market capitalisation of Plymouth have been made. Following Plymouth's decision to place the Morille tungsten project in Spain into hibernation due to very low tungsten prices and from an assessment of these and other factors, the Directors have determined that the investment is fully impaired.

### Plymouth Minerals Limited

On 4 November 2014 the Company received 715,000 ordinary shares in Plymouth Minerals Limited (ASX:PLH) listed on the Australian Securities Exchange as the deferred payment of €50,000 (£42,000) worth of shares under the Morille project share purchase agreement, as final consideration for the acquisition of the project. The share price on 31 March 2016 was AUS \$0.10 (31 March 2015: AUS \$0.04) resulting in a fair value gain of £27,000 (2015: loss of £27,000).

# Notes to the financial statements

continued

10 Receivables	2016 £'000	2015 £'000
VAT recoverable	4	7
Prepayments	7	6
	11	13

The fair value of receivables approximates their carrying value and none are overdue.

11 Convertible loan	2016 £'000	2015 £'000
Loan	50	–

The Company received a loan of £50,000 from David Williams, Chairman of Aurum. The loan is considered a financial liability measured at amortised cost. The loan is unsecured, accrues no interest and has no fixed repayment date. Additionally, the loan may be converted into ordinary shares of the Company at the price at which equity in the Company is next issued.

Mr Williams' participation in the convertible loan agreement constituted a related party transaction in accordance with AIM Rule 13. The Independent Directors, having consulted with the Company's nominated adviser WH Ireland Limited, considered the terms of the transaction with David Williams to be fair and reasonable insofar as its Shareholders are concerned.

The fair value of the loan is not materially different from the carrying value.

12 Trade and other payables	2016 £'000	2015 £'000
<b>Current</b>		
Trade payables	31	47
Other taxation and social security	1	2
Accruals	35	40
	67	89

The fair value of trade and other payables is not materially different from the carrying value.

# Notes to the financial statements

continued

## 13 Share capital

	2016 £'000		2015 £'000	
<b>Authorised</b>				
200,000,000 Ordinary shares of £0.01	2,000		2,000	
	2016 £0.01 ordinary shares Number		2015 £0.01 ordinary shares Number	
	£'000		£'000	
<b>Allotted, issued and fully paid ordinary shares</b>				
At beginning of year	146,091,930	1,461	141,291,930	1,413
Issue of shares	25,758,356	258	4,800,000	48
At end of year	171,850,286	1,719	146,091,930	1,461

### Share capital

The following issues of shares were undertaken in the year ended 31 March 2016:

On 15 April 2015, 25,758,356 new ordinary shares of 1p were issued by way of placing to new and existing Shareholders at a price of 1p per ordinary share for a total cash consideration of £257,584.

David Williams, a long term Shareholder in the Company acquired 14,000,000 new Ordinary shares taking his total holding to 50,083,994 ordinary shares which now represents 28.73% of the current issued share capital of the Company. The Company received the payment of £140,000 in respect of the placing in advance before the year end 31 March 2015 and before the shares were issued. The Directors decided to account for this amount as equity, and consequently created a reserve in equity, 'shares to be issued', to record this amount. This amount was transferred to share capital following the above placing.

David's participation in the placing constitutes a related party transaction in accordance with AIM Rule 13. The Directors, having consulted with the Company's nominated adviser WH Ireland Limited, consider the terms of the transaction with David Williams to be fair and reasonable insofar as its Shareholders are concerned.

The following issues of shares were undertaken in the year ended 31 March 2015:

On 28 August 2014, 4,800,000 new ordinary shares of 1p were issued at 1.25p by way of placing, a premium of 0.25p for a total cash consideration of £60,000.

Of these shares issued, 4,000,000 ordinary shares of 1p each were allotted to Mr David Williams (through an intermediary company D. W. Pension Fund Ltd.). Mr Williams is a long term Shareholder, and this issue took his total shareholding to 36,083,994 ordinary shares representing 24.7% of the enlarged share capital. His participation in the placing constituted a related party transaction in accordance with AIM Rule 13. The Independent Directors, having consulted with the Company's nominated adviser WH Ireland Limited, considered the terms of the transaction with D. W. Pension Fund Ltd. to be fair and reasonable insofar as its Shareholders are concerned.

