Registered number: 05315922

ALECTO MINERALS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

ALECTO MINERALS PLC

CONTENTS

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COMPANY INFORMATION

Directors	Toby Howell (Non-Executive Chairman) Roger Williams (Non-Executive Director) (appointed 9 June 2017) Gerald Chapman (Non-Executive Director) (resigned 11 July 2017) Mark Jones (Chief Executive Officer) Dominic Doherty (Executive Director)
Company Secretary	Heytesbury Corporate LLP
Registered Office	47 Charles Street London W1J 5EL
Company Number	05315922
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Broker	Beaufort Securities Limited 131 Finsbury Pavement London EC2A 1NT
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Solicitors	Ronaldsons LLP 55 Gower Street London WC1E 6HQ

CHAIRMAN'S STATEMENT

Alecto Minerals, the African focused copper production company, provides its final results for the year ended 31 December 2016.

Chairman's Statement

2016 set the scene for a year of transformation for Alecto, however, as shareholders will know, our ambitions for the Company have temporarily been frustrated due to our flagship transaction, the proposed acquisition of a 60% interest in the previously producing Mowana Copper Mine in Botswana ("Mowana"), taking significantly longer than anticipated to complete, leading to our temporary delisting from AIM in recent weeks. Whilst this has caused consternation from shareholders and the Board alike, our determination to become an African-based production company with Mowana at the centrepiece of our investment proposition remains undimmed, and the Alecto team continue to work tirelessly to deliver this opportunity to our investors. Whilst the Company is yet to complete the proposed acquisition we have been working closely with the existing owners that acquired the mine out of liquidation in order to resume production and facilitate the steps required for the Company's proposed acquisition to be completed.

Having identified a new approach to the mine plan at Mowana, we were proud to have supported the existing owners in rapidly initiating production to deliver sales in March 2017. We believe that with cash flow now being generated, Mowana will provide a solid backbone for our future development both in terms of recommissioning the Matala Gold Mine in Zambia and acquiring additional development or production companies. During the remainder of 2017, we will continue to work towards achieving the necessary regulatory and financial support to execute the acquisition of Mowana, and I look forward to sharing our achievements and updates with shareholders as appropriate.

Shining a light on how far we have advanced despite these challenges, at the beginning of the period we had just taken ownership of the Matala and Dunrobin Gold Mines in Zambia and had a collection of gold exploration assets in Mali and Burkino Faso. Following the identification of the significant potential of Mowana to deliver significant value to shareholders, the mine is successfully delivering copper production; have secured joint venture partnerships for our exploration assets with notable parties, including Randgold, and; are nearing completion of a financing plan for our Matala Gold Project, which can be up and running in approximately nine months once financing has been secured. Whilst the challenge of being a small company has played a role in the delay to commence operations at Matala, we are hopeful that the finalisation of the Mowana transaction will provide us with adequate security to relieve this situation and enable us to secure the financing which we are in advanced negotiations regarding.

A sense of pragmatism sits firmly at the heart of our management ethos and it is this which has seen us through the difficulties facing the mining sector over recent years. Our strong partnership with PenMin, a South African based consultancy group, and Digmin, a contract consulting management group, also creates benefits which set us apart from others in the junior mining crowd. Not only have these parties provided us with access to our prospective new assets, but their sound working knowledge of the operations, both in terms of their strengths and in terms of the weaknesses which have previously led to their demise, has enabled us to establish new mine plans for the historic mines currently, or intended to be in our ownership. With project partnerships now in hand for our exploration portfolio, we can focus our resources and attention on these while still retaining exposure to the potential upside available across the exploration land.

Corporate Review

As alluded to above, the Company had intended and endeavored to complete the reverse acquisition of Mowana well within the six month time period for suspension permitted by the AIM Rules. However, the complexity and conditionality of the transaction (a large overseas operating business being acquired out of liquidation, rehabilitated and simultaneously being acquired by a small public company) regrettably resulted in the preparation of the Admission Document and requisite supporting documentation being protracted and exceeding the maximum six month suspension period under AIM Rule 41, ultimately leading to Alecto's shares being cancelled from trading.

It was essential for the Company to support the existing owners in rehabilitating the mine and commence operations at Mowana in Q1 2017 in order to adhere to the commercial terms agreed with the vendors and creditors of Mowana and the proposed third-party providers of financing. In addition, the Directors were cognisant that the Company's requisite capital raising, to be completed as part of the re-Admission process, would be more deliverable and attractive to investors, if the mine was successfully operating. However, providing management and operational support to commence operations in Q1 2017, whilst simultaneously compiling the Admission Document and all supporting documentation, was inevitably challenging and ultimately led to a re-aligning of the timetable across the legal, financial and technical parts of the process. Despite this, the Company produced a verified, substantially final draft of the pathfinder Admission Document within the six month timeframe.

The proposition was well received by potential investors during initial pre-marketing and the transaction and re-Admission process was on track. However, due to the complexity and conditionality inherent to the acquisition, unforeseen complications arose, such that, whilst a short extension was sought and obtained, the Company's admission to trading was cancelled pursuant to the provisions of AIM Rule 41. By seeking to now complete the entire acquisition process off-market / in the private arena before re-Admission and having reached an advanced stage of preparedness, the Board is confident that the Company is well placed to address the outstanding conditions, reduce the transaction complexity and thereby facilitate re-Admission of the enlarged group to AIM in due course.

Accordingly, the Company will endeavour to expeditiously complete the full acquisition process prior to then making a new application for the enlarged group to be admitted to trading on AIM. Currently, the Company's key focus is on raising the capital required to complete the acquisition as a private placing, following which, the draft Admission Document and supporting documentation will be updated as appropriate and the re-Admission process will recommence, which is currently expected to occur in the remainder of H2 2017.

Mowana Copper Mine, Botswana

Mowana is located in north eastern Botswana, some 120km northwest of Francistown, the second largest city. It is an excellent asset, with excellent infrastructure, including a modern, well-maintained plant. Therefore, we are in no doubt that it can produce profitably, particularly given the fact that we will be operating in what is currently a much-improved copper price environment, with favourable pricing forecasts.

With this in mind, we were delighted to enter into an agreement in December 2016 which we are hopeful will result in the acquisition of a 60% interest in the Mowana Copper Mine. The mine was acquired by Leboam Holdings Limited, a subsidiary of Cradle Arc Investments ('Cradle') out of liquidation following seven years of copper production under the ownership of JSE-listed ZCI, which saw the operation burdened with debt and low commodity prices. Importantly our project partners are very familiar with the asset having previously completed a proposal to ZCI to upgrade the plant in order to significantly reduce costs, improve recoveries and facilitate profitable production even at depressed commodity prices. The new plan they formulated, described in more detail below, is set to form the basis of our future operations at the mine.

The Transaction
Alecto has agreed conditionally to acquire 100% of the issued share capital of Cradle Arc Investments, the holding company which currently owns 100% of the Mowana copper mine and plant in Botswana, for a consideration of £1 million. Completion remains conditional on the liquidator issuing a certificate of completion. The consideration is payable in cash and the issue of new ordinary shares of 0.01 pence each ('the Consideration Shares'). The Consideration Shares will represent 60% of the issued share capital of Alecto, as enlarged by the Proposed Transaction (including any associated equity fundraising) and any other share issues prior to completion.

Following completion of the Proposed Transaction, Alecto will hold a 60% interest in Mowana, via Cradle, which will have a 60% interest in Leboam Holdings (Pty) Limited ('Leboam'), the holding company which fully owns Mowana. The remaining 40% interest in Leboam will be held by ZCI Limited ('ZCI'), who was the major creditor to the previous owner of the mine and will be converting US$79m of its outstanding debt into 40% equity in Leboam.

The Deposit
The project has a mineral resource inventory of 683,000 tonnes of copper ('Cu') in the Measured and Indicated categories with an additional 945,000 tonnes Cu in the Inferred category. The Mowana deposit is a shear hosted epigenetic gold type exhibiting a quartz-carbonatechalcopyrite-pyrite vein stockwork system, which has a strike length of approximately 4.7km. The deposit has been subdivided into two primary areas, Mowana Mine (Mowana South) and Mowana North, although they form part of the same continuous mineralised structure. Evidence suggests that the South Pit has a higher copper grade and less deleterious graphite present compared to the North Pit, which although has a lower grade with more graphite presence, hosts copper sulphides nearer surface.

Further upside opportunity is available within the wider Mowana licence area. In terms of surrounding potential, drilling to the south of the South Pit has intersected gold mineralization, which appears to be part of the same system, although more work is needed to understand the importance of this. Mineralisation also continues to the north of the North Pit.

70km from the Mowana facility via a gravel road sits the Thakadu open pit, which was mined by the asset's previous owners. 600m to the north of this exists Makala, an underground extension of Thakadu, which in the future Alecto intends to develop via an underground operation. Mineralisation at Thakadu has been traced from surface to approximately 420m below surface and over a strike length of some 600m. The copper mineralisation is preferentially developed within two of the quartz carbonate units towards the base of the felsic sequence and locally quartz-carbonate rich veins and varies in thickness from about 35m at the eastern near surface end of the Thakadu deposit to less than a metre thick further to the west and as it pinches down toward the base.

Alecto's Operations
We are proud to have worked alongside the current owners in re-opening Mowana so rapidly since first seeking to acquire the mine in December 2016. The mine has contracted Giant Transport Holdings Limited ('Giant') to undertake mining operations at Mowana for an initial period of six months and have awarded the ongoing contract for Drill and Blast to Capital Drilling Limited (LSE: CAPD). It is anticipated that after this initial six-month period, PenMin will take over from Giant. The mine has also appointed Vincent (Paddy) Conran as General Manager for the project and is already benefitting from his decades of experience in mining and mineral processing. He represents one of several project-wide appointments we have made to support the next phase of our development and we are lucky that Botswana has an excellent local pool of potential candidates to support increasing activities. We also enjoy strong government support with our project partners.

The plant is currently capable of processing 1.2 Mtpa of ore and was generally in good condition when turned off. It currently comprises a conventional crushing and screening circuit consisting of a primary crusher (fed from the ROM pad), secondary and tertiary crushers presenting a 15mm feed size to the mill; a single 150 tph ball mill; a conventional dual oxide/sulphide flotation circuit; a concentrate drying circuit (including a Larox filter); a concentrate bagging station and tailings dewatering equipment. After initial commissioning of the process plant, test production has now commenced, producing saleable concentrate up to 28% Cu. Even more exciting than restarting the operation, are our plans to upgrade and expand the process plant to 2.4 Mtpa, doubling its current processing capacity through the addition of a dense media separation (DMS) plant. Wardell Armstrong International, who completed a Competent Person's Report on the asset in February 2017, validated this proposal having agreed that the application of appropriate technology will simplify the operations of this project even in low commodity price cycles. The mine will then be able to deliver 22,000 tpa of saleable copper product. The estimated cost of the upgrades is US$20 million and will be funded via an offtake financing agreement concluded with Fujax Minerals and Energy, which will make available US$3 million as a pre-payment for copper concentrate as part of a five year copper offtake contract. The US$20 million payment due to by Leboam the liquidator of the mine's previous owner, Messina Copper Botswana (Pty) Ltd, will also be funded as an advance payment for copper concentrate production. Cradle has agreed that the sum of US$20m will be paid by Fujax in addition to the US$3m that they will provide for the process plant upgrades. A further US$17 million being provided by Northern Heavy Industries Group Company Limited (NHI) as vendor financing for the equipment required. Fujax is a South Africa-based mineral and energy trader while NHI is a mining machinery manufacturer based in China.

As well as applying a new approach in terms of our operations, we will be focusing on implementing effective management and control initiatives. This asset holds the key to our transformation and we look forward to providing updates in the coming months as we implement our new plans.

Copper Market
Subject to completion of the acquisition, Alecto will be bringing Mowana back online at the right time. Copper pricing has begun to rally due to the US political climate and a pick-up in Chinese imports. It currently sits at US $6,514 per tonne. Analysts are generally of the consensus that prices will continue to rise, with Citigroup Inc of the opinion that it could be 33% higher by 2020.

Matala and Dunrobin Gold Mines, Zambia

Matala remains central to our vision of becoming an African metals producer. It provides us with the opportunity to expand our cash flow in the future and diversifies us both geographically and in terms of our product offering. We acquired the Matala and Dunrobin Mines in November 2015 having established a new scenario, which we believe will ensure the operation's profitability. We are working to complete the financing, which we believe should be aided by our proposed acquisition of Mowana, and are excited to implement our plans to return this small but extremely prospective asset to gold production.

The mines came to us with a 25 year renewable mining licence covering 32km^2, an associated environmental permit, and a 760,000oz Au JORC Code compliant resource estimate in the Measured, Indicated and Inferred categories at an average grade of 2.3g/t Au. It was clear from a scoping study completed on Matala and a feasibility study at Dunrobin, that a new production approach was required to ensure the economics of the project are as robust as possible. We kicked off our work here by once again establishing a new approach and completing an internal scoping study, which turned the existing scenario of delivering production from Dunrobin before Matala on its head. It suggested that by establishing an initial three-year open pit operation at Matala first, we could produce strong cash flows.

This approach was delivered in collaboration with PenMin, which has extensive knowledge of Matala and Dunrobin, and this project acquisition really established our relationship with this nimble and progressive group. They were contracted to deliver a Feasibility Study ('FS') on Matala; preparing the Design, Build and Operate ('DBO') contract for the full project; preparing the mining contract to secure a mining contractor; seeking to secure vendor financing for the supply of the processing plant; and ensuring that all the relevant permits and approvals are in place to commence production.

