MULTIVERSE MINING AND EXPLORATION PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

SOLA OYETAYO & CO.

Audit | Tax | Consulting | Advisory

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act 1990 (CAP C20) Laws of the Federation of Nigeria, 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act 1990 (CAP C20) Laws of the Federation of Nigeria, 2004.

(b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act 1990 (CAP C20) Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Ayedun Fasina
Managing Director
FRC/2013/ICAN/00000004147

John Bede Anthonio
Director
FRC/2013/NIAECHI/00000004145

Solomon Fasinu
Chief Accountant
FRC/2013/ICAN/00000004146

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF MULTIVERSE PLC

We have audited the accompanying financial statements of MULTIVERSE MINING AND EXPLORATION PLC. These financial statements comprise the Statement of Financial position as at December 31 2015, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and summary of Significant Accounting Policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act 1990, CAP C20, LFN 2004, the Financial Reporting Council Act of Nigeria Act 2011, Nigerian Minerals and Mining Act 2007. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with the Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of affairs of the Company as at December 31, 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act 1990, CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 27 to the financial statements which indicates that the Company incurred a net loss of ₦386,721,000 for the year ended 31 December 2015 (2014 : ₦552, 408,000) and, as at that date, the Company's current liabilities exceeded its current assets by ₦ 2,012,252,000 (2014 : ₦ 1,773,335.000). These conditions together with other matters (as explained in Note 27), indicate the existence of a material uncertainty may cast doubt on the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

As required by the Companies and Allied Matters Act, 1990 CAP C20, LFN 2004, we report to you based on our audit that:

1. We have obtained all the information and explanations which Pto the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account were kept by the Company, so far as appeared from our examination of those books; and
3. The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

Akeem Taofik, FCA
FRC/2013/ICAN/000000006160
For: **Sola Oyetayo & Co.**
March 31, 2016
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2015	2014
		₦'000	₦'000
Continuing Operations			
Revenue	5	57,792	49,169
Cost of Sales		(45,934)	(140,654)
Gross Loss		11,858	(91,485)
Loss on Sales of Property, Plant and Equipment		-	-
Inventory Items Expensed		(27,519)	(127,393)
Impairment on Property, Plant and Equipment	7	-	(30,956)
Other Income	6	58,135	12,975
Administrative Expenses		(105,681)	(92,957)
Selling and Distribution		-	(6,545)
Operating Loss		(63,207)	(336,361)
Finance Cost	7	(342,648)	(243,653)
Loss Before Income Tax		(405,855)	(580,014)
Taxation	8	19,134	27,607
Loss After Tax for the Year	10	(386,721)	(552,408)
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year, Net of Tax		(386,721)	(552,408)
Loss for the Year Attributable to:			
Owners of the Company		(386,721)	(552,408)
		(386,721)	(552,408)
Total Comprehensive Income for the Year Attributable to:			
Owners of the Company		(386,721)	(552,408)
		(386,721)	(552,408)
Basic and Dilluted Earnings per Ordinary Share (kobo)	11	(9)	(13)

The accompanying notes and accounting policies form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

	NOTES	2015 ₦'000	2014 ₦'000
ASSETS			
Non-current Assets			
Exploration and Evaluation Assets	11	2,152	2,152
Mine Properties	12	1,506,907	1,477,543
Property, Plant & Equipment	13	3,084,577	3,182,137
Total Non-current Assets		4,593,636	4,661,833
Current Assets			
Inventories	15	46,643	51,412
Trade and Other Receivables	16	51,712	20,073
Cash and Cash Equivalents	17	42,445	7,246
Total Current Assets		140,800	78,731
Total Assets		4,734,436	4,740,564
EQUITY AND LIABILITIES			
Shareholder's Equity			
Issued Capital	18	2,130,969	2,130,969
Share Premium	19	1,242,082	1,242,082
Retained Loss	20	(2,084,031)	(1,773,335)
Total Shareholder's Equity		1,289,020	1,599,716
Non-current Liabilities			
Loans	21	367,265	358,573
Deferred Tax Liabilities	7.2	922,812	948,353
Provisions	22	2,288	2,080
Total Non-current Liabilities		1,292,365	1,309,006

The accompanying notes and accounting policies form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (Cont'd)
AS AT 31 DECEMBER

	NOTES	2015 ₦'000	2014 ₦'000
Current Liabilities			
Interest-bearing Loans and Borrowings	21	1,484,593	946,755
Trade Payables and Other Payables	23	628,576	851,609
Income Tax Payable	7.2	39,883	33,476
Total Current Liabilities		2,153,052	1,831,840
Total Liabilities		3,445,416	3,140,846
Total Liabilities and Shareholder's Equity		4,734,436	4,740,563

The financial statements were approved by the Board of Directors on 29th March, 2016.
Signed on its behalf by:

Ayedun Fasina
Managing Director
FRC/2013/ICAN/00000004147

John Bede Anthonio
Director
FRC/2013/NIAECHI/00000004145

Solomon Fasinu
Chief Accountant
FRC/2013/ICAN/00000004146

The accompanying notes and accounting policies form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Share Premium	Retained Earnings	Total Equity
	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2014	2,130,969	1,242,082	(1,220,927)	2,152,124
Loss for the Year	-	-	(552,408)	(552,408)
Balance at 31 December 2014	2,130,969	1,242,082	(1,773,335)	1,599,716
Correction of prior period error			7,000	7,000
Restated balance	2,130,969	1,242,082	(1,766,335)	1,606,716
Share of capital reserve from Joint Operations			32,176	32,176
Other Transfer			36,849	36,849
Loss for the Year	-	-	(386,721)	(386,721)
Balance at 31 December 2015	2,130,969	1,242,082	- 2,084,031	1,289,020