# Notes to the financial statements

continued

## 14 Share Options

The following options over ordinary shares remained outstanding at 31 March 2016:

	Options at 1 April 2015	Options issued during the year	Options exercised during the year	Options lapsed during the year	Options at 31 March 2016	Exercise price	Date of grant	First date of exercise	Final date of exercise
<b>Options – Directors:</b>									
M Jones	650,000	–	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
S Finlay	650,000	–	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
H Kanabar	650,000	–	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
<b>Options – Employees and consultants:</b>									
C Eadie	2,000,000	–	–	–	2,000,000	3.5p	27/04/11	27/04/11	26/04/16
<b>Total</b>	<b>3,950,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,950,000</b>				

The following options over ordinary shares remained outstanding at 31 March 2015:

	Options at 1 April 2014	Options issued during the year	Options exercised during the year	Options lapsed during the year	Options at 31 March 2015	Exercise price	Date of grant	First date of exercise	Final date of exercise
<b>Options – Directors:</b>									
M Jones	650,000	–	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
S Finlay	650,000	–	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
H Kanabar	650,000	–	–	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
<b>Options – Employees and consultants:</b>									
S Beardsmore	500,000	–	–	500,000	–	3.0p	07/12/12	07/12/12	06/12/17
C Eadie	2,000,000	–	–	–	2,000,000	3.5p	27/04/11	27/04/11	26/04/16
<b>Total</b>	<b>4,450,000</b>	<b>–</b>	<b>–</b>	<b>500,000</b>	<b>3,950,000</b>				

S Beardsmore ceased to be an employee of the company on 30 September 2013 and his share options lapsed six months after cessation.

The following illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2016 Number	2016 WAEP Pence	2015 Number	2015 WAEP Pence
Outstanding at beginning of year	3,950,000	3.5	4,450,000	3.4
Issued	–	–	–	–
Exercised	–	–	–	–
Lapsed during the year	–	–	500,000	3.0
Outstanding at 31 March	3,950,000	3.5	3,950,000	3.5
Exercisable at 31 March	3,950,000	3.5	3,950,000	3.5

The expense recognised for share-based payments in respect of Employees, Directors and consultant services received during the year ended 31 March 2016 was £nil (2015: £nil).

# Notes to the financial statements

continued

## 15 Financial instruments

The Company uses financial instruments, other than derivatives, comprising cash at bank and various items such as trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

Categories of financial assets and financial liabilities:

	2016 £'000	2015 £'000
<b>Available-for-sale financial assets</b>		
Investment in Morille	–	64
Investment in Plymouth Ltd	42	15
<b>Loans and receivables</b>		
Cash and cash equivalents	45	106
<b>Total financial assets</b>	<b>87</b>	<b>185</b>
<b>Financial liabilities at amortised cost</b>		
Convertible loan	50	–
Trade and other payables	67	89
<b>Total financial liabilities</b>	<b>117</b>	<b>89</b>

### General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's Finance function. The Board receives monthly reports from the Consultant (Chris Eadie) through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, market price risk, currency risk, and interest rate risk. Further details regarding these policies are set out below:

### Liquidity risk

The Company mainly finances its operations through the issue of equity share capital and is also financed through a convertible loan which was issued during the year. The Company seeks to manage financial risk, to ensure sufficient liquidity to meet foreseeable requirements and to invest cash profitably at low risk.

The Company holds investments in bank deposits as a liquid resource to fund the projects of the Company. The Company also holds shares in Plymouth Minerals Ltd (see Note 9), which are quoted on the Australian Stock Exchange and considered to be readily realised into cash. The Company's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Company's expenditure. Liquidity risk is further managed by tight controls over expenditure.