Drilling conducted during the FS process led to the identification of an additional 75,000 tonnes of measured (non-code compliant) mineral resources located in recently validated historic dumps and tailings adjacent to the Matala deposit. This provides potential for early, low cost feedstock for the Company's future mining operations, given that it sits at surface and therefore it will not incur direct mining costs. The FS also demonstrates the robust economics and low capex related with constructing a 400,000 tonne per annum ('tpa') oxide and transitional open pit operation with a mine life of approximately 4 years 8 months at US$1,300/oz Au:

- Estimated capital cost for plant and infrastructure of US$14.4 million
- Project NPV of US$35.2 million at an 8% discount rate
- Unlevered project IRR of 52%

With this in hand we are now progressing our financing plans and as mentioned previously we are hopeful that this will be completed in the not too distant future. At this point we will be able to action a rapid development plan, which should see us in production just nine months after. This acquisition encapsulates our strategy and we continue to assess additional African projects where this approach can add value, both for the project and shareholders alike.

CHAIRMAN'S STATEMENT

Gold Exploration Portfolio

We were delighted with the strategic industry partnerships we established in respect to our African gold exploration assets in line with our strategy to retain exposure to its African gold exploration portfolio and upside generated whilst minimising exploration and development spend. The first of these was established in February 2016 when we signed a Joint Venture ('JV') with RandGold Resources (Mali) Limited ('Randgold') for the exploration and development of Alecto's 137km^2 Kossanto West Gold Project in western Mali ('Kossanto West') comprising the Kobokoto Est and Koussikoto exploration permits. Work is in full swing and Randgold is funding all costs up to and including the completion of a pre-feasibility study on the Project ('PFS'). This will provide Randgold with a 65% interest in Kossanto West, and Alecto will retain a 35% participating interest. On completion of a PFS, all costs will be split between the JV parties in accordance with their participating interest. Initial work to be undertaken, includes further geological and mapping of Kossanto West with potential follow up pitting and trenching and reconnaissance drilling. This is anticipated to be undertaken by Randgold in the first 12 months.

This JV was followed by an option and JV agreement with Cora Gold Limited ('Cora Gold') for the exploration and development of the Company's 250km^2 Karan Gold Project in southern Mali ('Karan'). Cora Gold already owns gold permits contiguous to Karan and is a 100% subsidiary of Kola Gold Ltd, which has an existing portfolio of gold projects in Mali and the Republic of Congo. Cora Gold will solely fund all exploration and development costs up to and including the completion initially of a scoping study, which will earn it an interest of 65%, and ultimately a Bankable Feasibility Study ('BFS'), which will see it earn a further 15% interest. Accordingly, following completion of the BFS, Cora Gold will have earned, in aggregate, an 80% interest in the Karan JV, at which point Alecto may elect to either participate in future funding on a pro-rata basis and retain its 20% interest, or decline the right to provide future funding and relinquish its remaining interest, such that Cora Gold would then own 100% of the Karan JV. Alecto will retain a 2% Net Smelter Return ('NSR') interest from any commercial production from the Karan permit area and during the first five years of commercial production, Cora Gold will have the right to purchase the 2% NSR from Alecto for the sum of US$3m in cash.

An initial work programme, led by the Cora Gold team, has already begun at Karan and includes geochemical and termite mound sampling, mapping of recently discovered gold occurrences and compilation of a substantial historical exploration database that includes approximately 12,000 metres of reverse circulation ('RC') and rotary air blast ('RAB') drilling, trenching and pitting.

Our final JV was established with Ashanti Gold Corp. ('Ashanti'), a Toronto Venture Exchange listed public company (TSX: AGZ.V). Under the agreement, Ashanti has the right to earn a 65% interest in the Company's Kossanto East Gold Project in western Mali, which has a JORC-Code compliant mineral resource estimate of 247,000oz Au and significant further upside potential. However, we were delighted to recently report that we have entered into a sales agreement with Ashanti, whereby Ashanti will acquire a 100% interest in the Kossanto East Gold Project for a consideration of CAD$1 million in cash payable to Alecto. Alecto will also retain a 1.5% Net Smelter Return ("NSR"), which Ashanti will have the right to purchase either some or all of, at a cost of CAD$100,000 for each 0.1 NSR purchased, payable to Alecto. The funds raised from this sale will be used to provide working capital and support Alecto's acquisition of Mowana and the Company's subsequent re-admission on AIM as an enlarged entity, once the acquisition has been completed.

Financial

The loss before taxation for the Group for the year ended 31 December 2016 amounted to £4,342,851 (31 December 2015: profit of £3,343,615. The Group's cash position as at 31 December 2016 was £277,132 (2015: £530,003).

Outlook

The next few months should see Alecto entering an exciting new period as an African metals producer. Not only do we intend to complete the acquisition of Cradle and implement our new mine plan at Mowana but we are hopeful that we will be strongly positioned to progress our plans at Matala to finally bring gold production into the fold, which will provide us with two revenue streams. We are working hard on the regulatory requirements ahead of re-admission and are hopeful that on completion, we will experience a value re-rating reflective of our cash generative copper producer with significant near-term upside potential.

I would like to take this opportunity to give my sincere thanks for the support of our long-standing shareholders during this challenging time, and reiterate my excitement for the potential value which Alecto should deliver in the coming months once readmission to AIM is achieved as an enlarged entity

Toby Howell
Chairman
22 August 2017

GROUP STRATEGIC REPORT

The Directors of the Company and its subsidiary undertakings (which together comprise the 'Group') present their Strategic Report on the Group for the year ended 31 December 2016.

Strategic approach and business model

The Group's aim is to create value for shareholders through the exploration and development of economic mineral deposits. The Group's strategy is to continue to progress the development of its existing projects in Southern and West Africa and to evaluate its existing and new mineral resource opportunities with a view to securing potential joint venture arrangements and/or other corporate activity.

Organisation overview

The Group's business is directed by the Board and is managed on a day-to-day basis by the Chief Executive Officer. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews.

The Board comprises the Chief Executive Officer, one Executive Director and two Non-Executive Directors.

The Corporate Head Office of the Group is located in London, UK and provides corporate support services to the overseas operations. The Groups' overseas operations are managed out of two overseas hubs; Southern African operations are managed through the Group's office in Lusaka, Zambia and West African operations are managed out of Bamako, Mali.

Review of business

Activity during the year was principally focussed on the Company's wholly owned subsidiary Luiri Gold Mines Ltd and its Matala and Dunrobin gold mines in Zambia. This involved completion of an internal scoping study which shifted initial focus to Matala, reducing capital expenditure while improving early cash flows as announced previously. The subsequent feasibility study for Matala was based on a 400,000 tonnes per annum open pit operation with a life of mine of approximately 4 years and 8 months at an assumed gold price US$1,200 per ounce. Fundamentals as follows:

- Estimated future capital costs for plan and infrastructure of US$14.4 million
- Project net present value of US$28.6 million at an 8% discount rate
- Unlevered project IRR of 52%

The Group is actively pursuing funding options to move Matala into production. The main focus during the reporting period has been on the finalisation of an offer of vendor finance from a Chinese equipment manufacturer. Whilst agreement has been reached as to the terms of the financing package, to date the Company has been unable to provide adequate security to support the level of debt required on terms acceptable to the Chinese export bank. It is expected that once the acquisition of Cradle Arc Investments (Proprietary) Limited ("Cradle Arc") is complete then the Company will be in a better position to continue this process for financing the development of Matala.

During the year the Group also entered into joint venture agreements ('JV') on three of its Malian gold exploration projects, being:

- In February 2016 the Group entered into a JV with Randgold Resources (Mali) Limited ('Randgold') for a 65% interest in Kossanto West whereby Randgold covers all funding costs up to and including completion of a pre-feasibility study ('PFS');
- In May 2016 the Group entered into a JV with Kola Gold Limited ('Kola') for a 65% interest in Karan whereby Kola will cover all funding costs up to and including completion of a PFS; and
- In August 2016 the Group entered into a JV with Ashanti Gold Corp ('Ashanti') for Ashanti to achieve a 65% earn in on Kossanto East whereby Ashanti will cover all funding costs up to and including completion of a PFS or pay Alecto US$4 million. On 2 August 2017 the Company approved the sale of the Kossanto East project Farikounda license number 2014-1451/MM-G DU ("Kossanto East") held by Caracal Gold SARL ("Caracal") to Ashanti for a purchase price of $1,000,000 Canadian Dollars in cash.

Lastly, On 21 December 2016, the Company announced that it had entered into a conditional acquisition agreement to acquire the entire issued share capital of Cradle Arc for a consideration of £1 million payable in cash and the issue of consideration shares to the vendor and its nominees representing, in aggregate, 60 per cent. of the enlarged share capital on completion.

Cradle Arc is a holding company incorporated in Botswana which, via Leboam Holdings Limited ("Leboam"), its wholly owned subsidiary, acquired the Mowana Copper Mine, a producing mine located in north east Botswana. Leboam entered an agreement to purchase the assets that comprise the Mowana Copper Mine from Messina Copper Botswana (Ply) Limited ("MCB") through a liquidation process which was confirmed following a court approved arrangement with MCB's creditors on 16 December 2016 but remained subject to satisfaction of conditions precedent which were satisfied in May 2017. Under the terms of the acquisition US$20 million is due to the liquidators of MCB (the Leboam Payment) by 30 September 2017 and, following that payment the existing major secured creditor of the mine will convert $79m of its $100m loan into shares equivalent to 40% of the equity in Leboam such that Cradle Arc holds a 60% interest in the mine. $21m of existing loan notes due to the major creditor will remain as a term loan payable over 10 years.

Completion of the acquisition of Cradle Arc remains conditional upon the Liquidator issuing a certificate of completion.

The Mowana Copper Mine consists of an open pit operation and a processing plant utilising standard flotation process technology and has been designed to produce saleable copper concentrates from the treatment of up to 1.2Mtpa of oxide, supergene and sulphide ores. Mowana currently has JORC mineral resources of 683,000 tonnes Cu in the Measured and Indicated categories and 945,000 tonnes Cu in the Inferred category.

The terms agreed by Leboam include a payment of US$20 million to the liquidators of Messina Copper Botswana (Pty) Limited (MCB), the former owner and operator of the mine, by 30 September 2017 (the "Leboam Payment"). Funding for the Leboam Payment has been agreed between Leboam and Fujax (a minerals trading company based in South Africa) and is subject to meeting certain production and mine development conditions.

It should noted that, should the outstanding conditions to the Fujax funding not be met by 30 September 2017 Leboam will be in default of its obligation to make to the Leboam Payment to the liquidator. Leboam has agreed conditional financing for the Leboam Payment of US$20 million with Fujax. The Fujax funding is conditional on, inter alia, 12,000 tonnes of copper concentrate having been produced and sold to Fujax from the Mowana Copper Mine and unconditional financing having been arranged for the DMS upgrade.

Production at the Mowana Copper Mine re-commenced in March 2017, having been idle for approximately 15 months. As of the end of July, approximately 6,000 tonnes of copper concentrate have been produced and on sold to Fujax. The mine is currently ramping up to produce approximately 4,000 tonnes of copper concentrate per month and is on track to produce and sell the requisite 12,000 tonnes to Fujax by the end of September 2017. Furthermore, Leboam has agreed financing terms for the DMS process route upgrades with two potential providers of finance. Detailed terms for the delivery of the upgrades and the financing thereof are underway and anticipated to be completed by the end of September 2017. One of the two parties proposing to provide and finance the DMS upgrade is familiar with Mowana and the plant, and has conducted detail work on a similar proposal for the mine's former owners. Fujax has also agreed to provide up to US$3 million towards the DMS upgrade under the Fujax facility.

Accordingly, the Directors have a high degree of confidence that the conditions to the Fujax facility relating to production and the DMS upgrade financing can be met before the end of September 2017, or an extension of the conditions will be granted by the interested parties to the end of December 2017, and therefore that the acquisition will proceed as anticipated. In the event that any of the conditions to the Fujax facility are not met or, for any other reason, the financing is not available as anticipated, the Company would seek alternative providers of similar asset financing and offtake financing. The proposed DMS upgrade is relatively common in mining and there are numerous providers of the equipment and engineering, and providers of finance thereto. Similarly, the Directors believe that copper concentrate offtake is in demand amongst traders and smelters around the world and that it would receive competing offers for offtake from the mine.

On 21 December 2016 the Company announced, *inter alia*, that trading in its Ordinary Shares on AIM had been suspended while the Company pursued its acquisition of Cradle Arc which would constitute a reverse takeover under AIM Rules. On 11 July 2017 trading of the Company's shares on AIM was cancelled due to the delay in publishing an admission document for the proposed acquisition of Cradle Arc. The Board's intention remains to proceed with the acquisition of Cradle Arc and to seek admission to trading for the enlarged group on AIM as a new applicant. The Company is also progressing a planned listing on the Botswana Stock Exchange.

Further details of the key developments made throughout the year are set out in the Chairman's Statement.

Funding

Details of the risks and uncertainties associated with funding and liquidity are set out in note 2.3 to the financial statements.

Principal risks and uncertainties

Exploration risks

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

The principal assets of the Group, comprising its mineral exploration licences, are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the respective governments of the countries in which the Group operates; if such legislation is changed it could adversely affect the value of the Group's assets. The Board actively monitors its progress against the licence requirements and commitments and monitors the legislative position in each country in which it operates to maintain compliance.