The accompanying notes and accounting policies form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2015 ₦'000	2014 ₦'000
Cash Flows from Operating Activities			
Cash Receipt from Customers		69,598	40,951
Cash Paid to Suppliers, Employees and Operating Expenses		(68,638)	(30,694)
Net Cash Flows from Operating Activities	24	960	10,257
Cash Flows from Investing Activities			
Investment in Exploration and Evaluation Assets	10	-	(101)
Expenditures on Mine Properties	12	(20,521)	(17,738)
Expenditures on Property, Plant and Equipment		(2,748)	(7,015)
Mining Expenditure Recovered		57,500	
Proceeds on Disposal of Property, Plant and Equipment		-	12,000
Proceeds from Joint Venture		38,860	
Net Cash Flows from Investing Activities		73,092	(12,854)
Cash Flows from Financing Activities			
Interest Paid		(42,291)	(13,660)
Unpaid Dividend Warrant		3,439	-
Net Cash (used in)/from Financing Activities		(38,852)	(13,660)
Net Cashflows from Operations		35,200	(16,257)
Cash and Cash Equivalents at 1 January		7,245	23,502
Cash and Cash Equivalents at 31 December	16	42,445	7,245

The accompanying notes and accounting policies form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Multiverse Mining & Exploration Plc was incorporated as a Private Limited Liability Company, on 20th June 2002. It commenced business on 1st April 2005 and was converted to a Public Limited Liability Company on 18th April 2008. The Company's share was listed on the Nigerian Stock Exchange on 8th October, 2008.

The Company is engaged in the business of exploring, extracting, prospecting, boring, refining, drilling for, producing, and quarry mining of stones and other extractive solid minerals (mainly Lead and Zinc) into different configuration and classification.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the Board of Directors.

2.2 Basis of Measurement

These financial statements are prepared on the historical cost basis.

2.3 Functional and Presentation Currency

The Company's functional and presentation currency is the Nigeria Naira. Except as indicated, the financial information presented in Naira has been rounded to the nearest thousand.

2.4 Use of Estimates and Judgements

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

(a) **Mine Reserve and Mineral Resource Estimates**

Mine reserves are estimates of the amount that can be economically and legally extracted from the Company's mining properties. The Company estimates its reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the mineral body.

The Company estimates and reports its mineral reserves using reasonable investment assumptions, as follows:

i. Future production estimates - which include proven and probable reserves, resource estimates and committed expansions
ii. Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price.

iii.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

iii. Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate reserve. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results which include:

i. The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
ii. Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
iii. Capitalised stripping costs recognised in the statement of financial position as either deferred stripping or as part of inventory or charged to profit or loss may change due to changes in stripping ratios.
iv. Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
v. The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(b) **Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

(c) **Mine Rehabilitation Provision**

The Company assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable.

These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(d) **Impairment of Assets**

The Company assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use.

(e) **Inventories**

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

(f) **Fair Value Hierarchy**

If the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, then fair value is determined using valuation techniques such as discounted cash flow models. The inputs to these models are taken from observable markets where possible, but if this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Management of the company exercises this judgement when necessary. As at now, no need arises.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) **Interests in Joint Operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company incorporates its interest in joint operations as follows:

i. its assets, including its share of any assets held jointly;
ii. its liabilities, including its share of any liabilities incurred jointly;
iii. its revenue from the sale of its share of the output arising from the joint operation;
iv. its share of the revenue from the sale of the output by the joint operation; and
v. its expenses, including its share of any expenses incurred jointly.

If there is a change in facts and circumstances upon which the joint arrangement is previously classified, the Company shall reassess whether the type of joint arrangement has changed.

(b) **Foreign Currencies**

The financial statements are presented in Naira, which is the company's functional and presentation currency. Multiverse Plc does not have any foreign operations. Transactions in foreign currencies are initially recorded in the functional currency at the respective spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss or other comprehensive income, should specific criteria be met.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) **Mineral Exploration, Evaluation and Development Expenditure**

(i) **Pre-licence Costs**

Pre-licence costs are expensed in the period in which they are incurred.

(ii) **Exploration and Evaluation Expenditure**

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed. Costs expensed during this phase are included in "exploration and evaluation expenditure expensed" in profit or loss.

(iii) **Farm-outs in the Exploration and Evaluation Phase**

The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the famor as a gain on disposal.

(iv) **Mines Under Construction**

Expenditure is transferred from "Exploration and evaluation assets" to "Mines under construction" in "Mine Properties" once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Upon transfer of "Exploration and evaluation assets" into "Mines under construction" in "Mine properties", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in "Mines under construction". Development expenditure is net of proceeds from the sale of ore extracted during the development phase. After production starts, all assets included in "Mines under construction" are /transferred to"Producing mines" in "Mine properties".

(d) **Financial Instruments**

(i) **Non-derivative Financial Assets**

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has only loans and receivables as the non-derivative financial assets. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances, call and fixed deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) **Non-derivative Financial Liabilities**

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(ii) **Share Capital**

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share Issue Costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

(e) **Property, Plant and Equipment and Mine Properties**

(i) **Initial Recognition**

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" or "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered being probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

(ii) **Depreciation**

Mobile mine equipment, is generally depreciated on a straight-line basis over their estimated useful lives as follows:

- Site Buildings	20 years
- Plant and Machinery	5 to 15 years
- Site Cost	20 years
- Furniture and Fittings	5 years
- Motor Vehicles	4 years
- Computer & IT Equipment	5 years
- Workshop Tools and Sundry Equipment	10 years
- Electrical Project	10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation/amortisation of property, plant and equipment are reviewed at each reporting period, and adjusted prospectively if appropriate.

(iii) **Major Maintenance and Repairs**

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

(f) **Research and Development Costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied and therefore the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

(g) **Impairment**

i. **Financial Assets (Including Receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by companying together receivables and held to- maturity investment securities with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to

time value are reflected as a component of interest income If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

ii. **Non-financial Assets**

The carrying amounts of the Company's non-financial assets, such as property plant and equipment, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. In addition, capitalized exploration and evaluation costs are assessed for impairment upon demonstrating the technical feasibility and commercial viability of a project.

Impairment is determined for an individual asset unless the asset does not generate cash

In flows that are independent of those generated from other assets or company of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes. Impairment exists when the carrying amount of the asset, or company of assets, exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the profit or loss.