# Notes to the financial statements

continued

## 15 Financial instruments (continued)

### Market price risk

The Company holds some strategic equity investments in other companies where those complement the Company's operations (see Note 9). The Directors believe that the exposure to market price risk from this activity is acceptable in the Company's circumstances. The effect of a 10% increase in the value of the listed equity instruments measured at fair value (i.e. the shares in Plymouth Minerals Ltd) would have increased net assets, by £4,200. A 10% decrease in their value would have decreased net assets by the same amount.

Maturity analysis of financial liabilities:

	2016 £'000	2015 £'000
Less than 3 months	67	89
Less than 12 months	50	–
	117	89

### Credit risk

The Company's credit risk is primarily attributable to the cash held on deposit at financial institutions. It is the Company's policy to only use recognised financial institutions for these deposits. The Company does not have any trade receivables. Please also refer to going concern disclosures in the Report of the Directors on pages 6 and 7.

### Currency risk

The Company does not hedge its exposure of foreign investments held in foreign currencies. The Company is exposed to translation and transaction foreign exchange risk and takes profits or losses on these as they arise. The Company is continually reviewing its strategy towards currency risk.

### Currency of net monetary asset

The net monetary assets of the Company are denominated as follows:

	2016 £'000	2015 £'000
<b>UK Pounds:</b>		
Cash and cash equivalents	45	106
Trade and other payables	(66)	(87)
Other taxation and social security	(1)	(2)
	(22)	17

### Interest rate risk

The Company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate.

The Company has financed its operations through the issue of equity share capital and a convertible loan.

The Company earned interest on its cash assets at rates between 0% and 0.50% (2015: 0% and 0.50%).

A movement of 0.5% in the interest rates is anticipated to result in a negligible movement on the net cash balance for the current and prior period.

# Notes to the financial statements

continued

## 15 Financial instruments (continued)

<b>Cash and cash equivalents</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Floating interest rate	45	106

### Capital disclosures

As described in note 13 and in the statement of changes in equity, the Company considers its capital to comprise its ordinary share capital, share premium, available for sale reserve and accumulated retained deficit as its capital reserves. In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity Shareholders through capital growth. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable it to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims through new share issues and convertible loan notes, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Company's capital management objectives, policies and processes in the year nor has there been any change in what the Company considers to be its capital.

### Fair value disclosures

The fair values of the Company's financial instruments are considered not materially different from the book value. The investment in Morille is however impaired, as disclosed in Note 9. The investment in Morille represents an equity instrument that does not have a quoted price in an active market. Fair value information has not been disclosed in the accounts, as the fair value cannot be reliably measured.

The company's only financial assets and liabilities held at fair value is the available for sale financial asset for the Plymouth shares, this is classified as level 1 financial instrument, by virtue of its shares being publicly listed. The company has no level 2 and 3 financial instruments. There have been no transfers during the year. Details of the fair value technique applied can be found in Note 9.

## 16 Financial commitments

The Company does not have any capital or contractual commitments at 31 March 2016 (2015: nil).

# Notes to the financial statements

continued

## 17 Related party transactions

### Mr David Williams

On 15 April 2015, 25,758,356 new ordinary shares of 1p were issued to new and existing Shareholders at a price of 1p per share raising £257,584 before expenses.

David Williams, a long term Shareholder in the Company acquired 14,000,000 new Ordinary shares taking his total holding to 50,083,994 ordinary shares which represents 28.73% of the current issued share capital of the Company. The Company received the payment of £140,000 in respect of the placing in advance before the year end 31 March 2015 and before the shares were issued, as explained further in Note 13. David's participation in the placing constitutes a related party transaction in accordance with AIM Rule 13. The Directors, having consulted with the Company's nominated adviser WH Ireland Limited, consider the terms of the transaction with David Williams to be fair and reasonable insofar as its Shareholders are concerned.

The Company also received a loan for £50,000 from David Williams, Chairman of Aurum. The loan is unsecured, accrues no interest and has no fixed repayment date. Additionally, the loan may be converted into ordinary shares of the company at the price at which equity in the Company is next issued.