Resource estimates

The Group's reported resources are only estimates. No assurance can be given that the estimated resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and as a result are uncertain because the samples may not be fully representative of the full resource. Mineral resource estimates may require revision (either up or down) in future periods based on further drilling or actual production experience.

Any future resource figures will also be estimates and there can be no assurance that the minerals are present, will be recovered or that they can be brought into profitable production. Furthermore, a sustained decline in the market price for natural resources, particularly gold, could render reserves containing relatively low grades of such resources uneconomic to recover. The Group manages the risk associated with resource estimates by obtaining independent assessments by qualified Competent Persons in determining reported resources.

Country risk

The Group's licences and operations are located in foreign jurisdictions: Burkina Faso; Mali; Mauritania; and Zambia. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalism, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection in the countries in which it operates and has licences.

Burkina Faso and Mali have both recently experienced political instability which, to date, has not caused, but may in the future cause, disruption to the Group's activities. The Group meets its work and expenditure obligations, prioritises local in-country employment and maintains good relationships at all levels within the respective governments, administrative bodies and with other stakeholders. The Board actively monitors political and regulatory developments in these countries.

Mauritania has suffered recent political unrest. Although the current regime is stable and proactively supports foreign investment, there is no guarantee that this situation will continue. The Group maintains an active dialogue with the Government in Mauritania and believes the level of risk in relation to this area to be acceptable. The Group also minimises inflation and exchange rate risks in relation to Mauritania by negotiating all material contracts in Euros and ensuring minimal financial assets are kept in the Mauritanian currency.

Zambia has been politically stable since it attained independence in 1964. The Group meets its work and expenditure obligations, prioritises local in-country employment and maintains good relationships at all levels within the respective governments, administrative bodies and with other stakeholders. The Board actively monitors political and regulatory developments in Zambia.

Dependence on key personnel

The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the services of key personnel and/or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions. The Board assesses its executive management team and technical consultants and structures its reward packages to manage this risk proactively.

Uninsured risk

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God. Whilst these risks cannot be fully mitigated by their nature, the Group manages the risk level through appropriate compliance procedures and analysis of the geological and geotechnical aspects of its projects.

Funding risk

The Group has historically raised sufficient funds to enable it to undertake exploration activities on its Burkina Faso, Mali, Mauritanian and Zambian licence areas. To date, the sources of funding available to the Group have principally comprised the issue of equity capital in the Company, either via an equity placing or debt convertible into equity, or securing partners to fund exploration and development costs and the Group believes that these will continue to be the main sources of funding going forward. In the near term, the Group's liquidity risks are set out in note 2.3 to the financial statements.

In the longer term, the Company's ability to raise further funds will depend on the success of the Group's exploration activities and its investment strategy. The Company may not be successful in procuring funds on terms which are attractive to it and, if such funding is unavailable, the Group may be required to reduce the scope of its exploration activities or relinquish some of the exploration licences it holds for which it may incur fines or penalties. The Group manages its liquidity by maintaining regular cash flow forecasts and assessment of budget versus actual expenditure and future cash flow requirements.

Financial risks

The Group's operations expose it to a variety of financial risks that include market risk (including foreign currency risk), credit risk and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements together with the risk management procedures.

Financial performance review

The loss of the Group for the year ended 31 December 2016 before taxation amounted to £4,342,851 (31 December 2015: profit of £3,343,615). The profit in 2015 was due to a fair value adjustment to the exploration and evaluation assets acquired by the Group in November 2015, net of the loss realised on the disposal of the Group's Ethiopian assets.

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2017.

The three main KPIs for the Group are set out below. These allow the Group to monitor costs and plan future exploration and development activities:

	2016	2015
Cash and cash equivalents	**£277,132**	£530,003
Administrative expense as a percentage of total assets	**3.9%**	4.6%
Carrying value of exploration costs capitalised as intangible assets	**£17,179,620**	£16,677,503

KPI analysis
Cash has been used to fund the Group's operations and facilitate its investment activities (as set out in the Consolidated Cash Flow Statement on page 20).

Administrative expenses as a percentage of total assets have reduced compared to the prior year by 0.7% due to total assets increasing during the year. Administrative expenses have remained relatively consistent year on year as management has maintained its cash preservation strategies.

Exploration costs capitalised consist of exploration expenditure on the Group's exploration licences.

Financial performance

The loss of £4,342,851 for the year principally relates to administrative costs of £822,482 which were stable year on year and impairments of £961,523 in respect of the Group's Mauritanian licences following the Group's decision not to renew these licences and £2,601,609 in respect to the Kossanta East licenses held in Mali based on the sale value of the licence in received from Ashanti subsequent to year end.

The Group's exploration assets increased to £17,293,044 including £698,938 of costs capitalised in the year principally in respect of its Zambian projects and £3,075,522 of foreign exchange retranslation gains associated with the change in the USD:GBP exchange rate from 1.48 to 1.23 during the year as USD is the functional currency of Luiri Gold Mines Ltd which represents a significant portion of the Group's asset base. The retranslation gave rise to an increase in the exploration assets and a gain recorded in the translation reserve within equity.

The loan note issued as part of the consideration for the Luiri Gold Mines Ltd acquisition was partially converted during the year with 433,501,250 shares issued to convert £346,800 of the loan note. Including the convertible loan, the Group issued a total of 2,116,001,250 shares raising £1,516,965 (net of costs) during the year.

The Group's cash balances reduced by £252,871 during the year. Operating cash outflows of £700,051 primarily relate to the administrative costs of running the business, whilst investing cash outflows of £714,883 principally relate to expenditure of the Group's exploration projects. These were partially offset by cash inflows from financing activities which was mainly the £1,179,500 raised (net of costs) through the share placement.

Future Developments

The immediate focus of the Group is to finalise the acquisition of Cradle Arc Investments (Proprietary) Limited which owns a 60% interest in the Mowana copper mine in north east Botswana and transition into a copper producer. At the same time the Group will endeavour to progress the rest of its portfolio in Mali, Burkina Faso and Zambia.

This Report was approved by the Board on 22 August 2017.

Mark Jones
Chief Executive Officer

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the audited Financial Statements, for the year ended 31 December 2016.

Principal activity

The principal activity of the Group is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

Dividends

The Directors do not recommend the payment of a dividend for the year (31 December 2015: nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2016, who include the current Directors as shown in the Company Information on page 2, had, at that time, the following beneficial interests in the shares of the Company:

	31 December 2016		31 December 2015	
	Ordinary Shares	**Options**	Ordinary Shares	Options
Toby Howell	427,500	5,000,000	427,500	2,300,000
Gerald Chapman (1)	943,750,000	-	943,750,000	-
Mark Jones	25,750,000	86,798,624	13,250,000	-
Dominic Doherty	25,511,166	55,235,488	25,511,166	-

(1) Shares are held by C3W Limited and CNG Trust, of which Gerald Chapman is the sole beneficiary. Mr Chapman resigned as a director on 11 July 2017.

Further details on outstanding options can be found in Note 16 to the Financial Statements.

Financial risk management

Details of the Group's financial risk management policies can be found in the Group Strategic Report.

Corporate responsibility

Environmental

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

Health and safety

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

DIRECTORS' REPORT

Going Concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in Note 2.3 to the Financial Statements.

Directors' and Officers' Indemnity Insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and officers. These were made during the previous period and remain in force at the date of this report.

Events after the Reporting Date

Events after the reporting date are set out in Note 31 to the Financial Statements.

Provision of Information to the Auditor

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

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

Future Developments

Details of the Group's future developments can be found in the Group Strategic Report.

This Report was approved by the Board on 22 August 2017 and signed on its behalf.

Mark Jones
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. 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;
- prepare financial statements on a going concern basis unless it is inappropriate to presume the company will continue in business;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the Financial Statements comply with Companies Act 2016. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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. The Company is compliant with AIM Rule 26 with regard to disclosure on the Company's website.

This Statement was approved by the Board on 22 August 2017 and signed on its behalf.

Mark Jones
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

The Board currently comprises two Executive Directors and two Non-Executive Directors, one of whom is the Chairman. The Directors recognise the importance of sound corporate governance. The Directors consider it important that appropriately high standards of corporate governance are maintained. They have therefore put in place governance structures and provide information which would be expected in light of the Group's size, stage of development and resources. However, the Company is not required to comply with the UK Corporate Governance Code (the "Code"), as published by the Financial Reporting Council, so this report does not describe compliance with or departures from the Code.

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

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Board Committees

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

Audit Committee

The Audit Committee, comprising Gerald Chapman and Toby Howell during the year and Roger Williams and Toby Howell from 11 July 2017, reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee

The Remuneration Committee, comprising Gerald Chapman and Toby Howell during the year and Roger Williams and Toby Howell from 11 July 2017, is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

Internal Controls

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

Risk Management

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

Relations with Shareholders

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALECTO MINERALS PLC

We have audited the financial statements of Alecto Minerals PLC for the year ended 31 December 2016 which comprise the consolidated and company statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows, company 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 regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 2.3 to the financial statements concerning the Group's ability to continue as a going concern. The Group's ability to meet its liabilities as they fall due for a period of at least 12 months from the date the financial statements were approved is dependent upon the Group's suppliers continuing to extend credit and employees and Directors continuing to defer their salaries and fees whilst the Group secures additional funding in the next two to three months. Whilst the Directors remain confident that they will be able to secure the necessary funding in the required timeframe, as detailed in Note 2.3, these factors indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALECTO MINERALS PLC

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

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

Ryan Ferguson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
22 August 2017

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

ALECTO MINERALS PLC

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2016 **Company number: 05315922**

		Group		Company	
	Note	**2016**	2015*	**2016**	2015*
		£	£	**£**	£
Non-Current Assets					
Property, plant and equipment	6	**59,570**	112,905	**1,322**	-
Intangible assets	7	**17,293,044**	17,081,716	**-**	-
Investment in subsidiaries	8	**-**	-	**8,065,329**	8,871,224
Trade and other receivables	10	**-**	21,307	**-**	-
Available-for-sale financial assets	9	**32,500**	7,650	**32,500**	7,650
		17,385,114	17,223,578	**8,099,151**	8,878,874
Current Assets					
Trade and other receivables	10	**424,992**	286,461	**411,758**	271,523
Cash and cash equivalents	11	**277,132**	530,003	**202,086**	510,285
		702,124	816,464	**613,844**	781,808
Total Assets		**18,087,238**	18,040,042	**8,712,995**	9,660,682
Equity attributable to the Owners of Parent Company					
Share capital	15	**4,624,021**	4,412,421	**4,624,021**	4,412,421
Share premium	15	**14,752,068**	13,446,703	**14,752,068**	13,446,703
Share option reserve	16	**88,829**	106,080	**88,829**	106,080
Available-for-sale financial asset reserve		**(17,500)**	(42,350)	**(17,500)**	(42,350)
Translation reserve		**1,831,203**	(449,292)	**-**	-
Retained losses		**(8,452,065)**	(4,161,153)	**(11,536,377)**	(9,316,815)
Total Equity		**12,826,556**	13,312,409	**7,911,041**	8,606,039
Current Liabilities					
Trade and other payables	12	**429,790**	327,494	**312,679**	218,567
		429,790	327,494	**312,679**	218,567
Non-current liabilities					
Other payables	12	**307,500**	307,500	**307,500**	307,500
Borrowings	13	**181,775**	528,576	**181,775**	528,576
Deferred income tax liabilities	14	**4,341,617**	3,564,063	**-**	-
		4,830,892	4,490,139	**489,275**	836,076
Total Liabilities		**5,260,682**	4,727,633	**801,954**	1,054,643
Total Equity and Liabilities		**18,087,238**	18,040,042	**8,712,995**	9,660,682

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income. The Company loss for the year was £2,271,501 (2015: £2,622,325).

*Refer to note 12 and 13 for details of reclassifications in respect of liabilities in the comparative period.

The Financial Statements were approved and authorised for issue by the Board on 22 August 2017 and were signed on its behalf by:

Mark Jones
Chief Executive Officer

The Notes on pages 25 to 55 form part of these Financial Statements.