For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) **Employee Benefits**

i. Defined Contribution Plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value. Employees are entitled to join the Scheme on confirmation of employment. Employees and the Company's contributions are 8% and 10% respectively on employee's certain emolument as defined by the Pension Reform Act 2004 as amended.

ii. Termination Benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

iii. Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(j) **Provisions**

(i) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(ii) **Restructuring**

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(iii) **Onerous Contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(iv) **Rehabilitation Provision**

The Company records the present value of estimated costs of legal and constructive

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operations location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in profit or loss as part of finance costs. Additional disturbances or changes in rehabilitation costs are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If, the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36.

If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

(k) Revenue

Revenue represents fair value of amounts received or receivable by the entity for the sales of goods and provision of services in the ordinary course of the entity's activities during the period and is stated net of value-added tax (VAT), returns, rebates and discounts.

(i) **Goods Sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair values of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

(ii) **Services**
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) **Interest Income**
Is recognised on a time proportion basis using the effective interest method

(iv) **Dividends** are recognised as income in the period in which the right to receive payment is established.

(l) **Finance Income and Finance Costs**
Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets, Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) **Income Tax**

(i) Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(ii) Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Such deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognised in profit or loss.

(n) **Earnings Per Share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(o) **Contingencies**

a) **Contingent Assets**

Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent assets is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statement.

b) **Contingent Liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

(p) **Borrowing Costs**

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except to those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset. Qualifying assets include the cost of developing mining properties and constructing new facilities. Borrowing costs related to qualifying assets are capitalized up to the date when the asset is ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred net of any investment income earned on the investment of those borrowings. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period.

4.0 ADOPTION OF NEW AND REVISED IFRS STANDARDS

4.1 New and Revised Accounting Standards and Interpretations in Issue But Not Yet Effective

The following revisions to accounting standards and pronouncements that are applicable to the company were issued but are not yet effective. Where IFRSs listed below permit early adoption, the company has elected not to apply them in the preparation of these financial statements.

The full impact of these IFRSs is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Standard	Description	Effective Year
IFRS 9	Financial Instruments	01-Jan-18
Amendment to IFRS 5	Non current assets held for Sale and Discontinued Operations	01-Jul-16
Amendment to IFRS 7	Financial Instruments: Disclosures	01-Jul-16
IFRS 15	Revenue from Contracts with Customers	01-Jan-17
Amendments to IAS 19	Employee Benefits	01-Jul-16
Amendments to IAS 16 and IAS 38	Property,Plant and Equipment and Intangible Assets	01-Jan-16
IFRS 16	Leases	01-Jan-19
Amendments to IAS 12	Income Taxes	01-Jan-17

Commentaries on these new standards/amendments are provided below:

IFRS 9 Financial Instruments

The issue of IFRS 9 completed the process of IAS 39 Financial Instruments: Recognition and Measurement. This standard provides full guidance for the classification, recognition and measurement, impairment, hedge accounting and de-recognition of financial instruments.

This standard introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. The standard allows financial assets to be categorised as "fair value through other comprehensive" in certain circumstance which is irrevocable. The requirements for financial liabilities were largely carried forward unchanged from IAS 39.

The standard introduces a single impairment model to all financial instruments, based on "expected loss" instead of "incurred loss" under IAS 39, for the measurement of impairment loss on financial assets The standard also provides requirements for hedging accounting that aligns the accounting treatment with the risk management activities of an entity, in addition to enhanced disclosures which will provide better information about risk management and the effect if hedging accounting on the financial statements.

IFRS 9 carries forward the de-recognition requirements of financial assets and liabilities from IAS 39.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

The standard will affect the manner with which the company calculates and recognise impairment loss including its timing and also the classification of its financial assets. However, it is yet to assess the impact on the financial statements and do not intend to apply it earlier than the mandatory effective date.

Amendments to IFRS 5 - Non Current Asset Held for Sale and Discontinued Operations

Amends IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan.

Amendments to IFRS 7 - Financial Instruments: Disclosures

Amends IFRS 7 to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures. An entity is required to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. It also clarifies the applicability of IFRS 7 on offsetting disclosures to condensed interim financial statements. It states that these IFRS 7 disclosures are not required in the condensed interim financial report.

IFRS 15 - Revenue from Contracts with Customers

This standard provides comprehensive model for all entities in accounting for revenue arising from contracts with customers. It replaced the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The core principle of the standard is that an entity should recognise revenue to show the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition which are as follows:

1. Identification of the contract with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contracts; and
5. Recognition of revenue when (or as) the entity satisfies a performance obligation

An entity recognizes revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance is now added to deal with specific scenarios. Furthermore, the standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improved guidance for multiple-element arrangements.

The company is yet to assess the impact on the financial statements and do not intend to apply it earlier than the mandatory effective date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Amendments to IAS 16 and IAS 38- Property, Plant and Equipment and Intangible Assets

This amendment clarifies that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset.

IFRS 16 Leases

This is a new standard which sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract i.e. the customer (lessee) and the supplier (Lessor). It replaces the previous leases standard, IAS 17 Leases, and related interpretations. Some of the highlights are as follows:

1. Carry forward of the lessor accounting requirements in IAS 17. Lessor continues to classify its leases as operating leases or finance leases, and account for those two types of leases differently.

2. Lessee will now recognize assets and liabilities for all leases i.e. no more operating leases, with a term of more than 12 months, unless the underlying asset is of low value e.g. lease of a personal computer; and depreciate the lease assets. Interest is calculated on all lease liabilities and recognized in the income statement.

3. Separation of lease components from service components of the contract and applies lease accounting to only for lease components. But also include an option for lessee to account for both components as a single lease, instead of separating those components.

Early application is permitted if IFRS 15 Revenue from Contracts with Customers is applied.
Management are yet to assess the impact on this standard and does not intend to adopt same earlier than the effective date.

