



GoldBridges
Global Resources Plc
Annual Report 2014

Welcome to GoldBridges Global Resources Plc

Company highlights

- Competent Person's Report published, including updated JORC resource and reserve statement – validates both ore body and underground development strategy.
- JORC ore reserves of 2.26Moz, JORC mineral resources (indicated and inferred) of 5.14Moz.
- Admission to the Main Market of the London Stock Exchange by Standard Listing in December 2014.
- Post period end: awarded the tender to perform further confirmatory testing to gain the sub-soil user licence to the adjacent Karasuyskoye Ore Fields.
- Successful resolution in relation to the recovery of monies from the Akmola Gold investment, US\$2.27m received.
- Successfully completed placings, raising net proceeds of US\$22.7m in 2014 and a further US\$5.0m in April 2015, to further develop the Company's strategic plans and to provide additional working capital.

Financial highlights

- Turnover decreased in the year to US\$35.2m (2013: US\$42.4m), principally a reflection of a global reduction in gold prices.
- 27,959oz of gold sold (2013: 29,712oz), a reduction of 1,753oz.
- Increase in finished gold stockholding of 7,307oz (2013: 2,024oz).
- Average gold price achieved (including silver as a by-product), US\$1,258/oz, (2013: US\$1,427/oz).
- Reduction in administrative expenses to US\$8.2m (2013: US\$16.5m), reflective of the efficiency and organisational savings instigated in 2013.
- Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation), of positive US\$5.3m (2013: negative US\$0.59m).

Operational highlights

- Gold poured 32,994oz, (2013: 30,669oz) a 7.5% increase year-on-year; gold grade 1.71g/t, (2013: 1.61g/t).
- Operating cash cost down from last year US\$834/oz (2013: US\$903/oz).
- Gold recovery rate 83.3% (2013: 84.3%) is expected to improve as more higher grade ore is processed.
- Amounts paid for capital expenditure US\$26.0m (2013: US\$7.4m) in the year.

Goldbridges Global Resources Plc (LSE:GBGR) is an exploration and development company, which successfully listed on the standard segment of the London Stock Exchange in December 2014.

At a glance

The Company's main asset is its 100% interest in the Sekisovskoye gold mine in North East Kazakhstan with reserves of 2.26Moz. The Company has a strategy to deliver transformational growth at Sekisovskoye, through its switch from open pit production, due to cease in Q3 2015, to the development of the underground mine, which has significantly higher gold grades. Gold poured is targeted to increase from the current 33,000oz achieved in 2014 to an annual production of over 100,000oz of gold by 2018.

The mining contract for the Sekisovskoye mine is valid until 18 July 2020 with an automatic contractual right to extend after this period.

In addition to Sekisovskoye, the Company has been awarded the tender to conduct further testing at the site at Karasuyskoye ore fields and this is expected to lead to a sub-soil user licence in the near term. The site encompasses an area of approximately 198km² and geological data purchased by the Company indicates that there are several mineralised zones, with the potential to contain significant gold resources.

Throughout 2014, the Company worked on a Competent Persons Report (CPR), and the results of the findings were announced in November 2014, and the significant highlights are summarised in the mineral resources statement on page 12.

The Company's principal shareholders, the Assaubayev family (through their investment vehicle African Resources Limited), have provided strong financial support and commitment to the current development of the Company. Significant equity placings were undertaken in the year, raising in excess of US\$22.7m (after costs) and the family's shareholding currently stands at 61.69%.

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Areas of exploration



1 → Sekisovskoye

The Sekisovskoye deposit is the Company's flagship asset and is located close to the village of Sekisovka, approximately 40km from the North East Kazakhstan regional capital, Ust Kamenogorsk.

The mineral rights at Sekisovskoye are held by a 100% owned subsidiary of the Company, TOO Sekisovskoye, and the processing plant is held by the 100% owned subsidiary of the Company TOO Altai Ken-Bayitu.

The Sekisovskoye deposit was discovered in 1833 with surface mining taking place between 1833 and 1847, 1932 to 1935, and 1943 to 1946. From 1975 to 1986, a range of exploration work was carried out and between 1978 and 1982 "Altai Zoloto" of the Ministry of Non-Ferrous Industry, KazSSR, mined the oxidised area of the ore body.

In 2003, under Hambledon Mining's ownership, further exploration work was undertaken and gold production from the mine and processing plant commenced in 2008. In 2008, about 15koz of gold were produced and this has broadly increased throughout the last seven years with almost 33koz of gold produced in 2014.

In 2014, the Company released the findings of the mining consultant, Venmyn Deloitte's Competent Persons Report on the mine, which demonstrated JORC reserves of 2.26Moz, JORC resources of 5.14Moz and a solid underground mine development plan to increase production in excess of 100koz in 2018.

This is to be achieved by accessing higher grade reserves through the continued development of the underground mine and by increasing the processing plant's throughput capacity from the current 850,000t pa to 1Mt pa.

Total mineral resources

5.14Moz gold

2 → Karasuyskoye Ore Fields

In January 2015, the Company was awarded the tender to perform further confirmatory testing in order to gain the subsoil user licence to the Karasuyskoye Ore Fields. The final subsoil licence terms and conditions, including the new financial incentives now offered specifically to the Company through the state programme on forced industrial-innovative development (SFID), are expected to be finalised in the near-term. These additional terms are expected to include investment incentives and tax reductions.

The geological data that the Company acquired indicates that there are several mineralised zones and leads the Company to believe that Karasuyskoye has the potential to contain significant gold resources. The Company plans to validate this geological data by twinning previous drill holes and undertaking additional metallurgical test work. This work will facilitate the preparation of an independent Competent Persons Report (CPR) to international standards, and the Company will work on this programme throughout 2015 to 2016.

On completion of the (CPR), the Company envisages progressing towards mining from the Karasuyskoye Ore Fields, primarily using cash generated from existing operations. There is also the potential to use the Company's existing mining fleet, at Karasuyskoye, when Sekisovskoye progresses from open-pit to a solely underground operation.

Total deposit area

198km²

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Chairman's statement



During 2014, the Company took significant steps in its ambitious plans to become a large scale gold producer.

I am pleased to report that the plans for the future development of the mine in Sekisovskoye are now well developed with significant milestones achieved in 2014 including the publication of a Competent Persons Report (CPR) with updated reserves and resources in November. This was followed by the Company's shares being admitted to dealing on the standard segment of the London Stock Exchange in December, increasing the profile and attractiveness of the Company to investors, both current and future, as well as increasing the profile and reputation of the Company in Kazakhstan.

The CPR was seen as a key component forming the basis of building investor confidence and underpinning any future funding requirements that the Company is seeking in order to fulfil its development plans. At present, the underground production is being carried out in addition to open-pit mining, although it has now been decided that it makes economic sense to phase out the open-pit mining during Q3 2015. At this point, all production will be from the underground mine, with feed to the processing plant being complemented by the use of existing ore stock piles. The detailed development plans and funding options are currently being finalised which will lead to an increase in the production capacity of the underground workings. During the year, a significant part of the funding raised from the placings undertaken in January and February 2014 which raised cash resources of US\$22.7m was used to enhance and develop the current underground operations. Further funding of US\$5.0m was raised in April 2015 to provide interim funding for working capital and to progress the development of the underground mine.

Gold poured for the year increased from last year by 7.5% to 32,994oz (2013: 30,669oz) with an increasing amount being delivered from the underground operations. During the year the increased level of activity was slowed by the flow of work during the processing plant improvements as well as by future developmental work. Our 2014 gold sales amounted to 27,959oz (2013: 29,712oz), a decrease of 1,753oz. However, there was an increase in the inventories of finished goods which increased by 5,283oz to 7,307oz at the year-end. The significant difference from the prior year has been in the price of gold, with an average market price of gold in 2014 of US\$1,198/oz, compared to an average market price in 2013 of US\$1,418, a 15% reduction. This has had an inevitable impact on profitability, particularly in the second half of the year with the gold price finishing at

US\$1,183/oz. The actual average price the Company achieved (including the silver as a by-product) was US\$1,258/oz (2013: US\$1,427). The current consensus is that gold will trade at an average between US\$1,200 and US\$1,235/oz throughout 2015.

Given the economic model currently being developed by the Company, we feel that the Company has sufficient headroom in profitability to cope with any further downward pressure on gold prices.

As reported last year, the Company acquired the geological data in relation to the Karasuyskoye Ore Fields, located adjacent to the current operations at Sekisovskoye. The Company successfully obtained the necessary permits to exploit the site and conduct further testing to validate the initial resource estimates. The Company is expecting to conclude testing and obtain the subsoil user licence for the area in 12-18 months following the completion of further testing.

I am also pleased to report that the final material legacy issue was resolved in 2014, resulting in the Company receiving US\$2.27m, being the total amount claimed (which includes interest and costs). This amount related to the settlement of an outstanding claim made against Akmola Gold LLP for the return of funds invested by the previous management in the project.

2015 will be a year of transition and development for the Company with the Sekisovskoye operation starting on the road to achieving its full potential and the development of the Karasuyskoye project providing a future stepping stone for greater growth in the Company's fortunes.

Finally, may I thank all our employees and our Management team for their hard work and also thank our shareholders for their continued support.

Kanat Assaubayev
Chairman

30 April 2015

Gold poured

+7.5%

Gold poured for the year increased from last year by 7.5% to 32,994oz.

Inventories of finished goods

7,307oz

There was an increase in inventories of finished goods increasing by 5,283oz to 7,307oz at the year-end.

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Chief Executive Officer's review



We are pleased to report a solid performance in 2014 against the backdrop of falling gold prices. We have taken significant steps forward this year in planning and development in relation to the efficient exploitation of the higher grade underground reserves at Sekisovskoye, which is a key factor in delivering significant shareholder value in the future.

During 2014, our operational performance at Sekisovskoye was robust and, importantly, the proportion of ore from the underground mine increased, as did the grade of ore mined from the underground operations. This bodes well as we continue with the transition from open-pit to a solely underground gold mine. In this regard, our technical consultants, Venmyn Deloitte, completed our Sekisovskoye Competent Persons Report (CPR). This comprised JORC compliant reserves and resources, financial assumptions and valuation scenarios for our development project. We also made positive progress in receiving permits for the Karasuyskoye Ore Fields and in 2015, we announced that we had been successful in receiving permits for further testing which will lead to a subsoil user licence in the near future.

Sekisovskoye gold mine – our operational track record

The operational performance of the Company's Sekisovskoye gold mine during 2014 against the prior year and against budget is provided below. The key operational statistics of the mine operation are shown in the 'Mining – Open-pit' table. In 2014, 25.3% of the total of 30,857oz of contained gold in the ore was mined from the underground operation. The average gold grade from the underground mine during 2014 was 2.96g/t, which is expected to rise as higher grade ore is accessed through continued underground development. The higher percentage of underground ore helped to increase the average grade from 1.61g/t in 2013 to 1.71g/t in the current year. Recovery fell from 84.3% in 2013 to 83.3% in 2014. However, it is expected to improve as the higher grade ore is processed, and is budgeted to be in the region of 84%.

The Sekisovskoye JORC probable reserve gold grade, as reported in the Competent Persons Report released to the market on 17 November 2014, is 4.09g/t. The Company is increasing the mined grade towards the reserve grade. At present, the mining operations are gradually moving towards the main ore body from the lower grade peripheral ore.

During the year the Company increased the number of employees working in the underground mine, and additional mining equipment was purchased to increase the future contributions of ore production from the underground mine. This is expected to provide a greater contribution as the scale of operation is expanded.

During the period, a preliminary review of the gold processing plant was conducted that highlighted opportunities to improve the performance of the plant, and detailed investigations will be initiated to determine how these may be implemented.

Mining – Open-pit

		Actual 2014	Actual 2013
Ore mined	T	570,991	705,257
Gold grade	g/t	1.26	1.39
Silver grade	g/t	1.89	2.49
Contained gold	oz	23,050	31,621
Contained silver	oz	34,620	56,387

Mining – Underground

		Actual 2014	Actual 2013
Ore mined	T	82,045	63,572
Gold grade	g/t	2.96	3.50
Silver grade	g/t	4.05	5.27
Contained gold	oz	7,807	7,157
Contained silver	oz	10,680	11,139

Mining – Enriched ore

		Actual 2014	Actual 2013
Ore mined	T	34,000	–
Gold grade	g/t	4.16	–
Silver grade	g/t	5.72	–
Contained gold	oz	4,547	–
Contained silver	oz	6,253	–

Mineral processing

		Budget 2014	Actual 2014	Budget 2014 %	Actual 2013
Crushing	T	735,00	726,427	98	700,421
Milling	T	735,00	728,620	99	701,361
Gold grade	g/t	1.3	1.71	131	1.61
Silver grade	g/t	2.19	2.37	108	2.16
Contained gold	oz	30,720	39,798	130	36,388
Contained silver	oz	51,752	55,603	107	48,782
Gold recovery	%	83	83.3	100	84.3
Silver recovery	%	74	74.4	101	71.6
Gold poured	oz	n/a	32,994	n/a	30,669
Silver poured	oz	n/a	41,390	n/a	34,902

Chief Executive Officer's review (continued)

Sekisovskoye Independent Competent Persons Report – laying the foundations for our underground development plans

In Q4 2013, mining consultants Venmyn Deloitte commenced work on a Competent Persons Report (CPR) which was to estimate JORC compliant resources and reserves for Sekisovskoye, as well as providing cost and valuation scenarios for the underground development project. This work was completed in Q4 2014 and has enabled us to set out our future plans for this development project.