ALECTO MINERALS PLC

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2016

	Note	Group 2016 £	2015 £
Revenue		**-**	14,291
Cost of sales		**-**	-
Gross profit		**-**	14,291
Other administration expenses	17	**(822,482)**	(759,717)
Impairments	7	**(3,563,132)**	-
Total administrative expenses		**(4,385,481)**	(759,717)
Other net gains/(losses) including exceptional items	20	**42,263**	4,075,622
Operating (loss)/profit		**(4,343,351)**	3,330,196
Finance income	21	**500**	45
(Loss)/profit before income tax		**(4,342,851)**	3,330,241
Income tax expense	22	**-**	-
(Loss)/profit for the year from continuing operations		**(4,342,851)**	3,330,241
Discontinued operations			
Profit for the year from discontinued operations (attributable to equity holders of the Parent)		**-**	13,374
(Loss)/profit attributable to owners of the Parent		**(4,342,851)**	3,343,615
Earnings per share from continuing and discontinued operations attributable to owners of the Parent during the year	23		
Basic (loss)/earnings per share (pence)			
From continuing operations		**(0.18p)**	0.250 p
From discontinued operations		**-**	0.001 p
From (loss)/profit for the year		**(0.18p)**	0.251 p
Diluted (loss)/earnings per share (pence)			
From continuing operations		**(0.18p)**	0.242 p
From discontinued operations		**-**	0.001 p
From (loss)/profit for the year	23	**(0.18p)**	0.243 p

The Notes on pages 25 to 55 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	Group 2016 £	Group 2015 £
(Loss)/profit for the year		**(4,342,851)**	3,343,615
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**2,280,495**	(103,356)
Change in value of available-for-sale financial assets	9	**24,850**	(6,750)
Total Comprehensive Income for the Year Attributable to Owners of the Parent, net of tax		**(2,307,506)**	3,233,509

The Notes on pages 25 to 55 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Attributable to owners of the parent						
	Share capital £	Share premium £	Share option reserve £	Available-for-sale financial asset reserve £	Translation reserve £	Retained losses £	Total equity £
As at 1 January 2015	**4,186,796**	**11,147,543**	**100,365**	**(35,600)**	**(345,936)**	**(7,464,486)**	**7,588,682**
Profit for the year	-	-	-	-	-	3,343,615	3,343,615
Other comprehensive income							
Currency translation differences	-	-	-	-	(103,356)	-	(103,356)
Change in value of available-for-sale financial assets	-	-	-	(6,750)	-	-	(6,750)
Total comprehensive income for the year	**-**	**-**	**-**	**(6,750)**	**(103,356)**	**3,343,615**	**3,233,509**
Proceeds from share issue	131,250	1,418,750	-	-	-	-	1,550,000
Issue costs	-	(157,715)	-	-	-	-	(157,715)
Share based payments	94,375	1,038,125	5,715	-	-	-	1,138,215
Disposal of subsidiaries	-	-	-	-	-	(40,282)	(40,282)
Transactions with owners, recognised directly in equity	**225,625**	**2,299,160**	**5,715**	**-**	**-**	**(40,282)**	**2,490,218**
As at 31 December 2015	**4,412,421**	**13,446,703**	**106,080**	**(42,350)**	**(449,292)**	**(4,161,153)**	**13,312,409**
As at 1 January 2016	**4,412,421**	**13,446,703**	**106,080**	**(42,350)**	**(449,292)**	**(4,161,153)**	**13,312,409**
Loss for the year	-	-	-	-	-	(4,342,851)	(4,342,851)
Other comprehensive income							
Currency translation differences	-	-	-	-	2,280,495	-	2,280,495
Change in value of available-for-sale financial assets	-	-	-	24,850	-	-	24,850
Total comprehensive income for the year	**-**	**-**	**-**	**24,850**	**2,280,495**	**(4,342,851)**	**(2,037,506)**
Proceeds from share issue	164,375	1,110,625	-	-	-	-	1,275,000
Loan note conversion	43,350	303,451	-	-	-	-	346,801
Issue costs	-	(135,836)	-	-	-	-	(135,836)
Exercise of options & warrants	3,875	27,125	(4,922)	-	-	4,922	31,000
Grant of options & warrants	-	-	34,688	-	-	-	34,688
Expiry of options & warrants	-	-	(47,017)	-	-	47,017	-
Transactions with owners, recognised directly in equity	**211,600**	**1,305,365**	**(17,251)**	**-**	**-**	**51,939**	**1,551,653**
As at 31 December 2016	**4,624,021**	**14,752,068**	**88,829**	**(17,500)**	**1,831,203**	**(8,452,065)**	**12,826,556**

The Notes on pages 25 to 55 form part of these Financial Statements.

ALECTO MINERALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Attributable to equity shareholders					
	Share capital £	Share premium £	Share option reserve £	Available-for-sale financial asset reserve £	Retained losses £	Total equity £
As at 1 January 2015	**4,186,796**	**11,147,543**	**100,365**	**(35,600)**	**(6,694,489)**	**8,704,615**
Loss for the year	-	-	-	-	(2,622,326)	(2,622,326)
Other comprehensive income						
Change in value of available-for-sale financial assets	-	-	-	(6,750)	-	(6,750)
Total comprehensive income for the year	**-**	**-**	**-**	**(6,750)**	**(2,622,326)**	**(2,629,076)**
Proceeds from share issue	131,250	1,418,750	-	-	-	1,550,000
Issue costs	-	(157,715)	-	-	-	(157,715)
Share based payments	94,375	1,038,125	5,715	-	-	1,138,215
Transaction with owners, recognised directly in equity	**225,625**	**2,299,160**	**5,715**	**-**	**-**	**2,530,500**
As at 31 December 2015	**4,412,421**	**13,446,703**	**106,080**	**(42,350)**	**(9,316,815)**	**8,606,039**
As at 1 January 2016	**4,412,421**	**13,446,703**	**106,080**	**(42,350)**	**(9,316,815)**	**8,606,039**
Loss for the year	-	-	-	-	(2,271,501)	(2,271,501)
Other comprehensive income						
Change in value of available-for-sale financial assets	-	-	-	24,850	-	24,850
Total comprehensive income for the year	**-**	**-**	**-**	**24,850**	**(2,271,501)**	**(2,246,651)**
Proceeds from share issue	164,375	1,110,625	-	-	-	1,275,000
Loan note conversion	43,350	303,451	-	-	-	346,801
Issue costs	-	(135,836)	-	-	-	(135,836)
Exercise of options & warrants	3,875	27,125	(4,922)	-	4,922	31,000
Grant of options & warrants	-	-	34,688	-	-	34,688
Expiry of options & warrants	-	-	(47,017)	-	47,017	-
Transaction with owners, recognised directly in equity	**211,600**	**1,305,365**	**(17,251)**	**-**	**51,939**	**1,551,653**
As at 31 December 2016	**4,624,021**	**14,752,068**	**88,829**	**(17,500)**	**(11,536,377)**	**7,911,041**

The Notes on pages 25 to 55 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

		Group	
		2016	2015
	Note	**£**	£
Cash flows from operating activities			
(Loss)/profit before taxation		**(4,342,851)**	3,343,615
Adjustments for:			
Finance income		**(500)**	(45)
Depreciation	6	**66,260**	71,310
Profit on sale of property, plant and equipment		**(40,301)**	-
Loss on disposal of subsidiaries		**-**	2,036,189
Gain on bargain purchase		**-**	(6,101,221)
Share options expense		**25,352**	-
Impairment of cash deposits		**21,307**	-
Impairment charges	7	**3,563,132**	-
Decrease/(increase) in trade and other receivables		**(78,485)**	47,568
Increase/(decrease) in trade and other payables		**102,295**	92,872
Gain on foreign exchange		**(16,260)**	(43,144)
Net cash (used in)/generated from operating activities		**(700,051)**	(552,856)
Cash flows from investing activities			
Interest received		**500**	45
Acquisition of subsidiaries (net of cash acquired)	27	**-**	(82,629)
Disposal of discontinued operation (net of cash disposed of)	28	**-**	(4,170)
Loans granted to related party		**-**	(64,123)
Other loans granted		**(60,048)**	-
Purchase of intangible assets	7	**(698,938)**	(282,317)
Proceeds from sale of property, plant and equipment		**45,725**	-
Purchase of property, plant and equipment		**(2,122)**	-
Net cash used in investing activities		**(714,883)**	(433,194)
Cash flows from financing activities			
Proceeds from issue of share capital		**1,306,000**	1,550,000
Issue costs		**(126,500)**	(152,000)
Net cash generated from financing activities		**1,179,500**	1,398,000
Net increase/(decrease) in cash and cash equivalents		**(235,434)**	411,950
Cash and cash equivalents at beginning of year		**530,003**	114,258
Exchange gains on cash and cash equivalents		**(17,429)**	3,795
Cash and cash equivalents at end of year	11	**277,132**	530,003

Material non-cash transactions: Refer to note 13 for details of the conversion of loan notes into equity which represented a material non-cash transaction.

The Notes on pages 25 to 55 form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

		Company	
		2016	2015
	Note	**£**	£
Cash flows from operating activities			
Loss before taxation		**(2,271,501)**	(2,622,326)
Adjustments for:			
Finance income		**(176)**	(34)
Depreciation	6	**360**	174
Loss on disposal of subsidiaries		**-**	2,023,477
Management fee		**(317,427)**	(218,505)
Share options expense		**25,352**	-
Impairment charges	29	**1,719,720**	-
Decrease/(increase) in trade and other receivables		**(82,270)**	36,390
Increase/(decrease) in trade and other payables		**100,310**	131,032
Net cash used in operating activities		**(825,632)**	(649,792)
Cash flows from investing activities			
Interest received		**176**	34
Acquisition of subsidiaries		**-**	(100,000)
Loans granted to subsidiary undertakings		**(600,513)**	(241,151)
Other loans granted		**(60,048)**	-
Purchase of property, plant and equipment		**(1,682)**	-
Net cash used in investing activities		**(662,067)**	(341,117)
Cash flows from financing activities			
Proceeds from issue of share capital		**1,306,000**	1,550,000
Issue costs		**(126,500)**	(152,000)
Net cash generated from financing activities		**1,179,500**	1,398,000
Net increase/(decrease) in cash and cash equivalents		**(308,199)**	407,091
Cash and cash equivalents at beginning of year		**510,285**	103,194
Cash and cash equivalents at end of year	11	**202,086**	510,285

Material non-cash transactions: Refer to note 13 for details of the conversion of loan notes into equity which represented a material non-cash transaction.

The Notes on pages 25 to 55 form part of these Financial Statements.

1. General information

The principal activity of Alecto Minerals plc (the 'Company') and its subsidiaries (together the 'Group') is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production. The Company's shares were quoted on the AIM market of the London Stock Exchange plc however due to the announcement on 21 December 2016 in relation to the acquisition of Cradle Arc Investments (Proprietary) Limited the Company's shares were suspended from trading on AIM and further on 11 July 2017 the Company's shares were cancelled from trading on AIM. The Company is incorporated and domiciled in the UK. The address of its registered office is 47 Charles Street, London, W1J 5EL.

2. Summary of Significant Accounting Policies

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

2.1. Basis of Preparation of Financial Statements

The Consolidated Financial Statements of Alecto Minerals plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have also been prepared under the historical cost convention, as modified by the accounting treatment of certain financial instruments as set out below

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

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

2.2. Basis of Consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the results of all of its subsidiary undertakings made up to 31 December 2016.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss . Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries are accounted for at cost less impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

Disposal of subsidiaries

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

2.3. Going Concern

As at 22 August 2017 the Group has available cash reserves of approximately £119,000 following the receipt of proceeds from the sale of the Kossanto East licences. However, significant liabilities remain in relation to advisor costs associated with the proposed acquisition of Cradle Arc and the planned re-admission to AIM prior to trading in the Company's shares on AIM being cancelled in July 2017, together with liabilities associated with the Group's normal operating costs. Accordingly, the current cash reserves are insufficient to meet these liabilities were they to be called for payment.

The Directors have prepared cash flow forecasts which indicate that the current cash reserves will enable the Group to meet certain corporate and exploration costs for the next two to three months that they consider cannot reasonably be deferred. However, the Group remains dependent on its suppliers continuing to extend credit terms and certain employees and the Board continuing to defer fees and salaries whilst the Group raises additional funding to settle those liabilities and provide working capital to meet ongoing commitments as they fall due.

The Directors are in advanced discussions regarding a private equity placing to raise additional short term working capital. In addition, the Directors are progressing a proposed listing and associated equity placing on the Botswana Stock Exchange which would enable the Group to settle its outstanding creditors and meet its liabilities as they fall due for a period of at least 12 months from the date the financial statements are approved. In addition, the Company can pursue alternatives to secure funding, such as monetisation of assets. The Directors will continue to defer their fees and salaries as necessary and are in regular discussion with the Group's suppliers and employees such that they are satisfied that those payments can be deferred whilst the Group secures the necessary funding. Accordingly, the Directors remain confident that the Group will continue as a going concern and have prepared the financial statements on that basis, however there can be no guarantee that these events will occur. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Financial Statements do not include any adjustments that may be required should the Group be unable to continue as a going concern. If the Group were unable to continue as a going concern, then adjustments would be necessary to write assets down to their recoverable amounts, non-current assets and liabilities would be reclassified as current assets and liabilities and provisions would be required for any costs associated with closure.

2.4. New and Amended Standards

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2016

There were no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2016 that had a material impact on the Group or Company.

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

The standards and interpretations that are relevant to the Group or Company, issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

Standard	Description	Effective date
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRIC Interpretation 22	Foreign currency transactions and advanced consideration	*1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	*1 January 2019
IFRS 2 (Amendments)	Share-based payments – classification and measurement	*1 January 2018
Annual Improvements	2014 - 2016 Cycle	*1 January 2018

* Subject to EU endorsement

IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognize revenue and how much revenue to recognize. The core principle is that an entity recognizes revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management anticipate generating revenues in 2017 and are in the process of assessing the impact of this standard.

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on-balance sheet model. Under the new standard, a lessee is required to recognize all lease assets and liabilities on the balance sheet; recognize amortization of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement. Management are currently assessing the impact of this standard as whilst there are no material operating leases in the Group it may be relevant to future operations once mining commences.

IFRS 9 "Financial instruments" addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Management are currently assessing the standard's full impact.