Amendments to IAS 12 Income Tax

Amendments to IAS 12 Income Taxes relates to the amendments, Recognition of Deferred Tax Assets for Unrealized Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value. Early application is permitted.

The company does not have any debt instruments measured at fair value and as such this amendment will have no impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
5	**REVENUE**	**₦'000**	**₦'000**
	Sale of Goods		
	Granites	57,792	49,169
		57,792	49,169

Revenue from granites relate to the Company's share of the joint operation's sales of granites.

		2015	2014
6	**OTHER INCOME**		
	Agency Commission (See Note 6.3)	7,792	12,350
	Profit on Sales of Property, Plant and Equipment	-	625
	Dividend Income	10,140	-
	Others	40,202	-
		58,135	12,975
7	**FINANCE COSTS**		
	Interest on Bank Loans and Overdrafts	217,146	131,372
	Interest on Loan from Government Institution-NEXIM	38,065	55,689
	Interest obligation on BOI Restructured Loan	86,848	47,427
	Other Interest Expenses	381	8,975
	Unwinding of Discount on Rehabilitation Provision	208	189
	Total interest expense for financial liabilities not classified at fair value through profit or loss (FVTPL)	342,648	243,653

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
7.1	**As Per Statement of Financial Position**	**2015**	**2014**
	Current Income Tax Payable	**₦'000**	**₦'000**
	At 1 January	33,476	25,555
	Provision During the Year	6,407	7,921
	At 31 December	39,883	33,476

Corporation tax is calculated at 30 per cent (2014: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended. The charge for education tax of 2 per cent (2014: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

Deferred Tax

The following are the major deferred tax liabilities recognised by the company and movements thereon during the current and prior reporting period.

	2015	2014
At 1 January	948,353	983,881
Charge/(Credit) to Profit or Loss	(25,541)	(35,528)
At December 31	922,812	948,353

The following is the analysis of the deferred tax liabilities as presented in the Statement of Financial Position:

2015	Opening Balance	Recognised in Profit or Loss	Closing Balance
Property, Plant and Equipment	948,353	(25,541)	922,812
	948,353	(25,541)	922,812
2014			
Property, Plant and Equipment	983,881	(35,528)	948,353
	983,881	(35,528)	948,353

According to IAS 12, deferred tax assets are to be recognised on all deductible differences and all unused tax losses to the extent that it is probable that taxable profits will be available against which they can be utilised in the future. At the year end, there is a deferred tax implication (at 30%) on unutilised losses and unabsorbed capital allowances which are yet to be recognised.The Company's directors have decided not to recognise the deferred tax asset until the indications that there would be sufficient future profit becomes more probable.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
8	**TAXATION**		
8.1	**As per Profit or Loss:**	**2015**	**2014**
	Current Tax	**₦'000**	**₦'000**
	Income Tax Based on Minimum Tax	6,407	7,921
		6,407	7,921
	Deferred Tax:		
	Deferred Tax Write Back for Current Year	(25,541)	(35,528)
		(25,541)	(35,528)
	Total Income Tax Expense/(Income) Recognised in the Current Year	(19,134)	(27,607)

The income tax expenses can be reconciled to accounting profit as follows:

	2015	2014
Loss Before Tax	(405,855)	(580,014)
Income Tax Calculated at 30%	(121,757)	(174,004)
Effect of Income Exempted from Tax	-	(188)
Effect of Dis-allowable Expenses	33,056	83,786
Effect of Balacing Charge	-	3,600
Minimum Tax Adjustment	69,567	59,199
Income Tax Expense Recognised in the Current Year	(19,134)	(27,607)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9	**PROFIT FOR THE YEAR**	**2015**	**2014**
	Profit for the Year is arrived at after Charging/(Crediting):	**₦'000**	**₦'000**
	Depreciation & Amortisation Expense	107,308	117,279
	(Profit)/Loss on Diposal of PPE	-	(625)
	Auditors' Fee	3,000	3,000
	Directors' Remuneration	23,140	24,350

10 **EARNINGS PER SHARE**

Earnings per share are calculated on the basis of profit after taxation and the number of issued and fully paid ordinary shares of each financial year.

10.1 **Basic/Diluted Earnings Per Share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are:

Earnings from Continuing Operations	**₦'000**	**₦'000**
(Loss)/Profit for the Year Attributable to Owners of the Company	(386,721)	(552,408)
Number of Shares		**Number**
Number of Ordinary Shares for the purpose of Basic Earnings per Share	4,261,939	4,261,939
Earnings Per Share (Kobo) - Basic	(9)	(13)

The denominator for the purpose of calculating basic earnings per share is based on issued and paid ordinary shares of 50 kobo each.

10.2 **Impact of Changes in Accounting Policies**

There were no changes in the company's accounting policies during the year that impacted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
		₦'000	₦'000
11	**EXPLORATION AND EVALUATION ASSETS**		
	Cost At 1 January	2,152	39,428
	Additions	-	101
	Transfer to Mines Under Construction	-	(37,376)
	Cost At 31 December	2,152	2,152
	Provision for Impairment as at 1 January	-	-
	Impairment Charge for the Year	-	-
	Reversal of Previously Recognised Impairment	-	-
	Provision for Impairment as at 31 December	-	-
	Carrying Amount At 31 December	2,152	2,152

Exploration and evaluation expenditure immediately expensed in the profit or loss amounted to nil (2014- nil).

12 **MINE PROPERTIES**

	Mine Site Under Construction	Quarry Site	Total
COST	₦'000	₦'000	₦'000
At 1 January 2014	1,378,905	29,986	1,408,891
Additions	31,276	-	31,276
Transferred from Exploration and Evaluation Assets	37,376	-	37,376
At 31 December 2014	1,447,557	29,986	1,477,543
Additions	29,364	-	29,364
At 31 December 2015	1,476,921	29,986	1,506,907

12.1 **Impairment Testing of Mine Properties**

An impairment test was not performed during the year under review.