The Company has used the information obtained in the CPR to develop its plans in relation to the expansion of underground operations at Sekisovskoye. At present, it is exploring two options in relation to the development of the underground mine. These are (a) a shaft based approach as documented in the CPR and (b) a development based approach with the expansion of the existing decline and a secondary decline being strategically built to significantly increase the quantity of ore mined in an economically efficient way. Both approaches are expected to result in a similar net present value of future cash flows. However, the essential difference will be in the timings of cash flows needed to fund the capital expenditure. Underground gold mining particularly in Australia has advanced in the use of the decline approach which is popular with a large number of mining companies. In this regard, the Company is in discussions with an international contract mine firm with extensive experience in the industry in relation to costings and assistance in developing a mining plan to assess the feasibility of developing the underground mine using this approach.

The CPR estimated probable ore reserves of 2.26Moz from 17.25Mt at 4.09g/t Au from surface (approximately 350m above sea level) to 400m below sea level. The previous ore reserve estimate in 2011 was 0.27Moz of gold.

Mineral resources (both indicated and inferred) now total 5.14Moz – an increase from 1.80Moz in 2011. Additional exploration results of 3.30Moz were also identified which, with further drilling, may be upgraded to mineral resources. These resource and exploration result estimates were based on an extensive drilling programme, which represented more than 170,000m of drilling.

Increasing future gold production

The current Sekisovskoye Mine has a conventional carbon-in-leach (CIL) gold recovery plant with a processing capacity of 0.85Mt pa. A small incremental processing plant expansion is planned to be completed by 2018, which will increase throughput from 0.85Mt pa to 1Mt pa. The expansion will be through de-bottlenecking of existing equipment and the addition of some new equipment to support the upgrade.

Through accessing the higher grade ore reserves in the underground mine, which are estimated at 4.09g/t, against the 2014 average grade delivered to the mill of 1.81g/t Au, utilising the full processing plant capacity and incrementally increasing it, the Company is well placed to increase its annual gold production in excess of 100,000oz by 2018 under the current plans.

From 2015 onwards, the processing plant is expected to produce a gold dore with an overall gold recovery of 84% and an associated silver recovery of 75%. This is commensurate with the metallurgical test work that has been undertaken and is broadly in line with operational performance to date. Over the life of the mine, this is currently expected to produce 1.89Moz of gold with total associated silver production of 2.72Moz.

The CPR financial outcomes based on the JORC compliant Probable Reserve, the initial capital investment and forecast operating costs indicate a robust project for the underground mine development at Sekisovskoye. The Net Present Value (after tax), using a discount rate of 9.3% and a prevailing gold price at that time of US\$1273/oz was estimated at US\$286.7m with a 64.4% IRR. Additional financial modelling has confirmed the project remains viable at gold prices which are significantly below current prices, as demonstrated in the following table. Importantly, this table demonstrates that the project remains Net Present Value positive under low gold price scenarios.

The upside opportunity at the Sekisovskoye Mine is related to further exploration drilling to upgrade the existing multimillion ounce gold exploration targets to Mineral Resources and to potentially upgrade the existing Mineral Resources to Ore Reserves. This may justify a further expansion of the processing plant or increase the mine life. The option of a feasibility study for a 2Mt pa mine in the future, producing more than 200,000oz per year of gold is being considered, based on the increase in the overall resource and the large volume of prospective exploration targets identified.

Gold price (US\$/oz)	Silver price (US\$/oz)	NPV (US\$/oz)
750	15	55.2
900	17	135.2
1050	18	203.2
1200	19	257.8
1273	19.7	286.7
1300	20	295.6
1400	21	325.5

Reserve estimates

2.26
Moz gold

NPV

US\$1,200oz
US\$258m

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Karasuyskoye – our long-term development plan

In 2013, GoldBridges reported that it had acquired a very extensive technical database that covered the Karasuyskoye Ore Fields area, a land package of 198km², adjacent to Sekisovskoye.

We are pleased to report that during 2014 we made significant progress in terms of obtaining drilling permits for Karasuyskoye and in January 2015, were given further rights to perform confirmatory drilling. This is expected to lead to the award of a licence and contract for the subsoil rights by the relevant authorities in Kazakhstan.

The final subsoil licence terms and conditions, including the new financial incentives now offered specifically to the Company through the state programme on forced industrial-innovative development (SFIID), are expected to be finalised in the near term. These additional terms are expected to include investment incentives and tax reductions as previously announced.

The data acquired indicates that there are several mineralised zones and leads the Company to believe that Karasuyskoye has the potential to contain significant gold resources. The Company is to commence validation work of this geological data. This work will facilitate the preparation of an independent Competent Persons Report (CPR) to international standards, and the Company will work on this programme throughout 2015 and 2016.

On completion of the CPR, the Company envisages progressing towards mining within the Karasuyskoye Ore Fields, primarily using cash generated from existing operations. There is also the potential to use the Company's existing open-pit assets once Karasuyskoye becomes operational.

Move to Main Market

In December 2014, we moved our listing from AIM to the Main Market of the London Stock Exchange with a Standard Listing. The progression to the Main Market is a natural step in the Company's growth cycle as a quality Kazakh company, and shows our alignment with and commitment to the London Investor base. The move also reflects our focus on meeting best practise corporate governance standards.

Financial performance

The financial performance of the Company is detailed on page 07.

Principal risks and uncertainties

The principal risks of the Company are detailed on pages 08 and 09.

Key performance indicators

The key performance indicators used to monitor the performance of the Company are outlined in the financial performance on page 07.

The Company sets out a budget and mining plan incorporating the key mining statistics to be achieved and these are monitored on a daily, weekly and monthly basis, with any discrepancies from budget investigated on a timely basis.

Earnings before interest, tax, depreciation and amortisation (EBITDA), 2014: US\$5.3m (2013: negative US\$589,000).

EBITDA is a measure of the cash that the Company generates in the year, and is adjusted to exclude exceptional items to make it more meaningful and comparable on a year on year basis.

In the opinion of the Directors these are the key measures by which the Company can best measure its performance internally and against other gold producers.

Corporate social responsibility

The corporate social responsibility performance of the Company is detailed on pages 10 and 11.

Looking to 2015

2015 will be a busy year for the Company as it plans to make significant progress to lay the foundations for its growth. The Company is close to finalising its approach in relation to the funding, and the technical approach to be taken to develop the mine and shareholders will be updated in due course. Given the robust economics of the project the Company is positive of remaining profitable against an uncertain future gold price.

The Company is very positive about the future potential of the Karasuyskoye project and will be progressing this asset in parallel to Sekisovskoye. The Company will keep shareholders informed of the exploration and appraisal progress on this asset during the course of the year.

Aidar Assaubayev

Chief Executive Officer

On behalf of the Board
30 April 2015

Our business

While gold prices undoubtedly came under pressure during 2014 and have continued to do so in the current year to date, we are positive about our future as our core asset, Sekisovskoye, is set to be a low cost producer for the long term. The nearby Karasuyskoye Ore Fields licence areas should give us a chance to grow organically while utilising the infrastructure we have already built up in our area of operation.

Market review

2014 full year gold demand totalled 3,923.7t (from 4,087.6t in 2013). The 4% year on year drop was unsurprising as consumer demand was unlikely to match the previous year's record surge. Total annual supply was virtually unmoved at 4,278.2t. 2014 was always going to be a difficult year for jewellery demand, contending with comparisons to phenomenal strength in 2013. After a steep drop in Q2, demand for gold jewellery gradually recovered, culminating in the strongest Q4 since 2007. Full year statistics show the sector down by 10% at 2,152.9t, comfortably above the 2,053.0t average from the prior five years. Net investment demand of 904.6t in 2014 was 2% above the 2013 total of 885.4t. The positive year on year comparison is somewhat misleading: ETF outflows slowed to a fraction of the hefty 2013 total and therefore acted as less of a drag on investment. Demand for bar and coins among smaller investors dropped by 40%.

This was again largely a function of the sheer strength of demand in 2013. Gold demand in the technology sector contracted to 389t – the lowest level since 2003. Sluggish economic conditions in key markets and ongoing substitution away from gold were the driving force behind the 5% drop. Seeking continued diversification away from the US Dollar, central banks absorbed 477.2t of gold in 2014, 17% above 2013's impressive 409t. This was the second highest year of central bank net purchases for 50 years, after the 544t addition to global gold reserves reported in 2012. The total annual supply of gold was static at 4,278.2t in 2014. Despite record annual mine production, growth in mine supply was neutralised by shrinking volumes of recycling.

[Source: World Gold Council]

Our strategy

Our strategy is to deliver transformational growth by continuing to develop our high grade underground mine at Sekisovskoye, targeting annual gold production of 100koz by 2018. Beyond this, the highly prospective Karasuyskoye Ore Fields, adjacent to the Sekisovskoye mine, has the potential to enable us to grow significantly beyond our core asset.

In addition to growing our production and asset base, our progression to the Main Board of the London Stock Exchange in December 2014 represented not only a natural step in our growth strategy, but also our commitment to the London investor base and regulatory environment, and we remain committed to meeting best practice governance standards.



Our business model

Our business model is simple – we intend to continue generating profits for our Company and value for our shareholders through the mining and sale of gold at our flagship operation, the Sekisovskoye mine in North East Kazakhstan. In order to ensure long-term success in this regard, we plan to develop the high grade underground mine to replace the low grade open-pit operation where reserves are nearing depletion. This should result in a tripling of gold production from 2018 onwards at highly competitive industry relative costs. The acquisition of the adjacent Karasuyskoye Ore Fields geological data and confirmation of subsoil user rights should ensure gold production growth well into the future. The Company is continually looking to compliment existing operations with other targeted acquisitions.

- 1 Mining**
 We plan to continue proving ourselves with the cost effective production track record at Sekisovskoye that we have established, particularly since the change of management in 2012, whereby we have increased production by almost 60% from 21koz/year in 2012 to almost 33koz/year in 2014. In doing so, we have demonstrated our production capabilities to our shareholders and stakeholders.
- 2 Development**
 In ensuring our long-term future, we are in the process of developing the underground mine at Sekisovskoye in order to access the significant ore reserves. Accessing these reserves should add an additional 22 years to our mine life and increase our annual gold production to over 100,000oz by 2018.
- 3 Exploration**
 We have commenced our valuation and validation work of the Karasuyskoye Ore Fields, which are adjacent to the Sekisovskoye mine and facilities. We see potential for this area to contain multiple mineralised zones which could potentially host future mines. We believe our efforts are well focussed in this highly prospective land package which has obvious synergies with our current production facilities.
- 4 Growth and evaluation**
 We are committed to adding value for our shareholders and believe the best approach to achieve this is to set the foundations in place for future production growth. As we intend to focus our efforts on production, development, exploration and evaluation, we are confident that we can deliver increased gold production for the long term. We frequently evaluate investment opportunities which are presented to us both in Kazakhstan and in the wider Central Asia area and, as part of our long-term business development plan, we will continue to evaluate other potential opportunities.

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Financial performance

While falling gold prices adversely impacted our revenue, our tight control over operating costs and admin has resulted in a credible financial performance and increased EBITDA year on year from US\$(-0.6)m in 2013 to US\$+5.3m in 2014.

During 2014, Sekisovskoye poured 32,994oz of gold (2013: 30,669oz). Total of 27,959oz (2013: 29,712) were sold in 2014 at an average price of US\$1,198/oz (2013: US\$1,418/oz). Revenue totalled US\$35.2m (2013: US\$42.4m) and was lower than 2013 due in part to reduced gold sales but principally because of the lower gold price. In addition the Company sold obsolete and surplus parts for a total of US\$1.1m, and this amount is included within other income. There were no other material items of revenue.

The total cash cost of production, which includes administrative costs but excludes depreciation and provisions, amounts to US\$1,084/oz, (2013: US\$1,309/oz). The operating cash cost amounts to US\$834/oz (2013: US\$903/oz). This is based on the cost of sales excluding depreciation and administrative expenses, and exceptional items. Additional cost saving measures are being put in place to further reduce costs. However, the major impact in the future will be from the higher grade ore being processed which is expected to lead to higher revenues and a consequent decrease in the cash cost/oz.

The earnings before interest, tax and depreciation, (EBITDA), excluding exceptionals, amounted to US\$5.3m. This is in marked contrast to the prior year with cash being absorbed by the operations of US\$0.6m. With the further cost savings filtering through next year and an increase in production from the underground resource, EBITDA is budgeted to further improve during the current year.

As explained in the 2013 Annual Report, the Company's administrative expenses have reduced markedly from US\$16.5m to US\$8.2m and the Directors are committed to keeping administration expenses as low as possible. In summary these related to exceptional costs in 2013 principally related to the acquisition of the Karasuyskoye Ore Fields.