2.5. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.6. Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent entity is Pounds Sterling and the functional currency of the BVI subsidiary is US Dollars. The currency of Mauritania is the Mauritanian Ouguiya; however all material contracts with the Mauritanian subsidiary are denominated in Euros which is, therefore considered to be, its functional currency. The currency of Mali is the Central African Franc, which is therefore considered to be the functional currency of the Malian subsidiary. The currency of Burkina Faso is the Central African Franc, which is therefore considered to be the functional currency of the Burkina Faso subsidiary. The currency of Zambia is the Zambian kwacha; however all material contracts with the Zambian subsidiaries are denominated in US Dollars which is, therefore considered to be, its functional currency. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net'.

Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

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

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position sheet;

- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- translation differences on assets and liabilities arising on acquisitions, including fair value uplifts ad goodwill, which are related to the foreign entity are recorded in other comprehensive income.

- all resulting exchange differences are recognised in other comprehensive income.

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

2.7. Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

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

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Where goodwill is recorded in respect of the acquisition of businesses involved solely in exploration for mineral resources the carrying value is assessed for impairment with the relevant exploration assets.

(b) Exploration and evaluation

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

Exploration and evaluation assets are recorded and held at cost.

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

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

2.8. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Field equipment – 20% straight line
Motor vehicles – 20% straight line
Computer equipment – 20-50% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

2.9. Impairment of non-financial assets

Intangible assets that have an indefinite useful life, for example, goodwill, exploration and evaluation intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

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

2.10. Financial Assets

Classification

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value unless the Group is precluded from doing so as, in the case of unlisted equity securities, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In such circumstances available-for-sale financial assets are held at cost and reviewed annually for impairment.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

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

Impairment of financial assets

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

2.11. Trade Receivables

Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, and are subject to an insignificant risk of changes in value.

2.13. Share Capital

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

2.14. Share Based Payments

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

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

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

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

2.15. Reserves

Share Premium Reserve **–** the share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Share Option Reserve **–** the share option reserve represents the total fair value of share based options and warrants of the Group measured at grant date and spread over the period over which the options or warrants vest.

Available-For-Sale Financial Asset Reserve – the available-for-sale financial asset reserve represent the changes in fair value of monetary and non-monetary securities classified as available-for-sale financial assets.

Translation Reserve – the translation reserve represents the cumulative differences arising due to foreign exchange on consolidation of all the Company's subsidiaries.

Retained Losses – the retained losses reserve includes all current and prior periods retained profit and losses.

2.16. Trade Payables

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

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

2.17. Taxation

There has been no tax credit or expense for the period relating to current or deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

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

2.18. Operating leases

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

2.19. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied in course of ordinary business, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Group's activities described below.

Revenue is recognised in respect of amounts recharged to project strategic partners in accordance to their contractual terms.

2.20. Finance income

Interest income is recognised using the effective interest method.

2.21. Borrowings

Compound financial instruments

Compound financial instruments issued by the Group as a form of consideration for business combinations comprise convertible notes that can be converted to share capital at the option of the holder and include a host liability together with a derivative.

The derivative portion is initially recorded at fair value and the liability component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the derivative component.

Subsequent to their initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The derivative component of a compound financial instrument is held at fair value where material, determined using a Black Scholes model.

2.22. Deferred consideration

Deferred consideration issued as part of a business combination to be settled in cash but with an option for either party to settle in shares is initially recorded at fair value and designated as fair value through profit and loss. Subsequent changes in the fair value of the deferred consideration are recorded in the income statement.

2.23. Joint operations

The group is a party to joint arrangements when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. The group classifies its interests in joint arrangements as a joint operation where it has both the rights to assets and obligations of the joint arrangement.

The Group accounts for its interests in joint operations by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. Where the Group enters into an ‘earn in’ arrangement by which the partner funds the costs of exploration and receives a percentage interest in the asset in return for the works performed and milestones achieved, the costs incurred by the partner are not recorded by Group.

2.24. Exceptional items

Material and non-recurring items of income and expense are disclosed in the consolidated income statement as ‘exceptional items’ where management believes that level of disclosure is helpful for an understanding of the underlying results. Examples of items which may give rise to disclosure as exceptional items include gain on bargain purchase, loss on disposals and asset impairment.

3. Financial Risk Management

3.1. Financial Risk Factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out by the London based management team under policies approved by the Board of Directors.

Market Risk (including foreign currency risk)

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Central African Franc, Zambian kwacham Mauritanian Ouguiya and the Pound Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiaries in either Pounds Sterling or Euros which in the Directors’ opinion are more stable than the respective local currencies. The Group also holds minimal liquid assets in Central African Franc, Zambian kwacha and Mauritanian Ouguiya. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the financial statements of the Group at the present time. The Directors will continue to assess the effect of movements in exchange rates on the Group’s financial operations and initiate suitable risk management measures where necessary.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables. The maximum credit risk is represented by the carrying value of the assets.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 11 and 25.

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations (see Note 2.3). Controls over expenditure are carefully managed.

Fair value hierarchy

The fair value measurement of the Group'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).

3.2. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its exploration and evaluation activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

At 31 December 2016 the Group had convertible loan note liabilities of £181,775 (2015: £528,576) and defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

4. Critical Accounting Estimates and Judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2016 of £17,179,620 (2015: £16,677,503). Management tests for impairment indicators under IFRS 6 annually to assess whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7 to the Financial Statements. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration and the asset impaired. Similarly, if the licence is due to expire and the Group do not believe the licence will be renewable the asset is impaired. The Directors also consider the values indicated by transactions subsequent to the year end where applicable. The Directors have reviewed the estimated value of each project prepared by management and have concluded that an impairment charge of £961,523 (31

December 2015: £nil) is required for the Mauritanian assets as they plan to relinquish these assets and provided against these exploration assets. A further impairment of has been recorded of £2,310,820 in respect to the Kossanta East licenses held in Mali based on the sale value of the licence in received from Ashanti subsequent to year end.

Estimated Impairment of Goodwill

Goodwill has a carrying value of £113,424 (2015: £404,213). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7 to the Financial Statements. The goodwill arose in respect of acquisitions of exploration businesses and therefore the assets are tested for impaired as part of the exploration assets above.

Management has concluded that an impairment charge was necessary to the carrying value of goodwill following the impairment of the underlying Kossanto East licences above. See Note 7 to the Financial Statements.

Share based payment transactions

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

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 16 to the Financial Statements.

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Value Added Taxation

The Company has VAT receivable of £344,203 (2015: 245,439) and there is an ongoing inquiry by HMRC regarding the Company's VAT registration. The Directors' are confident that the VAT registration in place for the Company is fully compliant and will result in a repayment of VAT to the Company but have exercised judgment in forming this assessment given the inquiry.. Refer to note 26.

Contingent consideration

As part of the acquisition of Gazelle Resources Inc, the Group has entered into a contractual arrangement with Swala Resources Inc ('Swala'), in which, under certain milestones being reached, would result in the Group paying further consideration of US$1.5m. For full details on the arrangement, please see Note 25.

The Directors have reviewed the progress of the project and consider reaching the milestones unlikely. Given this, the Directors have assessed the fair value of the contingent consideration to be nil and consider that it is unlikely that the Company will have any additional liability arising.

Deferred consideration and loan notes

The Group's deferred consideration and loan notes issued as part of the acquisition of Luiri Gold Mines Limited in 2015 are set out in notes 13 and 27. The fair value of the deferred consideration and option in the loan note as at 31 December 2016 required judgment and estimation as set out in the notes.

5. Segment Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the year the Group had interests in five geographical segments; the United Kingdom, Mauritania, Burkina Faso, Mali and Zambia. Activities in the UK are mainly administrative in nature whilst the activities in Mauritania, Burkina Faso, Mali and Zambia relate to exploration and evaluation work.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the group position.

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For the year ended 31 December 2016

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2016	Burkina Faso £	Mauritania £	Mali £	UK £	Zambia £	Intra-segment balances £	Total £
Revenue	-	-	-	-	-	-	**-**
Administrative expenses	(41,237)	(1,828)	(90,240)	(574,508)	(114,669)	-	**(822,482)**
Impairments	-	(961,523)	(2,601,609)	-	-	-	**(3,563,132)**
Other net gains/(losses)	47,140	(20,743)	-	15,780	86	-	**42,263**
Profit/(loss) from operations per reportable segment	5,903	(984,094)	(2,691,849)	(558,728)	(114,583)	-	**(4,343,351)**
Capital expenditure	76,378	9,932	50,886	-	561,742	-	**698,938**
Reportable segment assets	5,559,806	-	3,610,515	8,712,995	10,482,122	(10,278,200)	**18,087,238**
Reportable segment liabilities	5,633,347	1,719,720	3,919,571	801,953	10,602,005	(17,415,914)	**5,260,682**

2015	Burkina Faso £	Ethiopia £	Mauritania £	Mali £	UK £	Zambia £	Intra-segment balances £	Total £
Revenue	-	42,687	-	-	-	14,291	-	**56,978**
Administrative expenses	(53,561)	(26,586)	(2,695)	(71,089)	(631,281)	(1,707)	-	**(786,919)**
Loss on foreign exchange	-	(2,727)	616	-	-	-	-	**(2,111)**
Other net gains/(losses)	-	-	-	1,185	(2,014,100)	6,088,537	-	**4,075,622**
Profit/(loss) from operations per reportable segment	(53,561)	13,374	(2,079)	(69,904)	(2,645,381)	6,101,121	-	**3,343,570**
Capital expenditure	94,353	4,814	27,498	110,045	-	45,607	-	**282,317**
Reportable segment assets	5,456,624	-	1,160,749	5,749,242	9,660,682	9,384,727	(13,371,982)	**18,040,042**
Reportable segment liabilities	4,864,823	-	1,709,187	3,538,771	1,054,643	9,517,038	(15,956,830)	**4,727,633**

A reconciliation of adjusted loss from operations per reportable segment to profit/(loss) before tax is provided as follows:

	2016 £	2015 £
Profit/(loss) from operations per reportable segment	**(4,343,351)**	3,343,570
Finance income	**500**	45
Finance costs	**-**	-
Profit/(loss) for the year before taxation	**(4,342,851)**	3,343,615

6. Property, Plant and Equipment

	Group				
	Field equipment £	Vehicles £	Office equipment £	Software £	Total £
Cost					
As at 1 January 2015	**289,327**	**182,320**	**23,485**	**1,495**	**496,627**
Acquired through acquisition of subsidiary	15,503	51,098	23,025	-	89,626
Disposals	(18,849)	(27,508)	-	-	(46,357)
Foreign exchange differences	(19,477)	(21,410)	(6,927)	-	(47,814)
As at 31 December 2015	**266,504**	**184,500**	**39,583**	**1,495**	**492,082**
Acquired	-	-	2,122	1,683	3,805
Disposals	(62,990)	(42,878)	(1,687)	-	(107,555)
Foreign exchange differences	44,084	35,160	7,163	-	86,407
As at 31 December 2016	**247,598**	**176,782**	**47,181**	**3,178**	**474,739**
Depreciation					
As at 1 January 2015	**147,588**	**131,646**	**17,351**	**1,495**	**298,080**
Acquired through acquisition of subsidiary	10,703	50,240	14,100	-	75,043
Charge for the year	50,700	19,172	1,438	-	71,310
Disposals	(15,265)	(16,957)	-	-	(32,222)
Foreign exchange differences	(10,898)	(19,071)	(3,065)	**-**	(33,034)
As at 31 December 2015	**182,828**	**165,030**	**29,824**	**1,495**	**379,177**
Charge for the year	54,197	8,990	2,712	361	66,260
Disposals	(57,566)	(42,878)	(1,687)	-	(102,131)
Foreign exchange differences	34,033	32,707	5,123	-	71,863
As at 31 December 2016	**213,492**	**163,849**	**35,972**	**1,856**	**415,169**
Net book value					
As at 31 December 2015	83,676	19,470	9,759	-	112,905
As at 31 December 2016	**34,106**	**12,933**	**11,209**	**1,322**	**59,570**

Depreciation expense of £66,260 (2015: £71,310) has been charged in administration expenses (Note 17).

	Company		
	Software £	Computer equipment £	Total £
Cost			
As at 1 January 2015	**-**	**10,941**	**10,941**
As at 31 December 2015	**-**	**10,941**	**10,941**
Acquired	1,682	-	1,682
As at 31 December 2016	**1,682**	**10,941**	12,623

	Company		
	Software	Computer equipment	Total
	£	£	£
Depreciation			
As at 1 January 2015	**-**	**10,767**	**10,767**
Charge for the year	-	174	174
As at 31 December 2015	**-**	**10,941**	**10,941**
Charge for the year	360	-	360
As at 31 December 2016	**360**	**10,941**	**11,301**
Net book value			
As at 31 December 2015	-	-	-
As at 31 December 2016	**1,322**	**-**	**1,322**

7. Intangible Assets

	Group	
	2016	2015
Exploration & Evaluation Assets - Cost and Net Book Value	**£**	£
At 1 January	**16,677,503**	7,217,039
Additions	**698,938**	282,317
Acquired through acquisition of subsidiary (at fair value note 27)	**-**	11,880,210
Disposals	**-**	(2,464,063)
Impairment	**(3,272,343)**	-
Foreign exchange differences	**3,075,522**	(238,000)
At 31 December	**17,179,620**	16,677,503

	Group	
	2016	2015
Goodwill - Cost and Net Book Value	**£**	£
At 1 January	**404,213**	423,785
Disposals	**-**	(19,572)
Impairment	**(290,789)**	
At 31 December	**113,424**	404,213

Exploration projects acquired during the prior year in Zambia had a gold JORC compliant resource estimate of 760,000 ounces in the measured, indicated and inferred categories at an average grade of 2.3 grams per ton. In determining the fair value on acquisition the Directors' applied a number of valuation metrics including geological upside potential, mineralogy, market benchmarks, local market factors and internally generated feasibility studies. The disposal in the prior year is detailed at note 28.