12.2 The quary site not yet operational, have no depletion or impaired, thine site under construction is yet to result under production estimates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13 PROPERTY, PLANT & EQUIPMENT

Figures in thousand ('000) of Naira

	Plant & Machinery	Site Cost	Site Building	Motor Vehicle	Electricity Project	Office Equipment	Computer & IT Equipment	Furniture & Fittings	Total
COST	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January 2014	3,688,655	240,363	7,132	83,719	9,703	12,234	11,792	8,707	4,107,639
Additions	-	7,015	-	-	-	-	-	-	7,015
Disposals	(14,000)	-	-	-	-	-	-	-	(14,000)
At 31 December 2014	3,674,655	247,378	7,132	83,719	9,703	12,234	11,792	8,707	4,100,654
Additions	7,000	2,689	-	-	-	-	59	-	9,748
Write off	(16,781)	-	-	-	-	-	-	-	(16,781)
At 31 December 2015	3,664,874	250,067	7,132	83,719	9,703	12,234	11,851	8,707	4,093,620
DEPRECIATION & IMPAIRMENT									
At 1 January 2014	573,075	33,915	1,822	83,709	6,998	10,477	11,782	5,797	772,906
Charge for the Year	103,539	9,449	356	-	971	1,224	-	1,741	117,279
Impairment in the Year	30,956	-	-	-	-	-	-	-	30,956
Disposals	(2,625)	-	-	-	-	-	-	-	(2,625)
At 31 December 2014	704,945	43,363	2,178	83,709	7,969	11,700	11,782	7,538	918,516
Charge for the Year	91,868	12,400	356		972	534	9	1,169	107,308
Impairment in the Year	-	-	-	-	-	-	-	-	-
Write off	- 16,781	-	-	-	-	-	-	-	(16,781)
At 31 December 2015	780,032	55,763	2,534	83,709	8,941	12,234	11,790	8,707	1,009,044
CARRING AMOUNT									
At 31 December 2015	2,884,841	194,304	4,598	10	762	0	60	0	3,084,577
At 31 December 2014	2,969,710	204,015	4,954	10	1,734	534	10	1,169	3,182,137

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14 **INTERESTS IN JOINT OPERATIONS**

Details of the Company's joint operations as at the end of the reporting period are as follows:

Name of Special Vehicle	Name of Joint-operator	Principal Activity	Country of Incorporation	% Ownership Interest	
				2015	**2014**
Sinotrust Partners Limited	Unicontinental International Engineering Company Limited	Quarry	Nigeria	25%	25%
Sino Cephas Mining Company Limited	Anhui Huishang Metal Company Limited	Mining	Nigeria	20%	20%

a **Sinotrust Partners Limited**

With effect from 31st May 2013, Multiverse Plc entered into a joint arrangement with Unicontinental International Engineering Company Limited in respect of their quarry site at Alaguntan village, Obafemi Owode,Abeokuta,Ogun State,Nigeria. The joint arrangement was structured through the incorporation of Sinotrust Partners Limited to carrying on the purpose of the arrangement, however other facts and circumstances at the reporting date indicate that the arrangement is a joint operation . The company commenced operations in September, 2014. The reserve of granite stones at the joint operation's site is estimated at 50 Million Metric Tons.

b **Sino Cephas Mining Company Limited**

With effect from 24th September 2013, Multiverse Plc entered into a joint arrangement with Navigator Production Company Limited, the local representatives of Anhui Huishang Metal Company Limited of China for total off-take of the production of Lead Ore at her site in Abuni,Awe local government, in Nasarawa State,Nigeria. The joint arrangement incorporated a special vehicle, Sino Cephas Mining Co. Limited, for the mining operation, however other facts and circumstances at the reporting date indicate that the arrangement is a joint operation. Multiverse Plc signed MOU with Anhui Huishang Metal Company Limited of China for the mine production and for it to invest 111 million USD over 5 years in the production at Abuni Mine. Production will commence at the Abuni mining site in October 2016. The reserve of Lead/Zine Ore at the site is estimated at over One Million Metric Tons.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
		₦'000	₦'000
15	**INVENTORIES**		
	At 1 January	51,412	156,778
	Inventories expensed:		
	Write Off During the Year	-	-
	Consumed During the Year	(22,028)	(127,393)
	Addition in the Year	17,259	22,027
	At 31 December	46,643	51,412
	These comprise:		
	Finished Goods	3,232	6,134
	Work-in-Progress	31,617	40,044
	Consumables	11,795	5,234
		46,644	51,412

Finished goods consist of different sizes of granites (0-5mm, 5-12mm, 12-19mm, 20-25mm aggregates). Work in progress relates to uncrushed blasted rocks at the Quarry pit. Costs include drilling, explosives, prima work that are used in getting the rocks to crushable state. At year end, the Directors consider that the realisable value of stock is not lower than the book value. No inventory is recognised in respect of ore during the year as the company is yet to commence production The cost of inventories recognised as expense is separately disclosed on the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16 **TRADE AND OTHER RECEIVABLES**	**2015**	**2014**
	₦'000	**₦'000**
Trade Receivables	12,026	19,122
Less: Provision for Impairment of Trade & Other Receivables	(3144)	(265)
	8,882	18,857
Other Receivables	42,829	1,216
	51,712	20,073

Trade receivables are non-interest bearing and are generally on terms of 30 to120days. Due to their short term nature, the carrying amount of the trade and other receivables approximates their fair value. Movement in provision for impairment of trade receivables for the year is as detailed below:

Provision for Impairment of Receivables	**₦'000**	**₦'000**
At start of the Year	265	265
Bad Debt	2,879	-
At End of the Year	3,144	265

Other classes within trade and other receivables do not contain any due, but not impaired assets. No receivable is pledged as security for borrowings.