Depreciation of US\$5.4m (2013: US\$5.2m) is in line with that stated in 2013. In 2014, amortisation is US\$1.0m (2013: US\$0.3m) and this relates to amortising the value of Karasuyskoye data purchased in 2013, ahead of the final terms of the subsoil user licence.

The income statement reflects a write back of previously impaired low grade ore stockpiles of US\$284,000, (2013: US\$nil). This reflects the operational aim to blend this material with higher grade underground ore to operate the processing plant at capacity. The Directors have been prudent in the amount that has been released to the income statement in 2014.

The exceptional items include the following:

- legal fees of US\$0.7m associated with the move from AIM to the Main Market of the London Stock Exchange by Standard Listing;
- write back of impairments of a net US\$1.0m is due to a positive contribution from the Company recouping funds from the aborted Akmolra transaction of US\$2.27m, less other smaller impairments made this year against receivables.

The Company has reported a net loss of US\$0.3m (2013: US\$2.3m as restated), with a gross profit of US\$7.2m (2013: US\$10.3m) and an operating profit of US\$0.8m (2013: US\$3.1m). The net profit in 2014 includes a taxation benefit of US\$730,000.

The Company has reported net cash inflow from operating activities of US\$5.6m. This was lower than the US\$7.1m reported in 2013 due to lower gold sales, which is largely a timing issue, and a considerably lower average gold price.

Purchase of property plant and equipment of US\$2.6m (2013: US\$7.5m) reflects the Company's increased capital spend on the migration of operations from open-pit to a solely underground mine. The directors expect a similar or higher investing cash outflow again in 2015.

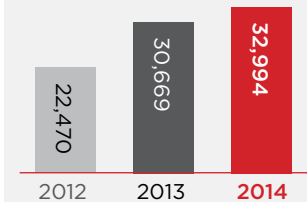
Cash at year-end was US\$1.7m. Cash at 31 December 2013 was US\$2.1m. During the year, the Company placed shares raising equity amounting to US\$22.7m and this was largely spent on capex in the year.

The Company's principal debt is that owed to The European Bank for Reconstruction (EBRD) and this loan is set to be paid over twelve equal quarterly instalments. The repayments commenced in January 2015.

The consolidated net assets of the Company are US\$73.8m (2013: US\$59.9m as restated) and the increase arises principally from the investment in the underground development project.

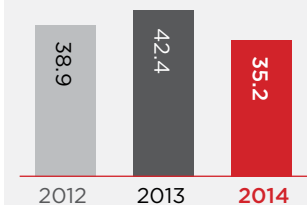
Key performance indicators (KPIs)

Annual gold poured (oz)



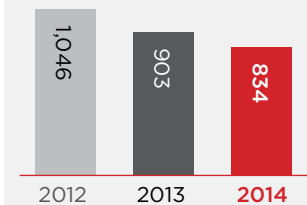
32,994oz

Revenue (US\$m)



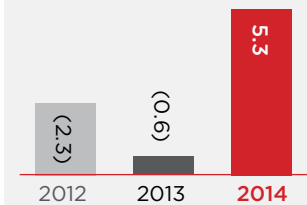
US\$35.2m

Cash operating costs (US\$oz)



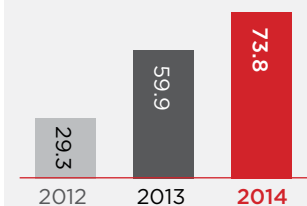
US\$834oz

EBITDA (US\$m)



US\$5.3m

Net assets (US\$m)



US\$73.8m

Principal risks and uncertainties

Risk	Mitigation
Fiscal changes in Kazakhstan	Given that the Company operates solely in Kazakhstan, the Company is naturally at risk of adverse changes to the fiscal regime in the country. Kazakhstan is a relatively young country and there have been fiscal changes in recent years, in some cases related to the mining industry, for example, changes to royalty payments. However, the country is outward looking and committed to attracting direct foreign investment and the Company believes it is likely that the country will be sensitive with any fiscal changes in the future, and the Company aims to maintain close links with the authorities.
Not being awarded the subsoil production mining licence for Karasuyskoye	In January 2015, the Company announced that it had been awarded the permits to allow it to perform further testing at the Karasuyskoye Ore Fields by the authorities. While this enables the Company to undertake important exploration work, it must wait to be awarded the final subsoil licence before mining can commence. There is a risk that this will not be awarded. The Company is ensuring that it complies with all requests from the authorities and there are no indications the licence will not be awarded. The Company is currently amortising the data over 20 years and in the event it is not awarded will attempt to sell the geological data.
No access to capital/funding for Sekisovskoye or Karasuyskoye	In order to continue with the underground development at Sekisovskoye and develop Karasuyskoye, the Company must incur additional capital expenditure. Currently, the Company does not have the funds available to complete the capital work programme. The Company is therefore dependent on cash from external sources and therefore its future is at risk if funds from these external sources are unavailable. The Company has a developed marketing strategy, and has recently engaged the services of Cantor Fitzgerald as a broker for the Company to market the Company.
Commodity price risk	The Company generates its revenue from the sale of gold and silver that it has produced. The Company's fortunes are therefore tied to these commodity prices. Gold and silver prices weakened markedly in 2014 and it appears unlikely that this movement will be corrected in 2015. While the Company has no control over commodity prices, it is in a fortunate position to have a very robust mine and development project in Sekisovskoye which can withstand prolonged weak precious metals prices.
Currency risk	The Company sells its metal in US Dollars although it incurs operating costs in the local currency, the Kazakh Tenge. The Tenge is loosely pegged to the Dollar and as such, we as a Company enjoy some currency security. The currency has been weakened on two key occasions during the past few years – in 2009 and 2014, and there is market speculation regarding another potential weakening of the currency in 2015. Broadly, a weaker local currency is a positive for the Company as it reduces our cost base in US Dollar terms. There can be inflation risks associated with currency weakening events although the Company's relatively small nature makes it less vulnerable than larger corporations to the pressures of severe price increases.
Changes to mining code in Kazakhstan	The Government of Kazakhstan is in the process of making changes to its mining code which are likely to be positive overall. However, given that the Company operates solely in Kazakhstan, it is naturally at risk of any adverse changes to the mining code. The Company sees this as a low risk as the country is currently trying to attract foreign investment.
Reliance on operating in one country	Currently all of the Company's mining assets are in Kazakhstan. The Company believes that Kazakhstan has significant future mineral potential, hence the choice of jurisdiction. The Company makes it its business to be well informed of any in-country changes which may adversely affect the business. While the Company knows and understands Kazakhstan well and hence has a strong position in-country, it has stated that it would look at other opportunities in the future within the central Asia region and this may mitigate risk.

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Risk	Mitigation
GoldBridges reliant on one operation	Currently, the Company only generates revenue from one mine – Sekisovskoye. The Group is actively exploring its adjacent property, Karasuyskoye, with a view to developing this asset in the future as appropriate.
Cost (capex and operating cost) inflation	Cost inflation is a key concern for most businesses and the Company is no different. However, at the current stage in the mining cycle, costs are broadly decreasing in terms of both costs and this is for several key reasons. Firstly oil and power prices, which are significant cost components for mining companies, are broadly falling globally as commodity prices are broadly falling/have fallen globally. This means that royalties fall and competition for jobs reduces materially. This all acts to bring costs down and the Company is seeing this trend in the business.
Technical difficulties associated with developing the underground mine at Sekisovskoye	The Company's future lies in the underground mine at Sekisovskoye given that the open-pit reserves are likely to be depleted during 2015. Encountering technical difficulties in further developing the underground mine at Sekisovskoye would therefore be negative for the future of the Company. To mitigate this, the Company has sought external consultants, Venmyn Deloitte, to verify the technical work which has been undertaken in-house. The Company is also in discussions with international contractors to ensure that the most appropriate development methods are utilised.
Technical difficulties associated with increasing the Sekisovskoye processing plant	The Company has outlined its plans to increase the throughput capacity of the processing plant from 850,000t pa to 1Mt pa by 2018 and failure to achieve this would result in the Company being unable to increase its rate of ore processing and therefore would be unable to achieve its target of gold production of over 100,000oz pa by 2018. However, to date, the Company is unaware of any potential issues in this regard and sees the incremental increase as merely de-bottlenecking of the existing facilities.
Exploration work being underwhelming at Karasuyskoye	The Company has paid a significant sum to acquire the technical database relating to the Karasuyskoye Ore Fields licence area. While the Company is confident that the project has significant potential, until verification work is complete and the project reappraised by the team, it is not guaranteed that the mineralisation within the licence area will be sufficiently attractive to warrant the construction of a mine in the future.
Failure to achieve production estimates	Failure to achieve production estimates could arise due to various circumstances, not least mining issues, processing plant issues and breakdowns, and political and other disruptions. Given that the Company revenues are dependent on producing gold and silver from the Sekisovskoye mine, failure to achieve production targets would adversely affect the Company's profitability and ability to generate cash. The Company mitigates this risk by careful operational planning and detailed technical appraisal work, as well as regular maintenance work.
Russia	Given Russia's intervention in Ukraine and the subsequent sanctions and its economic weakness, the market is concerned about the resultant effect of these aspects in other former Soviet Union countries. Russia's weaker economy, coupled with lower oil prices is likely to adversely affect the economy of Kazakhstan. However, of the FSU countries, Kazakhstan is in a stronger position than others and maintains good relationships with both Russia and a series of other international organisations. The metal is also a strong export commodity and to some extent is protected from a weaker local economy.

The Company's management has analysed the risks and uncertainties and has in place control systems that monitor daily the performance of the business via key performance indicators. Certain factors are beyond the control of the Company such as the fluctuations in the price of gold and possible political upheaval. However, the Company is aware of these factors and tries to mitigate these as far as possible. In relation to the gold price the Company is pushing to achieve a lower cost base in order to minimise possible downward pressure of gold prices on profitability. In addition it maintains close relationships with the Kazakhstan authorities, in order to minimise bureaucratic delays and problems.

Corporate social responsibility

We believe that we have an obligation to be sensitive to the needs of all our direct and indirect stakeholders and should make decisions based not just on financial results but also on the social and environmental consequences of our activities.

Environmental and Social Impact Report (ESIA)

During 2014 and the period to the date of this report the operation has not reported any significant (reportable) environmental incidents. A review of the historic environmental monitoring has indicated that all environmental discharges have been in compliance within the Kazakh specified limits, and the mine reports these to the authorities on a quarterly basis.

Equality and diversity

The Company has a strong commitment to equality of opportunity in all our employment policies, practices and procedures. We take a proactive approach throughout our recruitment and selection process to ensure that the Company attracts, hires and retains a diverse workforce and this is kept under close and regular scrutiny. No existing or potential employee will receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, age, religion or similar belief, sexual orientation, gender, gender reassignment, marital status, or any other classification as prescribed by law.

In terms of gender diversity the Company is aware that at senior Director and manager level there is an insufficient number of women in senior posts and this is currently being reviewed. There are currently no main Board women employed and four women in senior managerial positions. The following table shows our current employees and gender.

	Male	Female
Administration	89	80
Production	534	58
Total	623	138

There are currently no main Board female employee Directors. There are four females in senior management positions.

Human rights

Whilst the Company does not have a specific human rights policy, it does have policies such as Equal Opportunities and an Anti-bribery policy that adhere to internationally proclaimed human rights principles.

Employment of disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues the employment of a disabled person wherever a suitable opportunity arises and the continued employment and retaining of employees who become disabled whilst at the Company.

Employee involvement

Members of the management team regularly visit subsidiaries and discuss matters of current interest and concern with members of staff.

Our community

During the past year, we have continued to support our local communities in a number of ways. We have continued to carry out winter maintenance to the roads of Sekisovskoye under the terms of our community agreements, supplied materials to local farmers as last year, and have participated in local initiatives.

As with last year, the Company provides support to the local community including the supply of the maintenance of the drinking water system to the village of Sekisovskoye; assistance with a village clean-up programme; anti-fungicide treatment of all local trees; and provision of a garbage truck and bins. The Company has also restocked the local water systems with fish following the tailings dam incident.

With the planned continuing development of the mining activities in the region, combined with the development of the underground workings and our exploration programme at Karasuyskoye, the Company is looking to build a long-term mutually beneficial relationship with the local community. It is the principal employer in the locality, and the relationship with the community is seen as very important to the Company.

Female employees

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Environment

The Company's policies outlines our commitment to environmental responsibility. Safeguarding the environment and training our employees to minimise the environmental impact of our activities are important aspects of our business. We remain committed to achieving the highest environmental standards.

The unfortunate tailings dam issue of 2012 is now behind the Company. During 2014, all final rehabilitation expenses required to be incurred, under the agreement with the authorities, associated with the tailings dam failure have been met.

Greenhouse gas reporting

Since 1 October 2013, the Companies Act 2006 (strategic report and Directors' report) Regulations 2013 has required all UK quoted companies to report on their greenhouse gas (GHG) emissions, which are classified as either direct or indirect and which are divided further into Scope 1, Scope 2 and Scope 3 emissions.