Exploration projects in Burkina Faso, Mauritania and Mali are at an early stage of development and, with the exception of the JORC Code compliant inferred resource estimate of 247,000 oz Au for the Kossanto Project in Mali as at 31 December 2016, no JORC or non-JORC compliant resource estimates were available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;

- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; and
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

An impairment review of exploration and evaluation assets is carried on out an annual basis in order to ensure that it is valued at the lower of cost and recoverable amount. Following their assessment, the Directors concluded that an impairment charge of £961,523 was necessary at the year end to provide for Mauritanian licences that are not intended to be renewed and a charge of £2,310,820 was applied to the Kossanto East licenses held in Mali to reflect market value at year end based on the subsequent sale value achieved on the disposal of the licence to Ashanti in 2017.

During 2016 the Group entered into earn in arrangements with joint venture partners, which represented joint arrangements. Refer to page 7 of the Strategic Report for details.

The foreign exchange gain of in 2016 refers to the retranslation to the GBP presentation currency of the fair valuation uplifts on the Luiri Gold Mines Ltd acquisition due to movement in the GBP – USD exchange rate in the year.

The goodwill relates to the exploration cash generating unit having arisen on the acquisition of a company holding the exploration asset in prior years. Given the nature of the underlying business the cash generating unit and associated goodwill is tested for impairment indicators under IFRS 6. Management concluded that an impairment charge was necessary to the carrying value of goodwill following the impairment of the underlying Kossanto East licences above. The remaining goodwill is associated with the remaining licences held by the subsidiary.

8. Investments in Subsidiary Undertakings

	Company	
	2016	2015
	£	£
Shares in Group Undertakings		
At 1 January	5,168,577	4,440,001
Additions	**-**	2,068,576
Disposals	**-**	(1,340,000)
At 31 December	5,168,577	5,168,577
Advances to Group undertakings (Note 27)	2,896,752	3,702,647
At 31 December	**8,065,329**	8,871,224

Investments in Group undertaking, including advances considered part of the net investment are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

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Details of Subsidiary Undertakings

Name of subsidiary	Registered Address	Country of incorporation and place of business	Parent company	Registered capital	Proportion of share capital held	Nature of business
Alecto Holdings International Limited	Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands	British Virgin Islands	Alecto Minerals plc	Ordinary shares US$1	100%	Dormant
Alecto Guinea Holdings Limited	Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands	British Virgin Islands	Alecto Minerals plc	Ordinary shares US$1	100%	Dormant
Alecto Mauritania Limited	Studio Pour Bureaux a L'Immeuble Mouna avenue palais de Congre	Mauritania	Alecto Holdings International Limited	Ordinary shares MOU 1,000,000	100%	Exploration
AME West Africa Limited	47 Charles Street, London, W1J 5EL	United Kingdom	Alecto Minerals plc	Ordinary shares £100	100%	Dormant
Caracal Gold Mali SARL	Porte 967 Rue 120, Badalabougou Est, Bamako, Mali	Mali	AME West Africa Limited	Ordinary shares XOF 1,526,649,300	100%	Exploration
NewMines Holdings Limited	Henville Buildings, Prince Charles Street, Charlestown, Nevis.	Nevis	Alecto Minerals plc	Ordinary shares €923,373	100%	Dormant
Tobon Tondo SARL	No.2, Lot 7 1082 Rue 732 Baco-Djicoroni, Bamako, Mali.	Mali	NewMines Holdings Limited	Ordinary shares XOF 1,000,000	100%	Exploration
Gazelle Resources Inc	Palm Grove House, P.O Box 438, Road Town, Tortola, British Virgin Islands.	British Virgin Islands	Alecto Minerals plc	Ordinary shares US$1	100%	Dormant
Societe Miniere de Kerboulé SARL	Zone du Bois, Rue Bizaana, Porte 479, 09 BP 1546, Ouagadougou, Burkina Faso.	Burkina Faso	Gazelle Resources Inc	Ordinary shares XOF 1,000,000	100%	Exploration
Luiri Limited	2nd Floor, Block B, Medine Mews, Chaussee Street, Port Louis, Mauritius.	Mauritius	Alecto Minerals plc	Ordinary shares US$6,000	100%	Dormant
LG Holdings Limited	2nd Floor, Block B, Medine Mews, Chaussee Street, Port Louis, Mauritius	Mauritius	Luiri Limited	Ordinary shares US$500	100%	Dormant

Name of subsidiary	Registered Address	Country of incorporation and place of business	Parent company	Registered capital	Proportion of share capital held	Nature of business
ZIO Holdings Limited	2nd Floor, Block B, Medine Mews, Chaussee Street, Port Louis, Mauritius	Mauritius	Luiri Limited	Ordinary shares CAD$1	100%	Dormant
Luiri Gold Mines Limited	Plot 1266 Fulwe Close, Rhodes Park, Lusaka Zambia	Zambia	LG Holdings Limited / ZIO Holdings Limited	Ordinary shares ZMW 50,000	100%	Exploration

9. Available-for-Sale Financial Assets

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
At 1 January	**7,650**	14,400	**7,650**	14,400
Net gain/(losses) transferred to/from equity	**24,850**	(6,750)	**24,850**	(6,750)
At 31 December	**32,500**	7,650	**32,500**	7,650
Less: non-current portion	**(32,500)**	(7,650)	**(32,500)**	7,650
Current portion	-	-	-	-

All available-for-sale financial assets are UK listed equity securities denominated in Pounds Sterling.

Gains of £24,850 (2015: £7,650) were due to a change in fair value.

10. Trade and Other Receivables

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Trade receivables	**-**	-	**-**	-
Prepayments	**15,835**	27,528	**15,835**	25,850
Restricted assets	**-**	21,307	**-**	-
VAT receivable	**344,203**	255,543	**335,640**	245,439
Security deposits	**-**	-	**-**	-
Other receivables	**64,954**	3,390	**60,283**	234
At 31 December	**424,992**	307,768	**411,758**	271,523
Less: non-current portion	**-**	(21,307)	**-**	-
Current portion	**424,992**	286,461	**411,758**	271,523

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

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
UK Pounds	**411,758**	271,523	**411,758**	271,523
Central African Franc	**11,904**	10,562	**-**	-
Zambian Kwacha	**1,330**	4,376	**-**	-
Total:	**424,992**	286,461	**411,758**	271,523

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. At 31 December 2016 all trade and other receivables were considered recoverable.

11. Cash and Cash Equivalents

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Cash at bank and in hand	**277,132**	530,003	**202,086**	510,285

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

12. Trade and Other Payables

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Trade payables	**132,309**	23,066	**122,166**	14,149
Other payables	**21,392**	48,229	**3,413**	1
Accrued expenses	**276,089**	256,199	**187,100**	204,417
Deferred consideration payable	**307,500**	307,500	**307,500**	307,500
	737,290	634,994	**620,179**	526,067

Trade payables include amounts due of £1,971 (2015: £8,554) in relation to exploration and evaluation activities. The deferred consideration relates to the Luiri Gold Limited acquisition and is to be settled in cash no later than three years following completion, although the company and vendor each have the right to require settlement on demand through issuance of a variable number of shares. The fair value approximates the carrying value above. The deferred consideration was classified as a current liability in 2015 as there was an expectation that liability would be converted into shares, notwithstanding that the balance is only required to be settled in cash in November 2018. As a result of close periods the conversion did not take place. As at 31 December 2016, the balance has been reclassified to reflect the date the liability would be required to be settled in cash and the comparative has been reclassified accordingly in the statement of financial position. There was no impact on profit or net assets as a result of the reclassification.

The carrying amounts of the Group and Company's trade and other payables are denominated in the following currencies:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
UK Pounds	620,179	526,067	620,179	526,067
Central African Franc	10,800	11,302	-	-
Zambian Kwacha	106,311	97,625	-	-
Total:	**737,290**	634,994	**620,179**	526,067

13. Borrowings

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Convertible loan note	**181,775**	528,576	**181,775**	528,576
	181,775	528,576	**181,775**	528,576

On 23 November 2015, the Company issued 800,000 interest free convertible loan notes at a par value of US$1 per loan note as part of the consideration for the acquisition of Luiri Gold Mines Ltd. The loan notes are convertible by the Company or holder at the higher of 80% of the Company's mid-market closing share price and 0.08 pence at the time of exercise if the share price exceeds 0.08 pence or the market price if below 0.08 pence. On 8 April 2016 495,365 loan notes were converted into 433,501,250 shares in the Company for US$495,365. The loan note represented deferred consideration comprising the right for the holder to receive deferred cash payments equal to the par value or the right to receive a variable number of shares. The nature of the conversion rights is such that the fair value of the instrument ranges from par value to 125% of the par value. The value of the instrument is considered to be £181,775 given analysis of the share price, volatility and expected remaining term.

The loan note was classified as a current liability in 2015 as there was an expectation that liability would be fully converted into shares, notwithstanding that the balance is only required to be settled in cash in 2020. As a result of close periods the full conversion did not take place. As at 31 December 2016, the balance has been reclassified to reflect the date the liability would be required to be settled in cash and the comparative has been reclassified accordingly in the statement of financial position. There was no impact on profit or net assets as a result of the reclassification.

14. Deferred tax

An analysis of deferred tax liabilities is set out below.

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Deferred tax liabilities				
- Deferred tax liability after more than 12 months	**4,341,617**	3,564,063	**-**	-
Deferred tax liabilities	**4,341,617**	3,564,063	**-**	-

The movement in the deferred tax account is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
At 1 January	**3,564,063**	614,780	**-**	**-**
Acquisition of subsidiary	**-**	3,564,063	**-**	**-**
Disposal of subsidiary	**-**	(614,780)	**-**	**-**
Foreign exchange	**777,554**	-	**-**	**-**
As at 31 December	**4,341,617**	3,564,063	**-**	**-**

The deferred tax liability arises as a result of fair value adjustments on the Luiri Gold business combination. The Group has additional capital losses of approximately £440,000 (2015: £440,000) and other losses of approximately £5,283,629 (2015: £4,498,000) available to carry forward against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

15. Share Capital and Share Premium

Group and Company

	Number of shares	Share capital £	Share premium £	Total £
Issued and fully paid				
As at 1 January 2015	**900,063,600**	**4,186,796**	**11,147,543**	**15,334,339**
Issue of new shares – 14 January 2015 (1)	200,000,000	20,000	515,000	535,000
Issue of new shares – 22 June 2015 (2)	300,000,000	30,000	245,000	275,000
Issue of new shares – 23 November 2015 (3)	1,756,250,000	175,625	1,539,160	1,714,785
As at 31 December 2015	**3,156,313,600**	**4,412,421**	**13,446,703**	**17,859,124**
Conversion of loan to shares – 8 April 2016	433,501,250	43,350	303,451	346,801
Exercise of warrants – 13 April 2016	38,750,000	3,875	27,125	31,000
Issue of new shares – 16 May 2016 (4)	831,250,000	83,125	509,516	592,641
Issue of new shares – 6 June 2016	12,500,000	1,250	8,750	10,000
Issue of new shares – 30 September 2016 (5)	800,000,000	80,000	456,523	536,523
As at 31 December 2016	**5,272,314,850**	**4,624,021**	**14,752,068**	**19,376,089**

(1) Includes issue costs of £65,000
(2) Includes issue costs of £25,000
(3) Includes issue costs of £67,715
(4) Includes issue costs of £72,358
(5) Includes issue costs of £63,478

On 8 April 2016 a loan note was converted into 433,501,250 new Ordinary Shares in the Company for £346,800 at a price of 0.08 pence per share.

On 13 April 2016 the Company received notification from an option holder to exercise options over 38,750,000 new Ordinary Shares at a price of 0.08 pence per share.

On 16 May 2016 the Company raised £665,000 (gross) through the issue of 831,250,000 new Ordinary Shares at a price of 0.08 pence per share.

On 6 June 2016 the Company issued 12,500,000 new Ordinary Shares at a price of 0.08 pence per share as consideration for directors salaries in lieu of cash payments.

On 30 September 2016 the Company raised £600,000 (gross) through the issue of 800,000,000 new Ordinary Shares at a price of 0.075 pence per share.

16. Share Based Payments

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

			Shares	
Vesting date	Expiry date	Exercise price in £ per share	**2016**	2015
1 January 2012	31 December 2016	0.04300	**-**	7,550,000
1 January 2013	31 December 2016	0.04800	**-**	4,500,000
1 January 2014	31 December 2016	0.06300	**-**	2,250,000
6 November 2013	5 November 2016	0.01000	**-**	3,000,000
23 January 2014	23 January 2017	0.01580	**7,000,000**	7,000,000
24 February 2014	5 November 2016	0.01000	**-**	3,000,000
23 January 2014	22 January 2017	0.01500	**5,000,000**	5,000,000
24 February 2014	23 February 2019	0.01925	**7,730,327**	7,730,327

27 November 2015	27 November 2020	0.00080	**6,250,000**	45,000,000
9 February 2016	9 September 2021	0.00080	**88,907,840**	-
9 February 2017	9 September 2022	0.00080	**39,453,920**	-
9 February 2019	9 September 2024	0.00080	**39,453,920**	-
1 June 2016	1 June 2021	0.00080	**41,562,500**	-
14 October 2016	14 October 2021	0.00075	**40,000,000**	-
			275,358,507	85,030,327

The Company and Group have no legal or constructive obligation to settle or repurchase the options in cash.