As at year end, the analysis of trade receivables that were past not impaired is as follows:

Neither Past Due nor Impaired	**₦'000**	**₦'000**
Less than 30 days	-	-
30 to 60 days	-	-
61-90 days	-	-
91 to 120 days	-	-
Above 120 days	8,882	18,857
	8,882	18,857

In determining the recoverability of the trade and other receivables, the company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparty.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
17	**CASH AND CASH EQUIVALENTS**		
		₦'000	**₦'000**
	Cash in Hand	-	-
	Cash at Bank	42,445	7,246
		42,445	7,246

Included in these figure is N 40,625 (2014:N5,468) the company's share of cash and cash equivalent from its interest in joint operations

		2015	2014
18	**SHARE CAPITAL**		
	Authorised:		
	4,500,000,000 Ordinary Shares of 50k each	2,250,000	2,250,000
	Issued and Fully Paid:		
	At 1st January	2,130,969	2,130,969
	At 31 December	2,130,969	2,130,969
19	**SHARE PREMIUM**		
	At 1 January	1,242,082	1,242,082
	At 31 December	1,242,082	1,242,082
20	**RETAINED EARNINGS**		
	At 1 January	(1,773,335)	(1,220,927)
	Correction of prior period error	7,000	-
	Restated balance	(1,766,335)	(1,220,927)
	Share of Capital Reserve from Joint Operations	36,849	-
	Other Transfer	32,176	-
	Loss for the year	(386,721)	(552,408)
	At 31 December	(2,084,031)	(1,773,335)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
		₦000	₦000
21	**LOANS**		
	The borrowings are made up as follows:		
	Non-current		
	Term Loans	367,265	358,573
	Current		
	Term Loan	539,530	400,000
	Bank Overdraft	945,063	546,755
		1,484,593	946,755
	Total Borrowings	1,851,858	1,305,327
	Non Current Term Loan is analysed as follows:		
	At 1 January	358,573	511,189
	Addition	65,818	-
	Payment	-	-
	Current Portion of Non-current Loan	(57,126)	(152,616)
	At 31 December	367,265	358,573
	Current Term Loan is analysed as follows:		
	At 1 January	400,000	433,762
	Current Portion of Non-current Loan	57,126	152,616
	Additions/Restructuring	139,530	-
	Transferred to Bank Overdraft	(57,126)	(186,378)
	At 31 December	539,530	400,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21.1 **Components of Current Portion of Non-current Borrrowing**

Non-current	**NEXIM Bank**	**Access Bank**	**Unity/BOI**	**Unity Term Loan/BOI**	**UBN-Term Loan**	**Total**
Figures in thousand ('000) of Naira	**₦**	**₦**	**₦**	**₦**	**₦**	**₦**
Non-current term loan is analysed as follows:						
At 1 January	-	145,446	65,789	213,156	-	424,391
Addition	-	-	-	-	-	-
Payments	-	-	-	-	-	-
Current Portion of Non-current Loan	-	(18,179)	(10,526)	(28,421)	-	(57,126)
At 31 December	-	127,267	55,263	184,735	-	367,265
Current:						
Facility Type/Purpose						
Opening Balance	400,000	-	-	-	-	400,000
Addition/Restructuring	139,530	-	-	-	-	139,530
Current Portion of Non-current Loan	-	18,179	21,052	56,842	-	96,073
Current Portion Transferred to Bank Overdraft	-	(18,179)	(21,052)	(56,842)	-	(96,073)
	539,530	-	-	-	-	539,530
At 31 December 2015	539,530	127,267	55,263	184,735	-	906,795
At 31 December 2014	400,000	145,446	65,789	213,156	-	824,391
Non-Current Obligation	-	127,267	55,263	184,735	-	367,265
Current Obligation	539,530	18,179	10,526	28,421	-	596,656

Current obligation includes obligations which are due within 12 months after the reporting year end.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21.2 **Bank Loans is Further Analysed Below:**

Facility Type/Purpose	Tenure	Interest Rate	Security	Facility Amount	Draw Down/Balance December 2015	Draw Down/Balance December 2014
				₦	₦	₦
Nexim	5 years	10.50%	Legal Mortgage over Assets	524,636	539,530	400,000
Other Term Loan: Unity Bank /Boi Refinancing Facility	12mths	5%	Legal Mortgage over quarry site and personal guarantees of all Directors	100,000	55,263	52,626
Access Bank Plc	10 years	7%	-	242,417	127,267	121,209
Term Loan- BOI	9yrs, 6 mths	5%	Legal Mortgage over Assets	270,000	184,735	184,737
Total Term Loan					906,795	758,572
Less: Non-Current Portion of Term					(367,265)	(358,573)
Current Portion					539,530	400,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21.3 Liquidity Profile of Borrowings

The analysis depicts the maturities of various term loans outstanding as at 31 December, 2015:

Facility Type/Purpose	Less Than 1 Year	Between 1 and 3 Years	Between 3 and 5 Years	Above 5 Years	Carrying Amount
	₦	₦	₦	₦	₦
Nexim	539,530	-	-	-	539,530
Unity Bank /BOI	184,737	56,842	56,842	71,053	184,737
Access Bank Plc	127,269	54,544	48,483	24,242	127,269
Unity Bank /BOI	55,263	23,684	21,053	10,526	55,263
Total Term Loan	906,799	135,070	126,378	105,821	906,799
Less: Non-Current Portion of Term Loan	(367,269)	(135,070)	(126,378)	(105,821)	(367,269)
Current Portion	539,530	-	-	-	539,530

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 **PROVISIONS**

Rehabilitation	**2015** **₦'000**	**2014** **₦'000**
At 1 January	2,080	1,891
Unwinding of Discount	208	189
At 31 December	2,288	2,080
Comprising:		
Current	-	-
Non-current	2,288	2,080
	2,288	2,080

The company makes full provision for the cost of rehabilitating mining sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation cost relating to mine sites, which are expected to be incurred up to 2042. These provisions have been created based on the companyis internal estimates. Assumptions based on current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assunptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine cease to produce at economically viable rates. This, in turn, will depend upon future lead and barite prices, which are inherently uncertain.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

		2015	2014
23	**TRADE AND OTHER PAYABLES**		
		₦'000	**₦'000**
	Trade Payables	409,029	89,681
	Other Payables (23.1)	219,548	761,928
		628,576	851,609
23.1	**Other Payables**		
	Accurals	3,375	201,578
	Interest Payable- NEXIM	24,411	128,679
	Interest Payable- Other Banks	-	146,878
	Cash Advance from Sinotrust Partners	-	11,000
	PAYE Payable	5,373	6,916
	WHT Payable	3,857	3,857
	VAT Payable	8,418	8,418
	Deposits	-	115,000
	Pension Payable (23.2)	45,494	43,937
	Salary Payable	125,181	95,666
	Unpaid dividend (23.3)	3,439	-
		219,548	761,928
23.2	**Staff Pension Scheme**		
	At 1 January	43,937	42,192
	Contributions During the Year	1,557	1,745
	At 31 December	45,494	43,937

23.3 The company received unpaid dividend from its Registrar, Mainstreet Bank Registrar Limited, a mainstreet bank cheque for the dividend that were uncollected for 15 months and above.