In addition, David Williams purchased 1,000,000 shares on 11 February 2016 at an average price of 0.76 pence per share. Following this purchase, David Williams has a beneficial interest of 29.30% of the current issued share capital of the Company.

Other than disclosed in Notes 5 and 13, there were no related party transactions for the Company during the current and prior period.

## 18 Events after the reporting period

Details of significant changes in the state of affairs of the Company or events after the reporting period are included within the Review of Activities Report on pages 3 and 4.

On 17 June 2016 the Company announced that it has raised £100,000 through a convertible loan (the "loan"). The loan is unsecured, accrues no interest and is not repayable. The loan will be converted at the price at which equity is next issued. If so converted, the loan providers are also entitled to a warrant for every share they receive. Each warrant would be exercisable at 2 pence per share.

The loan will be used to provide on-going working capital for the Company.

David Williams, Chairman of Aurum, is providing £50,000 of the convertible loan finance. His participation in the loan constitutes a related party transaction in accordance with AIM Rule 13. The independent Directors, being the Directors other than David Williams, having consulted with the Company's nominated adviser WH Ireland Limited, consider the terms of the loan transaction with David Williams to be fair and reasonable insofar as its shareholders are concerned. Mr Williams has a beneficial interest of 29.30% of the current issued share capital of the Company.

On 21 July 2016, the Company announced that it has completed a subscription of 2,500,000 New Ordinary Shares to a new strategic investor at a price of 1 pence per share to raise £25,000 before expenses which will be used to fund working capital requirements.

In addition, the Company has granted 31,500,000 share options to subscribe for New Ordinary Shares of 1 pence each in the Company to the new investor. The options are exercisable until 19 July 2017 and shall have an exercise price of 1 pence per share. There are no conditions attaching prior to the vesting of the options.

The Company also has received an undertaking from the providers of the convertible loan on 17 June 2016 that this issue of these options will not trigger the conversion of their respective loans.

# Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of Aurum Mining Plc (the “Company”) will be held at 12.00 noon on 29 September 2016 at the offices of the Company’s solicitors, Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU to consider and if thought fit to pass the following resolutions, which in the case of resolutions 1 to 4 will be proposed as ordinary resolutions and in the case of resolutions 5 and 6 will be proposed as special resolutions:

## Ordinary Business

1. To receive and adopt the financial statements of the Company for the year ended 31 March 2016 together with the directors’ report and auditors’ report thereon.
2. To re-elect Sean Finlay, who retires by rotation as a Director under article 89 of the Company’s articles of association and, being eligible, offers himself for re-election as a Director.
3. To re-appoint BDO LLP as auditors to the Company until the conclusion of the next annual general meeting of the Company and to authorise the Directors to fix their remuneration.

## Special Business

4. THAT the Directors be and are hereby generally and unconditionally authorised (in substitution for any existing such authority) for the purposes of section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any securities into shares (“Rights”) up to a maximum aggregate nominal amount of £1,743,502.86, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of the conclusion of the next annual general meeting of the Company or 31 October 2017, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
5. THAT (subject to the passing of Resolution 4 above) in accordance with section 570 and 573 of the Act, the Directors be and they are hereby empowered (in substitution for any existing such powers) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by the Resolution 4 above and/or sell ordinary shares held by the Company as treasury shares (“Treasury Shares”) for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares:
  - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to Treasury Shares, fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
  - (b) otherwise than pursuant to sub-paragraph (a) above, up to a maximum aggregate nominal amount of £1,743,502.86;

and such power shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of the conclusion of the next annual general meeting of the Company or 31 October 2017, save that the Company may, before such expiry allot equity securities or sell Treasury Shares in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

# Notice of Annual General Meeting

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continued

6. THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined by section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 1 pence each in the capital of the Company (“**Ordinary Shares**”) provided that:
- (a) the maximum aggregate number of shares authorised to be purchased is 26,135,108 Ordinary Shares;
  - (b) the minimum price which shall be paid for the Ordinary Shares is 1 pence for each share, and the maximum price (exclusive of expenses) which may be paid for such shares is five per cent. above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
  - (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of the conclusion of the next annual general meeting of the Company or 31 October 2017; and
  - (d) the Company may, before such expiry, make a contract to purchase its own shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such a contract.