Direct GHG emissions are emissions from sources that are owned or controlled by the Company. Indirect GHG emissions are emissions that are a consequence of the activities of the Company but that occur at sources owned or controlled by other entities.

Scope 1 emissions

Direct emissions controlled by the Company arising from plant are reported under Scope 1.

Scope 2 emissions

Indirect emissions attributable to the Company due to its consumption of purchased electricity.

Scope 3 emissions

Other indirect emissions associated with activities that support or supply towards the Company's operations.

The Company's emissions by scope

The Company is required to report Scope 1 and 2 emissions for its reporting year to 31 December 2014. Scope 3 is not yet mandatory, however the Company has chosen to report Scope 3 emission.

Scope	Source	Tonnes CO ₂ e 2014	Tonnes CO ₂ e 2013
Scope 1	Plant	7,635	7,056
Scope 2	Electricity	2,492	2,627
Scope 3	Other equipment	152	524
Total		10,279	10,207

			2014
Intensity 1	Tonnes CO ₂ e produced	per dollar of revenue	0.000290157
Intensity 2	Tonnes CO ₂ e produced	per oz of gold produced	0.383951

Mineral resources statement

The CPR in May 2014 reports, JORC indicated and inferred mineral resources which total 5.14Moz and a further 3.3Moz have been identified as an exploration result.

During the year, a Competent Persons Report (CPR), commissioned by the Company was completed to assess the mineral resources and provide a valuation of the potential of the underground mine. The CPR was prepared in compliance with and to the extent required by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC). Venmyn Deloitte (Deloitte) are Competent Persons and Competent Experts as defined by the JORC Codes, as well as other international Reporting Codes.

The mineral resource statement has been prepared for the Sekisovskoye underground deposit. The Company also acquired mining data in relation to the Karasuyskoye concession adjacent to Sekisovskoye and this is currently being developed with a view to obtaining the subsoil user licence in the near future. For clarity the resources in relation to the Karasuyskoye site are not included in the analysis below, and will be subject to an independent CPR in the future.

The Company has a 100% shareholding in the Sekisovskoye Project and holds the Mining Licence covering a total area of 85.5ha, valid until 2020. The Sekisovskoye Project is located at the village of Sekisovka, approximately 40km north of the town of Ust-Kamenogorsk, the capital city of the East Kazakhstan region. The current operation is exploiting two open pits where the near-vertical deposits extended to surface.

The open pits are nearing the end of their life and the Sekisovskoye Project is developing an underground extension to exploit the deposits to depth. The ore body has been mined in the open-pit environment since 2008 and the relationship between ore and waste is well understood. The Sekisovskoye Project is set to be a selective-mining underground operation, which requires a level of confidence to be developed to support the new input and output parameters.

Venmyn Deloitte conducted a review of the exploration drilling, metallurgical testing, geological modelling and the GKZ Reserve and Resource prepared by the Company, and has used this information to estimate the JORC (2012) compliant gold and silver Mineral Resources. These are shown in the following tables.

Subsequent to estimating the Indicated Resource, Venmyn Deloitte applied the appropriate modifying factors (including dilution and mining losses) and has estimated a Probable Reserve of 2.26Moz of gold.

The following tables show the reserves, resources and exploration results as at 31 May 2014:

JORC Classification	Tonnes (Mt)	Pay Limit (g/t)	Gold grade (g/t)	Silver grade (g/t)	Contained Gold (Moz)	Contained Silver (Moz)
Probable	17.25	2.6	4.09	5.37	2.26	2.97

Level	JORC Classification	Gold Cut off Grade (g/t)	Tonnes	Gold grade (g/t)	Contained Gold (Moz)	Silver grade (g/t)	Contained Silver (Moz)
Surface to -400m	Indicated	3.00	15,700	5.32	2.67	6.99	3.52
Surface to -400m	Inferred	2.00	3,500	4.21	0.48	No estimation	
-400m to -800m	Inferred	2.00	14,700	4.21	1.99	No estimation	
Total average JORC resources			2.46	33,900	4.72	5.14	6.99
						3.52	

Level	JORC Classification	Gold Cut off Grade (g/t)	Tonnes	Gold grade (g/t)	Contained Gold (kg)	Silver grade (g/t)	Contained Silver (kg)
-800m to -1500m	Exploration	2.00	24,400	4.21	3.30	No estimation	
Total average exploration result resources			2.00	24,400	4.21	3.30	No estimation

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JORC Indicated and Inferred Mineral Resources total 5.14Moz. In addition, a further 3.30Moz have been identified as an Exploration Result below the -800masl. While these will require further exploration drilling to be potentially upgraded to Mineral Resources, this result does highlight the potential for a larger Mineral Resource than is currently estimated. Assuming that this potential were to be realised, Sekisovskoye would contain in excess of 8Moz of gold.

Geologically, the Sekisovskoye Project is suitable for mining of underground extensions of the deposit, which is shown to extend almost vertically below the currently exploited open pits. Geological features in the underground area are expected to be similar in nature to those in the near surface portion of the deposit. The exploration method is systematic and appropriate for the style of mineralisation and the targeted resources and reserves are of sufficient quantity to support an expanded mining operation.

The risks for underground production are reduced by the following:

- the Sekisovskoye Project has operated successfully for a number of years in the open-pit environment;
- the Company has created an extensive drilling database for geological modelling of the breccia zones and mineralised ore bodies;
- the underground mining method is based upon a block model that has identified important breccia zones that can be selectively mined;
- the underground ore body is a natural extension of the open-pit ore;
- the mining, metallurgical plant, power, water and tailings facilities are all established including the main underground ramp ways; and
- the mine management is fully focused on grade control to high grade the ore body and minimise dilution;
- the ore reserve and mineral resource estimates have been based on a very substantial exploration programme which represents more than 170,083m of drilling.

The strategic report was approved by the Board of Directors on 30 April 2015 and signed on its behalf by

Aidar Assaubayev
Chief Executive Officer

Sekisovskoye open-pit and underground workings



Board of Directors

Goldbridges Resources has a highly experienced Board of Directors with a commitment to driving profitability and long-term shareholder value.



Kanat Assaubayev
Chairman

Kanat Assaubayev is one of Kazakhstan's leading entrepreneurs in the natural resources sector. Mr. Assaubayev was the first Kazakh to get a doctorate in metallurgy. His early career was in academia where he was the Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He subsequently began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.



Aidar Assaubayev
Chief Executive Officer

Aidar Assaubayev is an Executive Director of AltynGroup Kazakhstan LLP. He was formerly Executive Vice Chairman of KazakhGold Limited, the gold mining corporation, and he was also formerly Vice President and a director of JSC MMC Kazakhaltyn. Mr. Assaubayev graduated from the Kazakh National Technical University in Almaty and he also holds a degree in Economics from the Institute of Systemic Analysis in Moscow.



Ken Crichton
Executive Director

Ken Crichton is a mining engineer with over 28 years of experience within the mining industry. After graduating from the University of New South Wales in 1985, a significant proportion of his career has involved working in developing countries and a considerable part in active mine production roles. Currently Mr. Crichton works with a select group of companies advising them on their mineral exploration, development projects and existing operations. This includes potential acquisition opportunities. In the previous five years, Mr. Crichton was the Chief Executive Officer of ASCOM Precious Metals Mining, S.A.E., an Egyptian-based minerals company with exploration and mining activities across Africa. Prior to that he worked for 15 years with BHP Billiton in both Australia and Indonesia, including as the President Director of PT Billiton Indonesia, a BHP Billiton subsidiary. In addition, Mr. Crichton worked for four years with Leighton Holdings Group, a leading construction and mining contractor in Papua New Guinea and Australia. Mr. Crichton served as a Non-Executive Director of the Company until 2014 when he was appointed Chief Technical Officer and Executive Director. He is also a Non-Executive Director of Kemin Resources plc.



Ashar Qureshi
Non-Executive Director

Ashar Qureshi is a London based US qualified lawyer who is currently a member of Freshfields Bruckhaus Deringer LLP, a director of Hanson Asset Management Limited and a partner of Naya Capital 3 Management LLP. He was formerly the Vice Chairman of Renaissance Group, where his position was a senior investment-banking role, and prior to that he worked with international firm Cleary Gottlieb Steen & Hamilton LLP. Mr. Qureshi holds a Juris Doctorate and is a graduate of Harvard Law School and Harvard College.



William Trew
Non-Executive Director

William Trew has over 32 years of experience in the engineering and mining industry and is a registered Professional Engineer with the Engineering Council of South Africa. He holds a B.Eng. (Mech.) Hon. from the University of Wales Institute Science and Technology and an M. Eng. from Rand Afrikaans University, Johannesburg.



Alain Balian
Non-Executive Director

Alain Balian is the Chairman and Chief Executive Officer at Cedar Peak Holdings. Mr. Balian is a former Deputy Governor of the Central Bank of Lebanon where he was also a member of the governing board. Besides monetary policy and regulations of the financial sector in Lebanon, his managerial responsibilities included the bank's financial reporting and the national financial system clearing operations. His earlier experiences include working at Kleinwort Wasserstein, ABN Amro Corporate Finance and Lebanon Invest in Mergers & Acquisitions, Corporate Finance and Private Equity covers several industries in North America, Europe and the Middle East. The total value of transactions on which Alain has worked exceeds US\$80bn.

 Go to page 54 to view our Company details

Directors' report

year ended 31 December 2014

The Directors present their Annual Report together with the audited financial statements on pages 28 to 53.

Principal activities and business review

The principal activity of the Company is that of a holding company and a provider of support and management services to its operating subsidiaries. Together with its subsidiaries, it is involved in the production of gold dore from the Sekisovskoye gold and silver deposits, and the development of further suitable investment opportunities.

A review of the activities of the business throughout the year and up to 28 April 2014 is set out in the strategic report on pages 01 to 13 which includes information on the Company's risks, uncertainties and performance indicators. The Company accounts are prepared on a going concern basis. However, reference should be made to factors affecting the ability of the Company to continue trading as noted on page 35 (note 2).

Results and dividends

The Company's loss for the year after taxation amounts to US\$255,000 (2013 profit: US\$2,271,000). The results of the year are set out on page 28 in the consolidated statement of profit or loss.

The Directors do not recommend the payment of a dividend for the year (2013: nil).

Financial instruments

The Company has not entered into any derivative transactions in 2014. The main risks arising from the Company's financial instruments are liquidity risk, credit risk, foreign exchange risk and interest rate risk. Further details are provided in note 27 on pages 50 to 52 of the Company's financial statements.

Share capital

Details of the Company's issued share capital, together with the movements for the years ended 31 December 2014 and 2013 are set out in note 25 on page 50. Further details in relation to shares issued after the year-end are given in the subsequent events note 29 on page 53. The Company has one class of ordinary share and they carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. All issued ordinary shares are fully paid. There are no specific restrictions on the size of the holding or on the transfer of the ordinary shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

Certain Directors have an interest in the ordinary shares in the Company and these are disclosed in the related party note 21 on page 47. No share options or warrants are currently in issue as at the date of this report.

Qualifying indemnity provision

The Company has entered into an insurance policy to indemnify the Directors of the Company against any liability when acting for the Company.

Directors

The following Directors served during the year and up to 31 December 2014.

Kanat Assaubayev	Chairman
Aidar Assaubayev	Chief Executive Officer
Ken Crichton	Chief Technical Officer, appointed to Board 23 October 2013, became Executive Director on 9 August 2014.
Ashar Qureshi	Non-Executive Director
William Trew	Non-Executive Director
Alain Balian	Non-Executive Director

All Directors will offer themselves for re-election at the next Annual General Meeting.

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Directors' shareholdings

The interests of the Directors in the shares of the Company, including family and trustee holdings where appropriate, are shown below.

Substantial interests

The following have advised that they have an interest in 3% or more of the issued share capital of the Company as at 29 April 2015.

Shareholder	No. of shares	% owned
African Resources Limited	1,440,076,040	61.69%
DWS Investment	160,045,857	6.86%
Blackwill Trade Limited	117,730,632	5.04%

Aidar Assaubayev and Kanat Assaubayev are Directors and shareholders of African Resources Limited.

Listing

On 19 December 2014, the Company moved its listing from AIM to the Main Market with a Standard Listing.

Auditor

The Directors in office at 31 December 2014 have confirmed that they are aware that there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed they have taken all reasonable steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed in the forthcoming annual general meeting.

Corporate governance

The Company has adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA code) published by the Quoted Companies Alliance. The QCA Code provides governance guidance to small and mid-size quoted companies. The paragraphs below set out how the Company has applied this guidance during the year. The Company has complied with the QCA code throughout the year.

Principles of corporate governance

The Company's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management, but also as a positive contribution to business prosperity. The Board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the Group's business.

Board structure

During the year the Board comprised the Non-Executive Chairman, the Chief Executive Officer and Chief Technical Officer (both of whom are Executive Directors) and three Non-Executive Directors. Their details appear on pages 14 and 15. The Board is responsible to shareholders for the proper management of the Company. The statement of the Directors' responsibilities in respect of the accounts is set out on page 20. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Company. The Board has a formal schedule of matters reserved to it and meets on a regular basis.