Trade and other payables are non-interest bearing and are normally settled on 15 to 45 days term.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24 CASH GENERATED FROM OPERATIONS

Reconciliation of profit after tax to net cash generated by operating activities:

	2015 ₦'000	2014 ₦'000
Operating Loss for the Year	(63,207)	(336,361)
Adjustments for Non Cash Flow Items:		
Depreciation	107,308	117,279
(Profit)/Loss on Disposal of Property, Plant and Equipment	-	(625)
Inventory Consumed by Joint Operation	(22,028)	(127,393)
Impairment on Property, Plant and Equipment	-	30,956
Changes in Rehabilitation Provision	208	-
Operating Cash Flows Before Movements in Working Capital	22,281	(316,144)
Decrease/(Increase) in Inventories	(17,259)	(22,027)
increase in Trade and Other Receivables	-31,639	3,340
Increase in Trade and Other Payables	27,577	345,089
Net Cash Generated from Operations	960	10,257

NOTES TO THE FINANCIAL STATEMENT (Cont'd)

25 **RELATED PARTY TRANSACTIONS**

Details of transactions and outstanding balances between the company and its related parties during the period are disclosed below:

25.1 **Trading Transactions**

The Company entered into transactions with its related parties during the year and transactions conducted resulted to the balances analyzed below:

	Nature of Transaction	2015	2014
		₦'000	₦'000
Unpaid Executive Director Salary	Payables	21,600	14,700
Treasuremix Construction Limited	(Repayment) / Loan	-	(694)
GWF Services Limited	Deposit	-	15,000
Wenberg Construction Limited	Loan & Interest	-	106,728
		21,600	135,734

Analysis of the outstanding at the reporting date:

	Nature of Transaction	Due to Related Parties	
		2015	2014
		₦'000	₦'000
Unpaid Executive Director Salary	Payables	52,364	29,311
Heritage Capital Markets Limited	Payables	15,993	14,311
GWF Services Limited	Deposit	115,000	115,000
Wenberg Construction Limited	Loan & Interest	107,549	106,728
		336,121	265,350

There were no sales of goods to related party during the year under review.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25.2 Remuneration of Key Management Personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2015	2014
	₦'000	₦'000
Short-term Employee Benefits	21,600	21,600
	21,600	21,600

No dividend was paid or proposed to be paid in the year in respect of ordinary shares held by the Company's Directors.

26 DIRECTORS AND EMPLOYEES

26.1 Directors

	2015	2014
	₦'000	₦'000
Emoluments:		
Fees	1,040	2,250
Other Remuneration and Allowances	500	500
	1,540	2,750

The number of Directors whose gross emoluments were within the following ranges are:

Range (N)	Number	Number
1,000,001 - 2,000,000	-	-
3,000,001 and above	2	2
	2	2

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26.2 **Employees**

The average number of employees employed during the year:

	2015	2014
	Number	**Number**
	5	8
	5	8

The aggregate payroll costs:

	N'000	**N'000**
Wages, Salaries, and Allowances:		
Cost of Sales	-	4,820
Administrative Expense	8,901	12,008
Pension Cost	1,725	1,745
	10,626	18,573

The number of higher paid employees with gross emoluments within the ranges below were:

Range (N)	**Number**	**Number**
100,000 - 200,000	-	-
200,001 - 300,000	-	-
300,001 - 400,000	-	-
400,001 - 500,000	2	2
500,001 - 1,000,000	-	-
1,000,000 - 2,000,000	3	4
Above 2,000,000	2	2

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27 FINANCIAL INSTRUMENTS

27.1 Capital Risk Management

The Company manages its capital to ensure that the company will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The Company's overall strategy remains unchanged The capital structure of the company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. The Company is not subject to any externally imposed capital requirements. Equity includes all capital and reserves of the Company that are managed as capital.

27.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

27.3 Categories of Financial Instruments

	2015	2014
	₦'000	₦'000
Financial Assets		
Cash and Bank Balances	42,445	7,246
Trade and Other Receivables	51,712	20,073
	94,157	27,319
Financial Liabilities		
Financial Liabilities at Amortized Cost	1,851,858	1,305,327
Trade and Other Payables	664,431	673,751
	2,516,289	1,979,078

27.4 Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, comprise accounts payable, bank loans and and overdrafts. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Company's capital expenditure programme. TheCcompany has various financial assets such as trade and other receivables and cash, that arise directly from its operations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27.5 Risk Exposures and Responses

The company manages its exposure to key financial risks in accordance with the company's financial risk management policy. The objective of the policy is to support the delivery of the company's financial targets while protecting future financial security. The main risks that could adversely affect the company's financial assets, liabilities or future cash flows are market risks, comprising cash flow interest rate risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

The company's senior management oversees the management of financial risks. The company's senior management is supported by a Audit Committee that advises on financial risks and governance framework for the company. The Audit committee provides assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. Currently, the company does not currently apply any form of hedge accounting. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

27.6 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to only interest rate risk

The sensitivity of the relevant profit before tax item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2015. The impact on equity is the same as the impact on profit before tax.

27.7 Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with bank loan interest rate subjects to charges to the prvailing monetary policy rate.