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

	2016 Warrants	2016 Warrants	2016 Options	2016 Options	2016 Options	2015 Warrants	2014 Warrants	2014 Warrants
Granted on:	29/9/2016	15/6/2016	9/2/2016	9/2/2016	9/2/2016	23/11/2015	23/1/2014	24/02/2014
Life (years)	5 years	5 years	5 years	5 years	5 years	5 years	3 years	5 years
Share price (pence per share)	0.075p	0.08p	0.08p	0.08p	0.08p	0.08p	1.85p	1.45p
Risk free rate	0.58%	0.58%	0.58%	0.58%	0.58%	2.25%	2.25%	2.25%
Expected volatility	14.87%	23.66%	25.53%	25.53%	25.53%	17%	26%	24%
Expected dividend yield	-	-	-	-	-	-	-	-
Marketability discount	20%	20%	20%	20%	20%	20%	20%	20%
Total fair value (£000)	3	6	6	6	13	6	29	14

The expected volatility is based on historical volatility for the six months prior to the date of granting. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

A reconciliation of options and warrants granted is shown below:

	2016		2015	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding as at 1 January	**85,030,327**	**0.0131**	40,030,327	0.0270
Expired	**(20,300,000)**	**0.0131**	-	-
Exercised	**(38,750,000)**	**0.0008**	-	-
Granted	**249,378,180**	**0.0008**	45,000,000	0.0008
Outstanding as at 31 December	**275,358,507**	**0.0019**	85,030,327	0.0131
Exercisable at 31 December	**275,358,507**	**0.0019**	85,030,327	0.0131

	2016				2015			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.01	**0.0015**	**267,628,180**	**4.66**	**4.66**	0.0008	45,000,000	4.9	4.9
0.01 – 0.05	**0.019**	**7,730,327**	**2.15**	**2.15**	0.0250	37,780,327	2.44	2.44
0.05 – 0.10	**-**	**-**	**-**	**-**	0.0630	2,250,000	2.00	2.00

A total of 38,750,000 warrants were exercised during the period for £31,000. The total fair value has resulted in a charge to the Income Statement for the year ended 31 December 2016 of £25,352 (2015: £nil) and a charge to Share Premium of nil (2015 £5,715). The remaining fair value charge in 2016 and 2015was capitalised within exploration costs.

17. Expenses by Nature

Group – Continuing operations	2016 £	2015 £
Directors' remuneration (Note 18)	**101,640**	98,432
Employee salaries (Note 19)	**45,391**	20,181
Social security costs (Note 19)	**12,113**	15,881
Other employment expenses	**-**	140,000
Audit & accountancy	**52,035**	51,094
Consultancy and professional fees	**212,500**	176,792
Operating lease charges	**-**	8,300
Other establishment expenses	**14,835**	59,563
AIM related fees	**171,514**	91,097
Depreciation	**66,260**	64,631
Travel & subsistence	**48,262**	34,362
Share option expenses	**25,352**	-
Loss/(gain) on foreign exchange	**-**	(616)
Other expenses	**72,580**	-
Total administrative expenses	**822,482**	759,717

Other employment expenses relate to a provision for discretionary bonuses to be paid to senior management as shares in lieu of cash fees.

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

	Group	
	2016 **£**	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	35,000	35,000
Fees payable to the Company's auditor and its associates for tax services	-	1,000

18. Directors' Remuneration

	Total emoluments		Options Issued	
	2016 **£**	2015 £	**2016** **Number**	2015 Number
Executive Directors				
Mark Jones	**41,274**	22,000	**86,798,624**	-
Dominic Doherty	**96,500**	91,004	**55,235,488**	-
Non-executive Directors				
Gerald Chapman (1)	**36,099**	4,222	**-**	-
Toby Howell	**34,196**	27,867	**5,000,000**	-
Mark Wellesley-Wood (1)	**-**	15,333	**-**	-
	208,070	160,426	**147,034,112**	-

(1) Mark Wellesley-Wood resigned 1 July 2015. Gerald Chapman resigned 11 July 2017.

The Directors of the Company are considered to be key management personnel.

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No pension benefits are provided for any Director. Share based payments related to key management personnel totalled £10,000 (2015: £nil). Social security contributions totalled £6,712 (2015: £13,222).

Of the above Directors' remuneration costs, £106,430 (2015: £61,994) has been capitalised in accordance with IFRS 6 as exploration related costs and are shown as an intangible addition in the year.

There was no Directors' Remuneration relating to termination benefits.

19. Employees

	Group	
	2016	2015
Staff costs (excluding Directors)	**£**	£
Salaries and wages	**170,427**	104,374
Social security costs	**12,113**	1,307
Pension costs	**-**	-
	182,540	105,681

The average monthly number of employees during the year was 26 (2015: 10).

Of the above staff costs, £125,037 (2015: £85,500) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

20. Other Net Gains/(Losses)

	Group	
	2016	2015
	£	£
Gain on disposal of property, plant and equipment	**40,301**	-
Bargain purchase arising on acquisition of subsidiary (exceptional item)	**-**	6,101,221
Loss on disposal of subsidiaries (exceptional item)	**-**	(2,036,189)
Other gains/(losses)	**1,962**	10,590
	42,263	4,075,622

21. Finance Income

	Group	
	2016	2015
	£	£
Interest received from Bank	**500**	45
	500	45

22. Income Tax

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

	Group	
Income tax expense	**2016**	2015
	£	£
Tax on loss for the year	-	-

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

	Group	
	2016	2015
	£	£
(Loss)/profit before tax	**(4,342,851)**	3,330,241
Tax at the applicable rate of 24.12% (2015: 27.42%)	**(1,047,495)**	913,152
Effects of:		
Expenditure not deductible for tax	**1,225,226**	572,547
Depreciation in excess of capital allowance	**-**	17,770
Non-taxable income	**(281,796)**	(1,672,955)
Net tax effect of losses carried forward	**147,389**	287,540
Utilisation of previously unrecognised tax losses	**(43,323)**	(118,054)
Tax charge	**-**	-

The tax charge relating to components of other comprehensive income is as follows:

	2016			2015		
	Before tax £	**Tax charge £**	**After tax £**	Before tax £	Tax charge £	After tax £
Available-for-sale financial assets (Note 9)	**32,500**	**-**	**32,500**	7,650	-	7,650
Other comprehensive income	**32,500**	**-**	**32,500**	7,650	-	7,650
Current tax	**-**	**-**	**-**		-	
Deferred tax (Note 14)	**-**	**-**	**-**		-	

No deferred tax asset was recognised on the fair value loss attributable to the available-for-sale financial asset as this was deemed immaterial.

23. Earnings per Share

The calculation of basic loss per share of 0.18 pence loss (2015: 0.251 pence earnings per share) is calculated by dividing the loss attributable to shareholders of £4,342,851 (2015: profit of £3,343,615) by the weighted average number of Ordinary Shares of 2,409,517,749 (2015: 1,331,458,774) in issue during the period.

The diluted loss per share of 0.18 pence is the same as the basic loss per share as the effect of additional potential shares is antidilutive. In the prior year the diluted earnings per share is calculated by dividing the profit attributable to shareholders of £3,343,615 by the weighted average number of Ordinary Shares together with the weighted average number of outstanding warrants and options of 1,376,174,033 in issue during the prior period.

Details of share options that could potentially dilute earnings per share in future periods are set out in Note 16.

The Company is committed to the issuance of ordinary shares to a consultant should certain conditions be met in future periods. The issuance of these Ordinary Shares could potentially dilute earnings per share. Further details of this arrangement are set out in Note 26.

24. Financial Instruments by Category

Group - 31 December 2016 **Assets per Statement of Financial Position**	**Loans and receivables**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	32,500	32,500
Trade and other receivables (excluding prepayments)	409,155	-	409,155
Cash and cash equivalents	277,132	-	277,132
Total	686,287	32,500	718,787

Group - 31 December 2016 **Liabilities per Statement of Financial Position**	At fair Value profit and loss	**At amortised cost**	**Total**
Trade and other payables (excluding non-financial liabilities)	-	429,790	**429,790**
Borrowings	-	181,775	181,775
Deferred consideration	307,500	-	307,500
Total	**307,500**	611,565	**919,065**

Group - 31 December 2015 **Assets per Statement of Financial Position**	**Loans and receivables**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	7,650	**7,650**
Trade and other receivables (excluding prepayments)	258,933	-	**258,933**
Cash and cash equivalents	530,003	-	**530,003**
Total	788,936	7,650	**796,586**

Group - 31 December 2015 **Liabilities per Statement of Financial Position**	**At fair value profit and loss**	**At amortised cost**	**Total**
Trade and other payables (excluding non-financial liabilities)	-	115,344	**115,344**
Borrowings	-	528,576	**528,576**
Deferred consideration	307,500	-	**307,500**
Total	**307,500**	**643,920**	**951,420**

Company - 31 December 2016 **Assets per Statement of Financial Position**	**Loans and receivables**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	32,500	32,500
Trade and other receivables (excluding prepayments)	395,922	-	395,922
Cash and cash equivalents	202,086	-	202,086
Total	598,008	32,500	598,008

Company - 31 December 2016 **Liabilities per Statement of Financial Position**	At fair Value	**At amortised cost**	**Total**
Trade and other payables (excluding non-financial liabilities)	-	312,678	**312,678**
Borrowings	-	181,775	**181,775**
Deferred consideration	307,500	-	**307,500**
Total	**307,500**	494,453	**801,953**

Company - 31 December 2015 **Assets per Statement of Financial Position**	**Loans and receivables**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	7,650	**7,650**
Trade and other receivables (excluding prepayments)	755,958	-	**755,958**
Cash and cash equivalents	510,285	-	**510,285**
Total	1,266,243	7,650	**1,273,893**

Company - 31 December 2015 **Liabilities per Statement of Financial Position**	**At fair value**	**At amortised cost**	**Total**
Trade and other payables (excluding non-financial liabilities)	-	218,565	**218,565**
Borrowings	-	528,576	**528,576**
Deferred consideration	307,500	-	**307,500**
Total	**307,500**	747,141	**1,054,641**

Available for sale investments are measured at level 1 fair value: quoted prices in active markets for identical items (unadjusted).

25. Contingencies

Electrum Limited

The Group entered into a contractual arrangement with Electrum Limited ('Electrum') historically relation to the acquisition of Caracal Gold Mali SARL. Upon the Group establishing a proven and probable JORC compliant reserve greater than 500,000 ounces of gold in respect of the acquired gold exploration licences in south-west Mali, which includes Kossanto East and Kossanto West, the Group is obligated to pay Electrum £1.25 million to be satisfied by the allotment of new Ordinary Shares in the Company. The condition is yet to be satisfied.

Swala Resources Inc

The Group has entered into a contractual arrangement with Swala Resources Inc ('Swala') historically in relation to the acquisition of Gazelle Resources Inc., which includes Kerboulé. Upon the Group establishing any of the following:

a) 250,000 ounce gold JORC proven reserve or equivalent resource estimate at a minimum cut-off of 0.5 grams per tonne of gold;
b) 1 million ounce gold JORC inferred resource or equivalent resource estimate at a minimum cut-off of 0.5 grams per tonne of gold; or
c) commercial production of 75,000 ounces of gold.

The Group will be obligated to pay Swala US$1.5 million to be satisfied, solely at the discretion of the Company, either in cash or by the allotment of new ordinary shares in the Company. The conditions are yet to be satisfied.

VAT Registration

The Company is in discussions with HM Revenue & Customs ('HMRC') in connection with the status of its VAT registration. HMRC is investigating whether the Company was entitled to have reclaimed input VAT and in March 2014 issued a notice of assessment to the Company. At 31 December 2016, VAT receivable amounted to £344,203 (2015: £245,439). The Directors' are confident having taken professional advice that they will be able to satisfactorily respond to all matters raised by HMRC on the basis that they believe the registration in place to be fully justified. In the opinion of the Directors, the outcome of the discussions is unlikely to result in the Company having to refund any VAT previously reclaimed, although the investigation remains ongoing.

26. Commitments

(a) Licence agreements

On 23 November 2010, the Group acquired three gold exploration licences and, on 13 December 2010, two uranium exploration licences in Mauritania. These licences were for a period of three years from the date of grant and included commitments to pay annual land royalty fees in the second and third year and adhere to minimum spend requirements. The two uranium exploration licences were not renewed during the prior year and one gold exploration licence was not renewed in 2014, hence these licences have been fully impaired. On 11 August 2014 the remaining two gold exploration licences were renewed for a further three year period.At the end of the licence period, the Group has the right to renew the licence or, if a defined resource has been established, apply for a mining licence for the target area. Upon grant of any mining licence the Mauritanian Government will receive a 10% shareholding of the rights and benefits of the licence area. The Mauritanian Government also has the option to purchase an additional 10% of the rights and benefits at the market rate upon granting of the mining licence. No mining licence has been granted and the Group does not intend to renew its licences

On 4 October 2013, the Group acquired AME West Africa Limited which, via its wholly owned subsidiary, Caracal Gold Mali SARL, owns gold and related minerals exploration licences in Mali. With the exception of one licence area which is in the process of being renewed, these licences have been recently renewed and include commitments to pay annual land royalty fees.