The Board is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

Directors' report (continued)

year ended 31 December 2014

Audit Committee

The Audit Committee comprises Ashar Qureshi and Alain Balian. Its prime tasks are to review the scope of the external audit, to receive regular reports from the Company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes.

The Committee also considers annually the need for an internal audit function. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The Committee, which meets formally at least twice a year, provides a forum for reporting by the Company's external auditors. Meetings are also attended, by invitation, by the Company's Chairman, Chief Executive Officer and Chief Financial Officer.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the Company and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 11 on page 41 of the financial statements.

Board and Board committee meetings

The number of meetings during 2014 and attendance at regular Board meetings and Board committees was as follows:

		Meetings held	Meetings attended
Kanat Assaubayev	Board	10	10
Aidar Assaubayev	Board	10	10
Ken Crichton	Board	10	10
	Audit Committee*	2	2
Ashar Qureshi	Board	10	10
	Audit Committee	2	2
Alain Balian	Board	10	2
	Audit Committee	2	2
William Trew	Board	10	2

* Ken Crichton stood down from the Audit Committee on his appointment as an Executive Director.

Internal control

The Directors are responsible for the Company's system of internal control and review of its effectiveness annually. The Board has designed the Company's system of internal control in order to provide the Directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

The key elements of the control system in operation are:

- the Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- there are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Company's financial performance against approved budgets and forecasts.

During the period, the Audit Committee has reviewed the effectiveness of internal controls as described above.

There are no significant issues disclosed in the Annual Report for the year ended 31 December 2014 (and up to the date of approval of the report) concerning material internal control issues. The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

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Communications with shareholders

Communications with shareholders are considered important by the Directors. The Directors regularly speak to investors and analysts during the year. Press releases have been issued throughout the year; the Company's website www.goldbridgesplc.com is regularly updated and contains a wide range of information about the Company. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are dealt with informatively and promptly. The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate social responsibility

The corporate social responsibility performance of the Company is detailed on pages 10 and 11.

Takeover directive

The Company has one class of share capital which are ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank *pari passu*. There are no securities issued in the Company which carry special rights with regard to control of the Company. The identity of all substantial direct or indirect holders of securities in the Company and the size and nature of their holdings is shown under the substantial interests section on page 17 of this report above.

A relationship agreement (the "Relationship Agreement") was entered into between the Company and African Resources Limited in regard to the arrangements between them whilst African Resources Limited is a controlling shareholder of the Company.

There are no restrictions on voting rights or on the transfer of ordinary shares in the Company. The rules governing the appointment and replacement of Directors, alteration of the articles of association of the Company and the powers of the Company's Directors accord with usual English company law provisions. The Directors are re-elected on a rotational basis each year. The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Greenhouse emissions

Information on greenhouse emissions is shown on page 11.

Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of BDO LLP at 55 Baker Street, London, W1U 7EU, United Kingdom on Friday 11 June 2015 at 3:00pm.

The details of the resolutions are given in the Notice of Annual General Meeting. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

Donations

The Company has made no charitable or political donations during the year (2013: nil).

Future development and availability of project finance/going concern

The Company is continuing to mine its gold production from its open-pit and underground operations at Sekisovskoye. After due deliberation, it has been decided that the extraction of ore from the open pit is to terminate in August 2015. The underground operations will continue to supply a greater quantity of ore and will be the primary source in 2016. In 2015 the supply to the processing plant is to be supplemented by the existing ore stock piles in order to operate the processing plant in a productive capacity. The underground ore has been mined through the deepening of the transport decline giving greater access to ore body #11 in the current year. In addition, a tunnel linking this to ore body has been completed in the current period which will give access to ore body #8. This ore body is estimated to contain the majority of proven resources. Further details of works undertaken are given in the strategic report.

As part of the strategic plan the Company is planning to significantly increase production from the underground in the medium term. The initial approach that was considered was the building of two underground shafts, and after further consideration the possibility of deepening the existing decline and the building of a second decline. Each of these options is expected to have differing funding needs and the Company is currently assessing each option in order to develop the underground mine in a cost effective manner.

On 20 April 2015 the Company completed a successful share placing raising gross proceeds of £3.4m (equivalent to US\$5.0m). This provides additional working capital to the Company, and also provides the further capital required to progress the underground project developments.

The Directors anticipate that, whilst the Company may seek to raise further finance in the future, it now has access to sufficient funding for its immediate needs. The Company expects to have sufficient cash flow from its forecast production to finance its ongoing operational requirements and to, at least in part, fund the future capital requirements of the Company. The Directors are confident that further sources of funding can be acquired in the timescales required to meet the future funding requirements as necessary.

On this basis the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Subsequent events

Details of events after the end of the financial year are set out in note 29 on page 53 of the financial statements.

Statement of the Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state with regard to the Group financial statements whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- state with regard to the parent company financial statements, whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business; and
- prepare a strategic report, Directors' report and annual remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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

Directors' responsibilities pursuant to DTR 4

The Directors confirm to the best of their knowledge:

- the Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group;
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Aidar Assaubayev
Chief Executive Officer

30 April 2015

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Audit Committee report

The Committee's terms of reference have been approved by the Board and follow published guidelines, which are available from the Company Secretary. The Audit Committee comprises the two Non-Executive Directors, Ashar Qureshi and Alain Balian.

The Audit Committee's prime tasks are to:

Review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation;

Monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;

Assess key risks and to act as a forum for discussion of risk issues and contribute to the Board's review of the effectiveness of the Group's risk management control and processes;

Act as a forum for discussion of internal control issues and contribute to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes;

Consider each year the need for an internal audit function;

Advise the Board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;

Participate in the selection of a new external audit partner and agree the appointment when required;

Undertake a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the Group and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

The Committee meets prior to the annual audit with the external auditors to discuss the audit plan and again prior to the publication of the annual results. These meetings are attended by the external audit partner and Company Secretary. Prior to bi-monthly Board meetings the members of the Committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the Committee:

- met with the external auditors, and discussed their report to the Audit Committee;
- approved the publication of annual and half-year financial results;
- considered and approved the annual review of internal controls;
- decided that due to the size and nature of operation there was not a current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit and not-audit services as set out in note 4 on pages 35 to 38 of the financial statements.

External auditors

BDO LLP held office throughout the year, and are assisted by a local office in Kazakhstan.

Ashar Qureshi

Chairman – Audit Committee

Statement of the Chairman of the Remuneration Committee

The Remuneration Committee presents its report for the year ended 31 December 2014 which this year is presented in two parts in accordance with the new regulations.

The first part is the annual remuneration report which details remuneration awarded to Directors and Non-Executive Directors during the year. The shareholders will be asked to approve the annual remuneration report as an ordinary resolution (as in previous years) at the Annual General Meeting in June 2015.

The second part is the remuneration policy report which details the remuneration policy for Directors. This policy is subject to a binding vote by shareholders at the Annual General Meeting in 2015 and if approved will apply for a one year period commencing 11 June 2015.

The policy is very much in line with the previous policy although the level of disclosure has increased in accordance with the regulations. The Remuneration Committee reviewed the existing policy and deemed no changes necessary to the current arrangements.

Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Company's auditors, BDO LLP are required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.

Ashar Qureshi

Chairman – Remuneration Committee

28 Eccleston Square
London
SW1V 1NZ

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Annual remuneration report

Remuneration Committee

The Remuneration Committee currently comprises of two Directors. The Committee, which meets as required, is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors. The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the articles of association. None of the Committee members has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-Directorships, or any day-to-day involvement in running the business. The Committee has access to professional advice from inside and outside the Company at the Company's expense.

Details of the remuneration paid in the year are shown below.

Approach to recruitment remuneration

All appointments to the Board are made on merit. The components of a new Director's remuneration package (who is recruited within the life of the approved remuneration policy) would comprise base salary, pension, benefits, annual bonus and opportunity to be granted share options as outlined above and approach to such appointments are detailed within the future policy table above. The Company will pay such levels of remuneration to new Directors that would enable the Company to attract appropriately skilled and experienced individuals that is not in the opinion of the Remuneration Committee excessive.

Service contracts

All Executive Directors have full-time contracts of employment with the Company. Non-Executive Directors have contracts of service. No Director has a contract of employment or contract of service with the Company, its joint venture or associated companies with a fixed term which exceeds three years. Directors' notice periods (see page 24 of the financial statements) are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a Director leave the Company.

All Directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

Policy on payment for loss of office

There are no contractual provisions agreed that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the Remuneration Committee to issue employment contracts to Executive Directors with normal commercial terms and without extended terms of notice which could give rise to extraordinary termination payments.

Consideration of employment conditions elsewhere in the Group

In setting this policy for Directors' remuneration the Remuneration Committee has been mindful of the Company's objective to reward all employees fairly according to their role, performance and market forces. In setting the policy for Directors' remuneration the Remuneration Committee has considered the pay and employment conditions of the other employees within the Group. No formal consultation has been undertaken with employees in drawing up the policy. The Remuneration Committee has not used formal comparison measures.

Consideration of shareholder views

No shareholder views have been taken into account when formulating this policy. In accordance with the new regulations, an ordinary resolution for approval of this policy will be put to shareholders at the Annual General Meeting in June 2015.

Remuneration

Amounts paid by the Company in respect of Directors' services:

	2014 US\$	2013 US\$
Executive Directors		
Kanat Assaubayev	–	–
Aidar Assaubayev	81,576	–
Timothy Daffern	–	200,082
Ken Crichton (i)	138,020	7,974
Non-Executive Directors		
Ashar Qureshi	44,496	45,029
William Trew	44,496	36,324
Alain Balian	44,496	7,974
Nicholas Bridgen	–	11,869
Total	353,084	309,252

(i) Ken Crichton was appointed as Non-Executive Director on 23 October 2013 but became Chief Technical Officer and Executive Director on 9 August 2014. The Directors do not currently receive any benefits and there are currently no share option schemes in place. All amounts paid in respect of Directors' services relate to salaries.

Annual remuneration report (continued)

Summary of Directors' terms

	Date of contract	Unexpired term	Notice period
Executive Directors			
Kanat Assaubayev	23 October 2013	17 months	3 months
Aidar Assaubayev	20 February 2013	10 months	3 months
Ken Crichton	23 October 2013	17 months	3 months
Non-Executive Directors			
Ashar Qureshi	7 December 2012	8 months	3 months
Alain Balian	23 October 2013	17 months	3 months
William Trew	20 February 2013	10 months	3 months

Pension schemes and incentives

The Company does not operate a pension scheme.

Scheme option schemes

There are no share option schemes in place at present.

Payments to past Directors

No payments were made to past Directors in the year ended 31 December 2014.

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2014.

Statement of Directors' shareholding and share interest

Directors' interests

The interests of the Directors in the shares of the Company, including family and trustee holdings are disclosed on page 17 of the Accounts.

Remuneration of the Chief Executive Officer over the last five years

Aidar Assaubayev was appointed Chief Executive Officer on 20 February 2013 and received no remuneration in 2013. His salary for the year ended 31 December 2014 was US\$81,576.

Timothy Daffern was appointed Chief Executive on 5 November 2010, resigned as a Director on 20 February 2013, his remuneration is shown below.

	2010 US\$	2011 US\$	2012 US\$	2013 US\$
Basic	38,827	269,895	302,592	69,255
Termination	–	–	–	114,189
Change of Control	–	–	307,432	–
Health Benefit	–	11,642	16,360	16,638
Total	38,827	281,537	626,384	200,082

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Relative importance of spend on pay

The total expenditure of the Company on remuneration to all employees is shown in note 7 to the financial statements.

Statement of implementation of remuneration policy in the following year

If the policy is approved at the Annual General Meeting in June 2015 it is intended that the remuneration policy take effect from 11 June 2015. The vote on the remuneration policy is binding in nature. The Company may not then make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a Director of the Company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee considered the Executive Directors' remuneration and the Board considered the Non-Executive Directors' remuneration in the year ended 31 December 2014. No increases were awarded and no external advice was taken in reaching this decision.

Shareholder voting

At the Annual General Meeting in June 2015, there will be a vote on the resolution to approve the remuneration report.

Nomination Committee

Given its size, the Company does not currently have a Nomination Committee and all appointments are approved by the Executive Directors.

Performance evaluation – Board, Board committees and Directors

The performance of the Board as a whole and of its committees and the Non-Executive Directors is assessed by the Chairman and the Chief Executive Officer and is discussed with the senior independent Director. The senior independent Director meets regularly with the Chairman and both the Executive and Non-Executive Directors individually outside of formal meetings. The Directors will take outside advice in reviewing performance but have not found this necessary to date.

Independent Directors

The senior independent Non-Executive Director is Ashar Qureshi. The other independent Non-Executive Directors are Alain Balian and William Trew. The independent Directors meet regularly prior to Board meetings to discuss corporate governance issues.

Remuneration policy report

Introduction

The remuneration policy on Directors' remuneration will be proposed for a binding vote at the 2015 Annual General Meeting. If approved it is intended that the policy take effect from 11 June 2015.