By Order of the Board

**Haresh Kanabar**  
Secretary

Registered Office:  
22 Great James Street  
London WC1N 3ES

Dated: 24 August 2016

# Notice of Annual General Meeting

continued

## Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. The proxy need not be a member of the Company but must attend the meeting to represent you.
2. Members may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrars, Neville Registrars on +44 (0) 121 585 1131.
3. A Form of Proxy is enclosed. To be valid, the Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the Company's Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA 48 hours before the time fixed for the meeting (or adjournment thereof) excluding non-working days.
4. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes 'For' and 'Against' a resolution.
7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
8. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 27 September 2016 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in the register of members after 6.00 p.m. on 27 September 2016 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.

# Notice of Annual General Meeting

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continued

10. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted and received by Neville Registrars (Participant ID: 7RA11) 48 hours (save that weekends and any bank holiday within the UK shall not count in the 48 hour period) before the time fixed for the meeting (or adjournment thereof) excluding non-working days. The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action) to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Completion and return of a Form of Proxy will not preclude members from attending or voting in person at the meeting if they so wish.
14. As at 24 August 2016, the total issued share capital of the Company comprises 174,350,286 ordinary shares of 1 pence each (“**Ordinary Shares**”). The Company does not hold any shares as treasury shares. Accordingly, the total number of Ordinary Shares in the Company with voting rights is 174,350,286 and this figure may be used by shareholders as the denominator for calculations to determine if they have a notifiable interest in the Company under the Disclosure Guidance and Transparency Rules, or if such interest has changed.

# Notice of Annual General Meeting

continued

## **Explanatory Notes to the Notice of Annual General Meeting**

The notes below give an explanation of the proposed 'special business' resolutions to be considered at the annual general meeting to be held at 12.00 noon 29 September 2016 at the offices of the Company's solicitors, Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. Resolution 4 is to be proposed as an ordinary resolution; this means that for the resolution to be passed, more than half of the votes cast must be in favour. Resolutions 5 and 6 will be proposed as special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

### **Resolution 4**

The current authority of the Directors to issue shares will expire at the Company's 2016 Annual General Meeting. Resolution 4, which is to be proposed as an ordinary resolution, is to provide the Directors with authority to issue new Ordinary Shares up to an aggregate nominal value of £1,743,502.86 representing 100 per cent. of the current issued share capital of the Company.

This authority will expire on the earlier of the next annual general meeting of the Company or 31 October 2017.

### **Resolution 5**

The current power of the Directors to issue shares for cash on a non pre-emptive basis will expire at the Company's 2016 Annual General Meeting. Resolution 5, which is to be proposed as a special resolution, is to approve a disapplication of statutory pre-emption rights in respect of the issue of new Ordinary Shares or sale of treasury shares for cash limited to allotments or sales in connection with pre-emptive offers (subject to such exclusions as the Directors deem necessary or expedient) or otherwise up to an aggregate nominal value of £1,743,502.86 representing 100 per cent. of the current issued share capital of the Company.

The Directors have no current intention to issue shares pursuant to this power but consider that it is prudent to have this power so as to be able to act at short notice if circumstances change. This power will expire on the earlier of the next annual general meeting of the Company or 31 October 2017.

### **Resolution 6**

This resolution, which is to be proposed as a special resolution, is to authorise the Company to purchase up to 26,135,108 Ordinary Shares in the market, representing approximately 14.99 per cent. of the current issued ordinary share capital of the Company, at a price not less than the nominal value of the Ordinary Shares (being one pence) and not more than 5 per cent. above the average of the middle market quotations of the Company's Ordinary Shares derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made.

The Company may either cancel any shares that it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). This authority will expire on the earlier of the next annual general meeting of the Company or 31 October 2017. The Directors have no present intention of making such purchases, but consider that it is prudent for the Company to have this authority so as to be able to act at short notice if circumstances change.