On 28 March 2014, the Group acquired NewMines Holdings Limited which, via its wholly owned subsidiary, Tobon Tondo SARL, owns a gold and related mineral exploration licence in Mali. This licence includes commitments to pay annual land royalty fees.

On 27 November 2014, the Group acquired Gazelle Resources Inc which, via its wholly owned subsidiary, Societe Miniere de Kerboulé SARL, owns gold and related mineral exploration licences in Burkina Faso. These licences include commitments to pay annual land royalty fees.

On 23 November 2015, the Group acquired Luiri Limited which, via its wholly owned subsidiary, Luiri Gold Mines Limited, owns gold mining licences in Zambia. These licences include commitments to pay annual land royalty fees.

At 31 December 2015 the future aggregate minimum royalty fee payments and minimum spend requirements are as follows:

Group	**2016**			2015		
	Land royalty fees £	**Minimum spend requirement £**	**Total £**	Land royalty fees £	Minimum spend requirement £	Total £
Not later than one year	**48,555**	**-**	**48,555**	46,022	-	46,022
Later than one year and no later than five years	**69,631**	**-**	**69,631**	62,045	-	62,045
Total	**118,186**	**-**	**118,186**	108,067	-	108,067

(b) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	**2016 £**	2015 £
Intangible assets	260,000	260,000

The Group has entered into a contractual arrangement with O'Connor International Limited ('OCI') for consultancy work in the normal course of trade in respect of the Mauritanian licence areas acquired during the prior years. An amount of £130,000 for each gold licence, £260,000 in aggregate, remains committed under this contract. The payment of this fee is contingent on the issuance of a feasibility study by the Company indicating the economic feasibility for the relevant licence area. These amounts are to be satisfied via the issuance of new Ordinary Shares in the Company to the value of the fee and will become payable on the date the relevant conditions are met unless the agreement is terminated prior to the conditions being met.

(d) Royalty agreements

As part of the contractual arrangement with OCI noted above, the Group has agreed to pay OCI a royalty on revenue for each gold licence acquired based on the total ounces of gold sold equal to US$1 for every US$250 of the sale price per ounce. These royalties will become payable when the licence areas move into production and resources are sold from any of these areas.

As part of the acquisition of Caracal Gold Mali SARL ('Caracal'), the Group has assumed contractual commitments to provide a 1% net revenue royalty on the first 300,000 ounces of gold generated from its gold exploration licences in Mali held by Caracal.

As part of the acquisition of Gazelle Resources Inc in 2014 the Group has assumed contractual commitments to provide a 3% net smelter return ('NSR') royalty on its gold exploration licences in Burkina Faso. Half of the NSR, which equates to 1.5% may be bought back at any time at the discretion of the Group in increments of 0.5% for the sum of US$500,000 per increment.

(e) Operating lease commitments

The Company leased office premises under a non-cancellable operating lease agreement. The lease was on a fixed term expiring in May 2015 and was not renewed. The lease expenditure charged to the Income Statement during the year is disclosed in Note 17.

27. Business Combinations in the prior year

Luiri Limited

On 23 November 2015, the Group acquired 100% of the share capital of Luiri Limited ('Luiri') for £2,068,576. Luiri is registered in Mauritius and via its wholly owned subsidiary Luiri Gold Mines Limited, holds a 32 sq. km. gold exploration and mining group of licences in Zambia. As a result of this acquisition the Group is expected to increase its presence in this market and commodity.

The bargain purchase arising from the acquisition of £6,101,221 has been recognised in the Income Statement under 'Other net gains/(losses)'; refer Note 20. The bargain purchase is attributable to the consideration paid for Luiri, not reflecting the fair value of the exploration assets acquired, in the opinion of the Directors.

The following table summarises the consideration paid for Luiri and the values of the assets acquired and liabilities assumed at the acquisition date.

Consideration at 23 November 2015	£
Cash	100,000
Equity instruments (943,750,000 ordinary shares at 0.12 pence per share)	1,132,500
Convertible loan note (US$800,000) (note 13)	528,576
Deferred share consideration (note 12)	307,500
Total consideration	**2,068,576**

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	17,371
Trade and other receivables	4,853
Property, plant & equipment	14,583
Exploration assets (included within Intangible Assets) (Note 7)	11,880,210
Trade and other payables	(183,157)
Deferred tax liabilities (Note 14)	(3,564,063)
Total identifiable net assets	**8,169,797**
Bargain purchase (Note 20)	**(6,101,221)**
Total consideration	**2,068,576**

The fair value of the 943,750,000 Ordinary Shares issued as consideration for Luiri was based on the agreed price of 0.12 pence per Ordinary Share. The terms of the convertible loan note and deferred consideration and conversions to date are shown at note 12 and 13.

The fair value of the exploration assets of £11,880,210 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks, application of local market factors and in particular consideration of an internally prepared feasibility study which indicated a net present valuation of US$25 million for the Matala deposit. In the Directors' opinion, the value of the consideration paid to effect the acquisition did not accurately reflect the value of the exploration licences. Therefore, the fair value of the exploration assets acquired, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, was estimated by the Directors as if the transaction was an orderly sale by the vendors on an open market. This resulted in a US$16.25 million fair value adjustment before consideration of the tax implications.

A deferred tax liability of £3,564,063 was recognised on acquisition on the estimated tax effect of the temporary difference between the fair value of the exploration asset and its tax base.

The deferred tax liability was estimated at a rate of 30% of the temporary difference, representing the tax rates that are expected to apply to the period when the temporary differences reverse. The deferred tax liability recognised has not been discounted.

Had Luiri been consolidated from 1 January 2015, the revenue in 2015 shown in the Consolidated Income Statement would have been £97,005 and an additional loss for the period of £449,986 would have been recorded.

28. Discontinued Operations

On 30 September 2015 the Group disposed of its Ethiopian subsidiaries, Nubian Gold Exploration Limited and Rift Valley Resources Limited. The subsidiaries are reported in 2015 as discontinued operations. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

The financial performance and cash flow information are for the period ended 30 September 2015.

Financial performance and cash flow information

	2015 **£**
Revenue	**42,687**
Expenses	**(26,586)**
Other losses	**(2,727)**
Profit before income tax	**13,374**
Income tax	**-**
Profit for the year from discontinued operations	**13,374**
Net cash used in operating activities	**(12,041)**

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Net cash used in investing activities	**(4,814)**
Net cash generated from financing activities	**19,414**
Net increase in cash and cash equivalents	**2,559**

Details of the sale of the subsidiaries

	2015 **£**
Consideration received or receivable:	
Cash	1
Fair value on contingent consideration	-
Total disposal consideration	**1**
Carrying amount of net assets sold (see below)	**(2,059,955)**
Reclassification of foreign currency translation reserve	**23,765**
Loss on disposal of subsidiaries (Note 20)	**(2,036,189)**

The carrying amounts of assets and liabilities as at the date of sale (30 September 2015) were:

	2015 **£**
Property, plant and equipment	14,134
Cash	4,170
Intangibles	2,637,106
Goodwill	19,571
Total assets	**2,674,981**
Trade payables	(246)
Deferred tax liabilities (Note 14)	(614,780)
Total liabilities	**(615,026)**
Net Assets disposed	**2,059,955**

29. Related Party Transactions

Loans to Group undertakings

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

	2016 £	2015 £
Alecto Holdings International Limited	**2,951**	2,430
Alecto Mauritania Limited	**-**	1,706,758
Caracal Gold Mali SARL	**1,793,594**	1,712,937
NewMines Holdings Limited	**1,712**	1,161
Tobon Tondo SARL	**27,558**	15,223
Gazelle Resources Limited	**1,028**	649
Societe Miniere de Kerboulé SARL	**199,353**	164,572
Luiri Limited	**641,399**	-
LG Holdings	**4,024**	-
ZIO Holdings	**2,895**	-
Luiri Gold Mines Limited	**222,234**	98,917
	2,896,748	3,702,647

Transactions with subsidiary undertakings and provisions against loans during the year comprised the following:

	Impairments £	**Cash advances £**	**Beneficial payments £**	**Consulting services £**	**Total £**
Alecto Holdings International Limited	-	-	1,449	-	**1,449**
Alecto Mauritania Limited	(1,719,720)	-	7,652	5,310	**(1,706,758)**
Caracal Gold Mali SARL	-	68,322	-	12,335	**80,657**
NewMines Holdings Limited	-	-	551	-	**551**
Tobon Tondo SARL	-	-	-	12,335	**12,335**
Gazelle Resources Limited	-	-	649	-	**649**
Societe Miniere de Kerboulé SARL	-	23,180	-	11,601	**34,781**
Luiri Limited	-	176,265	300,768	275,846	**752,879**
LG Holdings	-	-	4,236	-	**4,236**
ZIO Holdings	-	-	3,330	-	**3,330**
Luiri Gold Mines Limited	-	14,111	-	-	**14,111**
	1,719,720	**281,878**	**318,635**	**317,427**	**(801,780)**

These amounts are interest free and repayable in Sterling when sufficient cash resources are available in the subsidiaries.

All intra Group transactions are eliminated on consolidation.

The impairment refers to loans no longer considered recoverable given the decision to relinquish the Mauritanian licences, as detailed in note 7.

Other transactions

J Cubed Ventures Limited, a company of which Mark Jones is a director and beneficial owner, was paid a fee of £111,900 (2015: £97,000) for consulting services provided to the Company. A balance of £26,076 was outstanding at the year-end (2015: nil).

As part of the acquisition of Cradle Arc Investments (Proprietary) Limited, Consideration shares will be received by C3W Limited ("C3W") which is a company incorporated in Mauritius owned and controlled by Gerald Chapman, a director of Alecto during the year. Gerald Chapman will receive 384,375,000 new Ordinary Shares in lieu of the Deferred Matala Consideration (an effective issue price of 0.08 pence per share, in accordance with the original terms of the Deferred Matala Consideration).

30. Ultimate Controlling Party

There is no ultimate controlling party.

31. Events after the Reporting Date

On 17 January 2017 the Company raised £1,000,000 through the issue of unsecured convertible loan notes. The notes were repayable on 16 July 2017 with interest at a rate of 20% to be satisfied through the issue of 301,886,792 new Ordinary Shares at a price of 0.6625 pence. A noteholder could elect by giving notice in writing to the Company at any time prior to 12 July 2017, but not prior to re-admission, to convert the loan into ordinary shares at the conversion price. The "conversion price" shall mean (a) during the first 10 trading days following readmission of the shares of the Company to trading on AIM the lower of (i) the closing price per Ordinary Share on the trading day immediately after Re-admission (the "Fixed Price"); and (ii) 80 per cent. of the closing mid-price per Ordinary Share as quoted on AIM on the trading day immediately prior to the date of receipt by the Company of the conversion notice in question (the "Floating Price"); and (b) at any time after that period the Floating Price. The terms of the Notes include customary terms of default pursuant to which the Noteholders could demand immediate repayment including in the event that the proposed acquisition of Cradle was not completed by 7 July 2017.

On 7 June 2017, the Company raised £800,000 through the issue of unsecured loan notes. The notes were repayable on 2 December 2017 with interest at a rate of 20% to be satisfied through the issue of 241,509,434 new Ordinary Shares at a price of 0.6625 pence. A noteholder could elect by giving notice in writing to the Company at any time prior to 2 December 2017, but not prior to re-admission, to convert the loan into ordinary shares at the conversion price. The conversion terms are identical to the terms set out for the £1,000,000 January 2017 loan note.

On 9 July 2017, the Company has received irrevocable commitments to extend the maturity dates of the January 2017 loan notes to December 2018. In exchange for extending the maturity date, on conversion, the discount to mid-price of the previous days trading is increased to 25%.

On 11 July 2017 trading of the Company's shares on AIM was cancelled due to the delay in publishing an admission document in respect of its proposed acquisition of the Mowana copper mine.

On 2 August 2017 the Company approved the sale of the Kossanto East project Farikounda license number 2014-1451/MM-G DU ("Kossanto East") held by Caracal Gold SARL ("Caracal") to Ashanti Gold Corporation ("Ashanti") for a purchase price of $1,000,000 Canadian Dollars received in cash.

A wholly owned subsidiary of Cradle Arc Investments (Pty) Limited ("Cradle Arc"), Leboam Holdings Limited ("Leboam"), entered an agreement to purchase the assets that comprise the Mowana Copper Mine from Messina Copper Botswana (Ply) Limited ("MCB") through a liquidation process which was confirmed following a court approved arrangement with MCB's creditors on 16 December 2016 but remained subject to satisfaction of conditions precedent which were satisfied in May 2017. Under the terms of the acquisition US$20 million is due to the liquidators of MCB (the Leboam Payment) by 30 September 2017 and, following that payment the existing major secured creditor of the mine will convert $79m of its $100m loan into shares equivalent to 40% of the equity in Leboam such that Cradle Arc holds a 60% interest in the mine. $21m of existing loan notes due to the major creditor will remain as a term loan payable over 10 years. On 21 December 2016 the Company agreed conditionally to acquire all of the issued share capital in Cradle Arc for consideration comprising a cash payment of £1 million pounds and New Ordinary Shares representing 60% of the issued share capital as enlarged by the proposed transaction ("Consideration Shares") (as announced on 21 December 2016). Completion of the acquisition of Cradle Arc remains conditional upon the Liquidator issuing a certificate of completion.

As part of the conditional acquisition, the Company has entered into a separate management agreement under which it will receive fees annually equal to 1.5% of mine revenues.