In setting the policy, the Remuneration Committee has taken the following into account:

- the need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company;
- the Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance;
- remuneration packages offered by similar companies within the same sector;
- the need to align the interests of shareholders as a whole with the long-term growth of the Group;
- the need to be flexible and adjust with operational changes throughout the term of this policy.

The remuneration of Non-Executive Directors is determined by the Board, and takes into account additional remuneration for services outside the scope of the ordinary duties of Non-Executive Directors.

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Independent auditor's report to the members of GoldBridges Global Resources plc

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

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Scott Knight (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

30 April 2015

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

//Financial statements

Consolidated statement of profit or loss

year ended 31 December 2014

	Notes	2014 US\$000	Restated 2013 US\$000
Revenue	5	35,177	42,395
Cost of sales		(27,969)	(32,076)
Gross profit		7,208	10,319
Other operating income	8	1,141	–
Administrative expenses		(8,233)	(16,475)
Tailings dam leak	9a	330	9,252
Listing expenses	9b	(702)	–
Impairments	9c	(1,214)	–
Impairment reversed - Akmola LLP	9c	2,227	–
Operating profit		757	3,096
Finance income	10	7	1
Foreign exchange loss	10	(1,418)	(413)
Finance expense	10	(331)	(771)
(Loss)/profit before taxation	11	(985)	1,913
Taxation credit	12	730	358
(Loss)/profit attributable to equity holders of the parent		(255)	2,271
(Loss)/profit per ordinary share			
Basic & Diluted	13	(0.01c)	0.23c

Consolidated statement of profit or loss and other comprehensive income

year ended 31 December 2014

	2014 US\$000	2013 US\$000
(Loss)/profit for the year	(255)	2,271
Items that may be reclassified to profit or loss		
Currency translation differences arising on translations of foreign operations items that may be reclassified to profit or loss	(9,310)	(763)
Currency translation differences arising on translation of foreign operations relating to taxation	737	–
Total comprehensive (loss)/income attributable to equity holders of the parent	(8,828)	1,508

The accompanying notes are an integral part of these financial statements.

Consolidated statement of financial position

year ended 31 December 2014

Company number 5048549	Notes	2014 US\$000	Restated 2013 US\$000
Non-current assets			
Intangible assets	14	19,440	27,157
Property, plant and equipment	15	61,238	45,866
Other receivables	18	2,553	381
Deferred tax asset	24	2,407	1,145
Restricted cash	22	260	301
		85,898	74,850
Current assets			
Inventories	17	10,882	9,354
Trade and other receivables	18	10,260	5,446
Cash and cash equivalents		1,684	2,067
		22,826	16,867
Total assets		108,724	91,717
Current liabilities			
Trade and other payables	19	(15,725)	(11,512)
Other financial liabilities	20	(326)	(239)
Current tax payable		(475)	(558)
Provisions	22	(335)	(647)
Borrowings	23	(3,333)	(894)
		(20,194)	(13,850)
Net current assets		2,632	3,017
Non-current liabilities			
Other financial liabilities	20	(709)	(1,287)
Provisions	22	(7,400)	(6,705)
Borrowings	23	(6,667)	(10,000)
		(14,776)	(17,992)
Total liabilities		(34,970)	(31,842)
Net assets		73,754	59,875
Equity			
Called-up share capital	25	3,702	2,635
Share premium		137,234	115,594
Merger reserve		(282)	(282)
Currency translation reserve		(17,414)	(8,841)
Accumulated losses		(49,486)	(49,231)
Total equity		73,754	59,875

The financial statements were approved by the Board of Directors on 30 April 2015 and signed on its behalf by

Aidar Assaubayev
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements.

//Financial statements

Company statement of financial position

31 December 2014

Company number 5048549	Notes	2014 US\$000	2013 US\$000
Non-current assets			
Property, plant & equipment	15	480	73
Investments	16	236	251
Loans to subsidiaries	16	73,505	54,850
		74,221	55,174
Current assets			
Other receivables	18	1,147	48
Cash and cash equivalents		1,448	12
		2,595	60
Total assets		76,816	55,234
Current liabilities			
Trade and other payables	19	(595)	(1,409)
Net current assets/(liabilities)		2,000	(1,349)
Net assets		76,221	53,825
Equity			
Called up Share Capital	25	3,702	2,635
Share premium		137,234	115,594
Currency translation reserve		(12,600)	(7,387)
Accumulated losses		(52,115)	(57,017)
Total equity		76,221	53,825

The financial statements were approved by the Board of Directors on 30 April 2015 and signed on its behalf by

Aidar Assaubayev
Chief Executive Officer

The accompanying notes are an integral part of these Company financial statements.

Consolidated statement of changes in equity

year ended 31 December 2014

	Notes	Share capital US\$000	Share premium US\$000	Merger reserve US\$000	Currency translation reserve US\$000	Accumulated losses US\$000	Total US\$000
1 January 2013 – restated	31	1,684	88,245	(282)	(8,078)	(51,502)	30,067
Profit for the year – restated	31	–	–	–	–	2,271	2,271
Other comprehensive loss		–	–	–	(763)	–	(763)
Total comprehensive profit		–	–	–	(763)	2,271	1,508
Shares issued on conversion of loan notes		951	27,590	–	–	–	28,541
Issue costs		–	(241)	–	–	–	(241)
31 December 2013 – restated	31	2,635	115,594	(282)	(8,841)	(49,231)	59,875
Loss for the year		–	–	–	–	(255)	(255)
Other comprehensive loss		–	–	–	(8,573)	–	(8,573)
Total comprehensive loss		–	–	–	(8,573)	(255)	(8,828)
Share issued		1,067	22,095	–	–	–	23,162
Issue costs		–	(455)	–	–	–	(455)
31 December 2014		3,702	137,234	(282)	(17,414)	(49,486)	73,754

Reserve

Share Capital

Share Premium

Merger Reserve

Currency Translation Reserve

Other reserves

Accumulated losses

Description

Amount of the contributions made by shareholders in return for the issue of shares.

Amount subscribed for share capital in excess of nominal value.

Reserve created on application of merger accounting under a previous GAAP.

Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.

Fair value of share options granted net of amounts transferred to retained earnings on exercise or lapse of the options.

Cumulative net gains and losses recognised in the consolidated statement of financial position.

The accompanying notes are an integral part of these consolidated financial statements.

//Financial statements

Company statement of changes in equity

year ended 31 December 2014

	Notes	Share capital US\$000	Share premium US\$000	Currency translation reserve US\$000	Accumulated losses US\$000	Total US\$000
1 January 2013		1,684	88,245	(8,353)	(52,425)	29,151
Loss for the year		–	–	–	(4,592)	(4,592)
Other comprehensive profit		–	–	966	–	966
Total comprehensive loss		–	–	966	(4,592)	(3,626)
Shares issued on conversion of loan notes	25	951	27,590	–	–	28,541
Issue costs		–	(241)	–	–	(241)
31 December 2013		2,635	115,594	(7,387)	(57,017)	53,825
Profit for the year		–	–	–	4,902	4,902
Other comprehensive loss		–	–	(5,213)	–	(5,213)
Total comprehensive loss		–	–	(5,213)	4,902	(311)
Shares issued		1,067	22,095	–	–	23,162
Issue costs		–	(455)	–	–	(455)
31 December 2014		3,702	137,234	(12,600)	(52,115)	76,221

Reserve

Share Capital

Share Premium

Currency Translation Reserve

Accumulated losses

Description

Amount of the contributions made by shareholders in return for the issue of shares.

Amount subscribed for share capital in excess of nominal value.

Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.

Cumulative net gains and losses recognised in the consolidated statement of financial position.

The accompanying notes are an integral part of these Company financial statements.

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Consolidated statement of cash flows

year ended 31 December 2014

	Notes	2014 US\$000	2013 US\$000
Net cash inflow from operating activities	26	5,601	7,141
Investing activities			
Interest received		7	1
Purchase of property, plant and equipment		(25,989)	(7,471)
Restricted cash		(6)	–
Payment of costs associated with provisions		(651)	–
Net cash used in investing activities		(26,639)	(7,470)
Financing activities			
Proceeds on issue of shares	25	23,162	–
Issue costs	25	(455)	(241)
Loan from related party		(1,043)	894
Interest paid		(750)	(924)
Net cash inflow/(outflow) from financing activities		20,914	(271)
Decrease in cash and cash equivalents		(124)	(600)
Foreign currency translation		(259)	163
Cash and cash equivalents at beginning of the year		2,067	2,504
Cash and cash equivalents at end of the year		1,684	2,067

The accompanying notes are an integral part of these consolidated financial statements.

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Company statement of cash flows

year ended 31 December 2014

	Notes	2014 US\$000	2013 US\$000
Net cash outflow from operating activities	26	(4,241)	(1,888)
Investing activities			
Purchase of property, plant and equipment		(506)	(85)
Akmola Gold advances and prepayment of fees recovered		1,113	–
Net (loans)/receipts to/from subsidiaries		(17,488)	462
Laon from related party		(149)	–
Net cash used in investing activities		(17,030)	377
Financing activities			
Proceeds on issue of shares	25	23,162	–
Expenses on issue of shares	25	(455)	(241)
Net cash inflow/(outflow) from financing activities		22,707	(241)
Increase/(decrease) in cash and cash equivalents		1,436	(1,752)
Cash and cash equivalents at beginning of the year		12	1,764
Cash and cash equivalents at the end of the year		1,448	12

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to the financial statements

year ended 31 December 2014

1 General information

GoldBridges Global Resources Plc (the "Company") is a company incorporated in England and Wales under the Companies Act 2006. The address of its registered office, and place of business of the Company and its subsidiaries is set out within the Company information on page 54 of this Annual Report. The principal activities of the Company and subsidiaries are set out within the strategic report within this Annual Report.

2 Basis of preparation

The Annual Report is for the year ended 31 December 2014 and includes the parent company's financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) (as adopted by the European Union). The Company's financial statements have been prepared using accounting policies set out in notes 3 and 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union. The financial statements have been prepared under the historical cost convention and on a going concern basis.

Going concern

The Company will continue to generate its gold production from its open pit until production ceases in August 2015, and from this point all gold will be generated from the underground operations at Sekisovskoye. The underground operations are continuing to provide an increasing amount of high grade ore which is expected to increase in volume and grade in the year. The ore has been mined through the deepening of the transport decline giving access ore bodies #11 and #3. In addition, in the current year development work was also undertaken to give access to ore body #8 and this provides additional ore production capacity in 2015. Further details of works undertaken are given in the strategic report.

On 20 April 2015 the Company completed a successful share placing raising gross proceeds of £3.4m (equivalent to US\$5.0m). This provides additional working capital to the Company, and also provides the further capital required to progress the underground project developments.

The Directors anticipate that, whilst the Company may seek to raise further finance in the future, it now has access to sufficient funding for its immediate needs. The Company expects to have sufficient cash flow from its forecast production to finance its ongoing operational requirements and to, at least in part, fund the future capital requirements of the Company. The Directors are confident that further sources of funding can be acquired in the timescales required to meet the future funding requirements as necessary.

On this basis the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

3 Adoption of new and revised standards

A number of new standards and amendments to existing standards and interpretations were applicable from 1 January 2014. The adoption of these amendments did not have a material impact on the Company's financial statements for the year ended 31 December 2014.

The Company is evaluating the impact of new standards amendments to standards and interpretations which have been issued but are not yet effective. However, they are not expected to have a material impact on the Company's earnings or shareholders' funds.

4 Accounting policies

Basis of consolidation

IFRS 10 Consolidated Financial Statements was adopted in the year to replace IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 has had no material impact on the financial statements.

Where a company has control over an investee, the investee is classified as a subsidiary. A company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

The Company's revenue is generated entirely from the sale of the gold and silver (precious metals) content of gold dore. Gold dore was delivered to a precious metal refiner, based in Kazakhstan during 2014, which also purchased all gold that was refined. Title of the precious metal passes upon acceptance of the delivery from the Company to the refiner. Sales of precious metal are only recognised when the delivery has been accepted and title for the precious metal has accordingly been passed to the refiner.

The Company does not hedge or otherwise enter into any derivatives in respect of its sales of gold dore. Sales are recorded at the actual selling price of the gold dore which is based on current market prices.

Notes to the financial statements (continued)

year ended 31 December 2014

4 Accounting policies continued

Foreign currencies

The Company has prepared its financial statements in United States Dollars (US\$). The functional currency of the companies in Kazakhstan is the Kazakhstan Tenge ("KZT"). The functional currency of the Company and Hambledon Mining Company Limited is Pound Sterling. The rates used to convert Pound Sterling and Kazakhstan Tenge into US Dollars in these financial statements are as follows:

	2014		2013	
	Closing	Average	Closing	Average
US\$ = £	1.553	1.648	1.657	1.569
US\$ = KZT	182.35	179.19	154.35	152.57

The currency translation movement on the Company's net investment in its subsidiaries in Kazakhstan is taken to reserves. The year-end and average rates used for the Kazakh Tenge have been obtained from the National Bank of Kazakhstan.