27.8 Foreign Currency Risk

The Company has transactional currency exposures arising from sales or purchases in currencies other than the respective functional currencies. The Company manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

28. GOING CONCERN

The financial statements have been prepared under the assumption that the Company will continue as a going concern.

The Company has net current liabilities of N2,012,252,000 (2014: N1,773,335,000) and accumulated losses of N2,084,031,000 (2014: N1,773,335,000). The net current liability is due to backlog of trade and

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

other liabilities and current portion of loan-term borrowings which were unpaid over years.

The accumulated losses for over three years running were primarily caused by no production and sales during the year, massive finance costs of N342,648,000 (2013: N243,658,000) arising from non-payment of overdue long-term borrowings and poor performance of the Company over years.

Significant labour turnover was also experienced during the reporting year, and this involved senior management personnel. During the reporting year, the Company has undertaken a thorough review of its financial position and its business strategy to improve the position in near future.

The directors believe that the business will be able to renegotiate and reschedule all matured borrowings to cushioning the effect of long-term obligations as they fall due. With the signing of the partnership agreement with Anhui Huishang Metal Company of China that plans to invest $111 million over 5 years in the Company's Abuni Lead/Zinc mine, and with extensive exploration carried out by the mining technical partner that confirmed the availability of Lead/Zinc Ore in commercial quantity and a written confirmation to the Board of Directors of the Company that production will commence at the mine site before the end of 2015, the fortune of the Company will change significantly.

Of significance is the Quarry Joint Operation (Sinotrust Partners Ltd) that have started full operation, the Company will retain back its leading role in granite production in South Western Nigeria, and this will improve its cash flows significantly.

The Company has also reviewed its business model from being a mining operation company to mining investment company, this will translate to attraction of foreign investments and technical partners to develop its vast mining resources. As a result, the directors believe the Company will continue as a going concern.

29 CAPITAL COMMITMENT AND OTHER CONTIGENCIES

At 31 December 2015, the company had no contractual commitments for the acquisition of property, plant and equipment or other contingencies.

30 EVENT AFTER REPORTING DATE

No material transactions occurred between 31 December 2015 and the date the financial statements were signed requiring disclosure in or adjustment to the annual financial statements for the period ended 31 December 2015.

31 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorised for issue on 29th March 2016.

STATEMENT OF VALUE ADDED

	2015	%	2014		%
	₦'000		₦'000		
Revenue	57,792		49,169		
Value of Services (Local)	(22,932)		(207,440)		
Other Income	58,135		12,975		
Value Added for Disribution	92,995	100	-145,296		100
Apply as follows:					
In payment to Government					
Income Tax Expenses	19,134	21	27,607	-	19
In Payment to Employees					
Salaries ,Wages and Pension	10,626	11	18,573	-	13
Capital Provider					
Finance Charges	342,648	368	243,653		-168
Retained in Business for Expansion & Development					
Depreciation	107,308	115	117,279		-81
Retained Loss	(386,721)	(416)	(552,408)		380
	92,995	100	-145,296		100

FIVE-YEAR FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Non-current Assets					
Exploration and Evaluation Assets	2,152	2,152	39,434	115,814	534,420
Mine Properties	1,506,907	1,477,543	1,408,890	888,509	-
Property, Plant & Equipment	3,084,577	3,182,137	3,334,731	3,821,041	3,866,815
Intangible Assets	-	-	-	318	-
Total Non-current Assets	4,593,636	4,661,833	4,783,055	4,825,682	4,401,235
Current Assets					
Inventories	46,643	51,412	156,778	553,725	545,530
Trade and Other Receivables	51,712	20,073	23,413	53,828	64,746
Cash and Cash Equivalents	42,445	7,246	23,503	54,888	10,642
Total Current Assets	140,800	78,731	203,694	662,441	620,919
Total Assets	4,734,436	4,740,564	4,986,749	5,488,123	5,022,154
EQUITY AND LIABILITIES					
Shareholders' Equity					
Issued Capital	2,130,969	2,130,969	2,130,969	2,130,969	2,130,969
Share Premium	1,242,082	1,242,082	1,242,082	1,242,082	1,242,082
Retained (Loss)/ Earnings	(2,084,031)	(1,773,335)	(1,220,927)	(671,599)	351,430
Total Shareholders' Equity	1,289,020	1,599,716	2,152,124	2,701,452	3,724,481
Non-current Liabilities					
Interest-bearing Loans and Borrowings	367,265	358,573	511,189	532,951	712,908
Deferred Tax Liabilities	922,812	948,353	983,881	1,065,108	-
Provisions	2,288	2,080	1,891	1,719	-
Total Non-current Liabilities	1,292,365	1,309,006	1,496,961	1,599,778	712,908

FIVE-YEAR FINANCIAL SUMMARY (Cont'd)

	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000	2011 ₦'000
Current Liabilities					
Interest-bearing Loans and Borrowings	1,484,593	946,755	794,139	910,349	356,907
Accounts Payables and Accrued Liabilities	628,576	851,609	517,971	256,544	211,895
Income Tax Payable	39,883	33,476	25,555	20,000	15,963
Total Current Liabilities	2,153,053	1,831,840	1,337,665	1,186,893	584,765
Total Liabilities	3,445,417	3,140,846	2,834,625	2,786,671	1,297,672
Total Liabilities and Shareholder's Equity	4,734,437	4,740,563	4,986,749	5,488,123	5,022,153
Profit or Loss and Other Comprehensive Income					
Turnover	57,792	49,169	289,184	674,482	660,061
(Loss)/Profit Before Taxation	(405,855)	(580,014)	(612,733)	34,686	29,265
Taxation	19,134	27,607	63,406	(4,038)	(3,696)
Loss/Profit After Taxation	(386,721)	(552,408)	(549,327)	30,648	25,569
Per Share Data (Kobo):					
Loss-Basic	(9.07)	(12.96)	(12.89)	0.72	0.60
Net Asset	(30.00)	(34.53)	(25.52)	1.13	0.69