The financial statements of the Company is translated into US Dollars whereby its statements of profit or loss are translated at the average rate of exchange for the year and its statements of financial position at the closing rate of exchange at the reporting date. Currency translation adjustments arising on the restatement of opening net assets, together with adjustments arising from the retranslation of intergroup long-term foreign currency loans to subsidiaries, are recognised in reserves.

Transactions denominated in currencies other than the functional currency of each respective entity are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the statement of profit or loss.

Intangible assets

Externally, acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their expected economic life. In the Directors' opinion this is estimated to be over the expected useful of the data of 20 years.

Property, plant and equipment: mining properties and leases

Mining properties comprise previously capitalised exploration, evaluation and development expenditure incurred during the exploration and development stages of the Company's mining projects.

Other items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost include directly attributable costs and estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Assets under construction represent assets under development that are not at the stage that can be used commercially to generate revenues, no depreciation is applied to these assets.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line or units of production basis, as appropriate. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter.

Buildings	8-10% pa
Equipment, fixtures and fittings	10-40% pa
Plant machinery and vehicles	7-30% pa
Mining properties and leases	Unit of production based on the proven reserves

Assets under construction are not depreciated.

Stripping costs

To obtain access to the ore in the open pit, it is necessary to first remove the non-ore bearing rock ("waste" or "overburden") covering the ore. This process is known as stripping.

Costs incurred in stripping in the development of the open pit before production commences are capitalised and included in the cost of developing the mine. They are subsequently amortised over the life of the pit on a unit of production basis. Stripping costs incurred after the open pit commences production are recognised as a component of inventory and included in cost of sales in the same period as the revenue from the sales of inventory is recognised. In line with IFRIC 20, any costs in excess of the normal stripping ratio are capitalised and written off over the life of the pit on a unit of production basis.

The mining plan for the Sekisovskoye open pit is based on a stripping ratio of 5:1. During the year ended 31 December 2014, the actual stripping ratio was below this and, therefore, no stripping asset has been recognised in the year (2013: nil).

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4 Accounting policies continued

Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment at each reporting date when events or a change in circumstances suggest that the carrying amount of an asset may exceed the recoverable amount.

Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparing it with the estimated discounted future net cash flows generated by the asset based on management's expectation of future production and selling prices. Any identified impairment is charged to the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss is recognised as profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Spare parts and consumables	– Purchase costs on a first in, first out basis
Ore stockpiles, work in progress and finished gold	– Dependent on the current stage in the production cycle, the cost will reflect cost of direct materials, power, labour and a proportion of overhead, to bring the product to its current state

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for by using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets

The Company classifies its financial assets only as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets (other receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised costs using effective interest rate method, less provision for impairment.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Notes to the financial statements (continued)

year ended 31 December 2014

4 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments with original maturities of less than three months and which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value; for the purposes of statement of cash flows, cash and cash equivalents also include bank overdrafts.

Investments and loans to subsidiaries

Investment in subsidiaries are included at cost less amounts written off. Loans to subsidiaries are initially recognised at fair value and subsequently measured at amortised costs.

Financial liabilities

The Company classifies its financial liabilities into one of the following categories according to the substance of the contractual arrangements entered into:

- bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised costs using the effective interest rate method, which ensures that any interest expense over the period to repayment is charged at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is not settled;
- liability components of convertible loan notes are measured as described further below;
- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised costs using an effective interest method.

The Company does not have any financial liabilities measured at fair value through profit or loss and does not have any financial liabilities in qualifying hedging relationships.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion of maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in other reserves within the shareholders' equity, net of income tax effects.

Borrowing costs

Interest incurred on the bank loans used to fund the construction of the Company's mining assets or other assets used in mining operations is being capitalised as part of the asset's cost, net of interest received on cash drawn down yet to be expensed. The capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended uses are complete.

Share capital

Financial instruments used by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments and are recorded at proceeds received, net of direct issue costs.

Provision for commitments and contingencies

Provisions are recognised when the Company has a present obligation at the reporting date, which occurred as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount of the obligation can be reliably estimated.

Possible obligations that are less than probable, and commitments to make purchases and incur expenditure in future periods, are not recognised as provisions but are disclosed as commitments and contingencies.

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the Company's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 22 to the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors have made judgments and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

- carrying value of property, plant and equipment, including estimates made in respect of reserves and resources, discount rate and future gold prices (note 15);
- recoverability of inventories (note 17);
- carrying value of provisions (note 22);
- recognition of deferred taxation assets (note 24);
- carrying value of intangible assets (note 14).

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5 Revenue

An analysis of the Company's revenue is as follows:

	2014 US\$000	2013 US\$000
Sale of gold and silver	35,177	42,395

Included in revenues from sale of gold and silver are revenues of US\$34,049,000 (2013: US\$42,395,000) which arose from sales to the Company's largest customer which is based in Kazakhstan. In the previous year all sales were made to a different customer.

6 Segmental information

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

The Board of Directors consider there to be only one operating segment, the exploration and development of mineral resources, and only one geographical segment, being Kazakhstan. The majority of sales were made in Kazakhstan and, therefore, no additional segmental information is presented.

7 Staff costs

The average monthly number of employees (including Executive Directors) was:

	2014	2013
Production	592	515
Administration	176	196
	768	711

Their aggregate remuneration comprised:

	2014 US\$000	2013 US\$000
Directors' emoluments	353	309
Employee wages and salaries	6,820	8,743
Employer social tax and national insurance	707	781
	7,880	9,833

8 Other income

An amount of 138m Tenge paid during the year ended 2013 by Asia Mining Group (AMG) has been offset against sales to AMG of 202m Tenge, being US\$1,141,000 for the sale by the Company to AMG of surplus parts and consumables.

Notes to the financial statements (continued)

year ended 31 December 2014

9a Tailings dam leak

A provision of US\$9,292,000 was released in 2013, in 2014 the balance of the provision carried forward of US\$330,000 has been released as all rehabilitation expenses required to be incurred under the agreement with the authorities associated with the tailings dam failure have been met.

Although there is no legal obligation, management decided to design and build a paste plant in order to mitigate the risk of possible future leaks. Paste tailings are defined as tailings that have been significantly dewatered to a point where they do not have a critical flow velocity when pumped, do not segregate as they deposit and produce minimal (if any) bleed water when discharged from a pipe.

As well as the advantages of thickened tailings storage, some additional advantages of paste disposal are:

- water storage and retaining ponds can be reduced or even eliminated, reducing the size of tailings dams and potential of tailings dam leaks;
- reduced seepage from the stored paste tailings;
- higher beach slope angles than thickened tailings reduce the footprint of the facility while storing the same volume of material;
- further reduced risk of environmental damage as there is little or no water to aid the transport of the tailings if an embankment breach occurs.

There is no contractual commitment to build the paste plant. The total estimated amount of future expenses related to construction of the paste plant is US\$2.7m. The amount of actual expenses incurred in 2014 is US\$0.9m. The construction is planned to be completed in 2016.

9b Listing expenses

During the year the Company successfully moved to the standard segment of the London Stock Exchange from the Alternative Investment Market. The listing required the payment of non-recurring fees to professional advisors, amounting to US\$702,000.

9c Impairments

	2014 US\$000	2013 US\$000
Akmola Gold LLP	2,227	–
Impairments against other receivables	(1,214)	–
	1,013	–

In 2014, subsequent to the termination of the proposed Akmola Gold acquisition, the Company successfully sued Akmola Gold for US\$2,000,000, the amount it had previously advanced. It was initially agreed that this would be repaid by 31 December 2013. In February 2014 the Appeal Board of Astana upheld the decision made by the Specialised Inter-regional Economic Court of Astana in favour of the Company. The amount of US\$2,227,000 which included costs and interest was finally received in two tranches in December 2014 and January 2015.

Impairments against other receivables relate to advances paid to suppliers, which is the opinion of the Company will not be recoverable.

10 Finance income and finance expense

	2014 US\$000	2013 US\$000
Finance income		
Bank interest receivable	7	1
Finance expense		
Foreign exchange loss	(1,418)	(413)
Unwinding of discount on provisions and other financial liabilities	(331)	(364)
Interest payable on convertible bond	–	(407)
	(331)	(771)

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11 Loss before taxation

The loss on ordinary activities before taxation is stated after charging:

	2014 US\$000	2013 US\$000
Staff costs (note 7)	7,880	9,833
Depreciation of tangible assets	5,350	5,224
Amortisation of intangible asset	1,023	343
Cost of inventories recognised as expense	17,187	17,277
Fees payable to the Company's auditors for the audit of the Company and Group financial statements	140	118
Fees payable to the auditors of the Company's subsidiaries pursuant to legislation	60	72

There were fees payable in the year ended 31 December 2014 of US\$22,674 (2013: US\$5,790) to the Company's auditors in respect of taxation advisory services. The Audit Committee has reviewed the threats to independence relating to taxation advisory services and found safeguards put in place as appropriate.

12 Taxation

	2014 US\$000	2013 US\$000
Current taxation	–	250
Deferred taxation (note 24)	(730)	(608)
Total taxation benefit	(730)	(358)

There is no current taxation charge for the year ended 31 December 2014, due to the availability of tax losses in each Company.

A reconciliation between the accounting profit and the total taxation benefit from continuing operations is as follows:

	2014 US\$000	2013 US\$000
(Loss)/profit before taxation	(985)	1,169
(Loss)/profit for the year multiplied by the standard rate of corporation tax of 21.50% (2013: 23.25%)	(212)	272
Expenses not deductible for tax purposes	396	2,541
Current year tax losses and other temporary differences not recognised	–	(572)
Write back of provisions not taxable	1,371	1,066
Income not subject to tax	(670)	(3,210)
Utilisation of tax losses and temporary differences not previously recognised	(2,554)	(327)
Effect of different tax rates of subsidiaries operating in other jurisdictions	202	(128)
Foreign exchange movement	737	–
Total (benefit)	(730)	(358)

The taxation rate used for taxation on loss on ordinary activities is the standard rate for United Kingdom corporation tax, currently 21.50% (2013: 23.25%), being the average applicable rate for the Company in 2014. The rate applicable to the Company's subsidiaries in Kazakhstan is 20%.

13 (Loss)/profit per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained (loss)/profit from continuing operations for the financial year of US\$255,000 (2013: profit of US\$2,271,000 as restated).

The weighted average number of ordinary shares for calculating the basic (loss)/profit in 2014 and 2013 is shown below. There were no potential ordinary shares outstanding at the reporting date, (2013: nil) and as such the basic and diluted earnings per share are the same.

	2014	2013
Basic and diluted	2,115,470,650	1,003,707,088

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Notes to the financial statements (continued)

year ended 31 December 2014

14 Intangible assets

	2014 US\$000
Cost	
1 January 2013	–
Addition	27,500
31 December 2013	27,500
Adjustments	(2,532)
Translation difference	(4,232)
31 December 2014	20,736
Amortisation	
1 January 2013	–
Charge for the year	343
31 December 2013	343
Charge for the year	1,023
Translation difference	(70)
31 December 2013	1,296
Net book value	
1 January 2013	–
31 December 2013	27,157
31 December 2014	19,440

The adjustment relates to the recovery of VAT reclaimable on the purchase price of the geological data.

The intangible assets relate to the historic geological information pertaining to the Karasuyskoye Ore Fields. The Ore Fields are located in close proximity to the current open-pit and underground mining operations of Sekisovskoye.

In January 2015, the Company was awarded the subsoil user rights to Karasuyskoye by the Ministry of Investments and Development in Kazakhstan. The final subsoil contract terms and conditions, including the new financial incentives offered specifically to the Company through the state programme on forced industrial-innovative development (SFID), has been not awarded however the subsoil user rights awarded gives the Company a pre-emptive right to obtain the subsoil contract. The subsoil user rights allows the Company to perform further exploration work in order to complete a work programme which will need to be submitted to the authorities for approval.

The Ministry requires 12 to 18 months from date of issue of the subsoil user rights to perform due diligence checks on the information provided by the Company during the tendering process and to prepare the terms of the subsoil contract including any grants, tax reliefs, environmental protection requirements etc. Management believes that the final contract will be awarded based on ongoing consultation with the Ministry, compliance with local legal and tax regulations and the submission of an appropriate mining programme.

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15 Property, plant and equipment – Company

	Motor vehicle US\$000	Equipment US\$000	Total US\$000
Cost			
1 January 2013	–	–	–
Additions	85	–	85
Currency translation adjustment	5	–	5
31 December 2013	90	–	90
Additions	–	505	505
Currency translation adjustment	(16)	(21)	(37)
31 December 2014	74	484	558
Accumulated depreciation			
1 January 2013	–	–	–
Additions	16	–	16
Currency translation adjustment	1	–	1
31 December 2013	17	–	17
Charge for the year	22	42	64
Currency translation adjustment	(2)	(1)	(3)
31 December 2014	37	41	78
Net book value			
1 January 2013	–	–	–
31 December 2013	73	–	73
31 December 2014	37	443	480

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Notes to the financial statements (continued)

year ended 31 December 2014

15 Property, plant and equipment – Group

	Mining properties and leases US\$000	Freehold, land and buildings US\$000	Equipment, fixtures and fittings US\$000	Plant, machinery and vehicles US\$000	Restated assets under construction US\$000	Total US\$000
Cost						
1 January 2013*	10,401	16,980	15,165	7,352	13,259	63,157
Additions	468	11	1,234	966	8,079	10,758
Disposals	–	(119)	(142)	(8)	(8)	(277)
Currency translation adjustment	(187)	(378)	(330)	(178)	(397)	(1,470)
1 January 2014	10,682	16,494	15,927	8,132	20,933	72,168
Additions	131	58	5,312	1,302	22,040	28,843
Disposals	–	(563)	(1,017)	–	(131)	(1,711)
Transfers	7,211	2,028	1,400	(339)	(10,300)	–
Currency translation adjustment	(1,483)	(2,583)	(2,770)	(1,054)	(3,128)	(11,018)
31 December 2014	16,541	15,434	18,852	8,041	29,414	88,282
Accumulated depreciation						
1 January 2013*	2,983	3,937	10,335	4,323	–	21,578
Charge for the year	647	1,683	2,030	864	–	5,224
Disposals	–	(5)	(91)	(30)	–	(126)
Currency translation adjustment	(78)	(114)	(100)	(82)	–	(374)
1 January 2014	3,552	5,501	12,174	5,075	–	26,302
Charge for the year	432	1,478	2,575	865	–	5,350
Disposals	–	(60)	(988)	574	–	(474)
Currency translation adjustment	(552)	(873)	(993)	(1,716)	–	(4,134)
31 December 2014	3,432	6,046	12,768	4,798	–	27,044
Net book value						
1 January 2013	7,418	13,043	4,830	3,029	13,259	41,579
31 December 2013	7,130	10,993	3,753	3,057	20,933	45,866
31 December 2014	13,109	9,388	6,084	3,243	29,414	61,238

* The comparative cost and depreciation figures have been restated to reflect assets that have been fully depreciated and the capitalisation of interest.

Capitalised costs of mining property and leases are amortised over the life of the licence from commencement of production on a unit of production basis. This basis uses the ratio of production in the period compared to the mineral reserves at the end of the period plus production in the period. Mineral reserves estimates are based on a number of underlying assumptions which are inherently uncertain. Mineral reserves estimates take into consideration estimates by independent geological consultants. However, the amount of mineral that will ultimately be recovered cannot be known until the end of the life of the mine. Any changes in reserve estimates are, for amortisation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Company's property, plant and equipment is dependent on the development of the underground mine. Included within mining properties is an amount of US\$750,000 and associated foreign exchange of US\$150,000 relating to interest that has been capitalised (2013: US\$744,000, 2012: US\$765,000) (see note 31).

Under the terms of the loan agreement with the European Bank for Reconstruction and Development (EBRD), the Company and its subsidiaries have pledged certain assets as security for the loan that was entered into (see note 23 for further details).

The Directors are required to consider whether the non-current assets comprising, mineral property leases, plant and equipment have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of cash flows. The Directors have concluded that no adjustment is required for impairment.

Additions to assets under construction include US\$2,112,000 to reflect the change in estimates relating to abandonment and restoration provision (see note 22).

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16 Subsidiaries

Name	Percentage held	Country of registration and operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO Altai Ken – Bayitu	100	Kazakhstan
Indirectly held		
TOO Gornorudnoe Predpriatie Sekisovskoye	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding company and is currently dormant.

Investments and loans to subsidiaries – Company

	Shares US\$000	Subsidiaries loans US\$000	Total US\$000
1 January 2013	246	27,137	27,383
Loan in relation to Karsuyskoye	–	27,500	27,500
Other movements	–	1,675	1,675
Received	–	(462)	(462)
Foreign exchange movement	5	(1,000)	(995)
31 December 2013	251	54,850	55,101
Net cash movements	–	17,443	17,443
Management charges and interest	–	1,212	1,212
Foreign exchange movement	(15)	–	(15)
31 December 2014	236	73,505	73,741

The investments together with the loans, which are denominated in US Dollars, represent investments into subsidiaries and in the opinion of the Directors the aggregate value of the investments in the subsidiaries is not less than the amount shown in these financial statements. The Directors review the intercompany borrowings on a regular basis, together with the associated cash flows of each company, and consider that no impairment is required.

The historic loans are shown within fixed assets as quasi-equity investments and represent initial funding to subsidiaries. The recent loans to subsidiaries are charged at a fixed interest rate of 5% and are repayable in 2019 and these are also included within fixed assets. The foreign exchange movement on the loans/ investments to subsidiaries is to revalue the amounts which are denominated in US Dollars to the year-end exchange rate. The movement is reflected within the income statement of the parent company and is eliminated on consolidation.

17 Inventories

	2014 US\$000	2013 US\$000
Spare parts and consumables	4,478	2,571
Work in progress	940	5,102
Finished goods	5,464	1,681
	10,882	9,354

The value of inventories above is stated after impairment for obsolescence and write downs to net realisable value in respect of spare parts and consumables of US\$873,000 (2013: US\$1,285,000) and work in progress of US\$114,000 (2013: US\$190,000).

The total cost of inventory recognised as an expense is shown in note 11 on page 41.

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year ended 31 December 2014

18 Trade and other receivables**Non-current**

	Company 2014 US\$000	Company 2013 US\$000	Group 2014 US\$000	Group 2013 US\$000
Other receivables	–	–	2,553	381
	–	–	2,553	381

Other receivables included within non-current assets relate to an amount recoverable in relation to value added tax (2013: advances for plant and equipment, US\$381,000).

Current

	Company 2014 US\$000	Company 2013 US\$000	Group 2014 US\$000	Group 2013 US\$000
Trade receivables	–	–	456	89
Akmola Gold – recoverable	1,108	2,000	1,108	2,000
– provision	–	(2,000)	–	(2,000)
VAT – recoverable	728	436	5,651	2,843
– provision	(728)	(436)	(728)	(436)
Other receivables – recoverable	6	–	324	213
– provision	–	–	(64)	–
Prepayments	33	48	3,513	2,737
	1,147	48	10,260	5,446

In 2012 the Company came to an agreement with Akmola Gold for the refund of amounts paid to them as advances and prepayments, as the original agreement signed between the parties had been terminated. This resulted in a write off in 2012 for a total of US\$3.6m, including an amount of US\$2m for a provision against the agreed amount recoverable as negotiated between the parties. This amount has now been recovered with an amount of US\$2.3m being recovered in total. Of this amount, US\$1.01m was received after the financial year-end and is included above. The provision has been fully released in the current year.

The trade receivables are stated at full carrying value and their ageing is less than 30 days old. The Directors consider that the carrying value of trade receivables approximates to their fair value.

19 Trade and other payables**Current**

	Company 2014 US\$000	Company 2013 US\$000	Group 2014 US\$000	Group 2013 US\$000
Trade creditors	340	675	13,016	7,030
Other payables and accruals	255	734	2,709	4,482
	595	1,409	15,725	11,512

Trade creditors and accruals principally comprise amounts outstanding for trade purchases of goods and services. The majority of the trade creditors relate to the Company's trading subsidiaries in Kazakhstan. For most suppliers, interest is not charged on these trade payables. The Company regularly reviews all outstanding payables to ensure they are paid within the appropriate timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

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20 Other financial liabilities

	2014 US\$000	2013 US\$000
Liability for historic cost	1,035	1,526
Current	326	239
Non-current	709	1,287
	1,035	1,526

The subsoil use contract (the "Contract"), under which TOO Sekisovskoye holds the exploration and mining rights to the Sekisovskoye deposit stipulates that it must pay a total of US\$3,312,000 to the Kazakhstan Government for historic costs. From 1 January 2009, the balance of the historical costs is being paid on a quarterly basis and the final payment is due to be paid on 21 December 2018.

The future historic costs have been discounted to their net present value. This discounted value has been capitalised as property, plant and equipment (note 15) and will be amortised over the productive period. Any changes in estimated costs and discount rate are dealt with prospectively and result in a corresponding adjustment to property, plant and equipment.

21 Related party transactions

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". Further information about the remuneration of the individual Directors is set out in the audited section of the report on Directors' remuneration on page 23.

	2014 US\$	2013 US\$
Short-term employee benefits	353,084	292,614
Other	–	16,638
	353,084	309,252
Social Security costs	28,515	19,915
	381,599	329,165

During the year ended 31 December 2014, US\$nil (2013: US\$7,974), was accrued to Ellenkay Gold Ltd for the provision of the services of Ken Crichton.

During the year the following transactions were connected to the companies controlled by the Assaubayev family:

- an interest free loan of US\$149,000 was made to the parent company, by Amrita Investments Limited to pay certain creditors in 2013. This amount was repaid in 2014;
- purchases totalling US\$5.6m and sales amounting US\$1.1m were made to Asia Mining Group for the supply and sale of equipment and spares. At the year-end, a net amount of US\$3.1m is due to Asia Mining Group and this is included under trade payables (2013: US\$nil). The amount advanced by Asia Mining Group amounting to US\$594,000 in the prior year was repaid in the year;
- an amount of \$881,000 (140m Tenge) was paid to Altyn Group LLP for professional services in 2013, and carried forward in prepayments last year and an additional 20m Tenge was paid this year. This amount was utilised in 2014, being expenses in relation to a new paste plant and has accordingly been capitalised in line with the Company's accounting policies;
- an amount of \$113,000 (20m Tenge) was paid to TOO PrinCo Tech Service for the provision of printing services. The amount has been expensed and is included within administrative expenses in the year;
- 358,172,447 shares were issued to African Resources Limited who participated in the placing in February 2014, see note 25. The amount paid for shares acquired was US\$7,790,251.

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year ended 31 December 2014

22 Provisions

	Tailings dam leak US\$000	Abandonment and restoration US\$000	Holiday pay US\$000	Total US\$000
1 January 2013	10,471	6,549	303	17,323
Change in estimate of provision	(9,269)	–	–	(9,269)
Addition	–	–	21	21
Unwinding of discount	–	316	–	316
Paid during the year	(742)	–	–	(742)
Currency translation adjustment	(130)	(160)	(7)	(297)
1 January 2014	330	6,705	317	7,352
Change in estimate of provision	(330)	2,112	449	2,231
Unwinding of discount	–	286	–	286
Paid during the year	–	(651)	(413)	(1,064)
Currency translation adjustment	–	(1,052)	(18)	(1,070)
31 December 2014	–	7,400	335	7,735
31 December 2013				
Current	330	–	317	647
Non-current	–	6,705	–	6,705
	330	6,705	317	7,352
31 December 2014				
Current	–	–	335	335
Non-current	–	7,400	–	7,400
	–	7,400	335	7,735

Tailings dam leak

Details in relation to the re-calculation of the provision are given in note 9a on page 40 of the financial statements.

Abandonment and restoration costs

In accordance with the provisions of the subsoil use contract (the "Contract"), TOO Sekisovskoye is liable for site restoration costs upon completion of production activities. It is not possible to predict accurately the amount which might ultimately be payable for site restoration as it includes assumptions such as inflation in Kazakhstan over the life of the Contract which are inherently uncertain. An estimate of the future cost of restoration has been discounted and a provision recognised. The discounted amount for cost of restoration has been capitalised as a tangible fixed asset (note 15) and will be amortised using the unit of production method over the life of the mine.

In accordance with the subsoil use agreement, TOO Sekisovskoye has established a cash fund to pay for the cost of restoration. The cash fund is maintained in a separate bank account in the name of TOO Sekisovskoye. TOO Sekisovskoye is required to contribute each year an amount equal to 1% of its operating expenses to this fund. Any transfers from the bank account require the authorisation of the Government of Kazakhstan. This fund will be used to pay for the costs of restoration as and when they become due. If the funds in the account are insufficient to pay for the costs, TOO Sekisovskoye will be required to pay any deficit. If there are funds surplus to those required for restoration these will be returned to TOO Sekisovskoye. At 31 December 2014 there was US\$260,000 (being 47,401,000 Tenge) (2013: US\$301,000 – being 46,401,000 Tenge) on deposit in the bank account maintained for restoration costs.

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23 Borrowings

Secured borrowings at amortised cost

	2014 US\$000	2013 US\$000
Current liabilities		
Due within one year	3,333	894
Non current liabilities		
Due within one – two years	3,333	3,333
Due two – five years	3,334	6,664
Bank loan	6,667	10,000

In 2012, two of the Company's subsidiaries, Altai Ken-Bayitu LLP ("AKB") and Sekisovskoye LLP ("Sekisovskoye") entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD). The principal terms of the loan are as follows:

- the loan is to AKB and Sekisovskoye, on a joint and several basis, and repayable in quarterly instalments between 10 January 2015 and 10 October 2017;
- interest on drawn amounts will be charged at a rate of three months London Inter Bank Rate (LIBOR) plus 7% pa. The effective interest rate in the period was 7.5% (2012: in the range from 7.5% to 7.8%);
- the Company and its subsidiaries have to comply with a number of financial and non-financial covenants as part of the loan agreement.

Interest of US\$189,000 (2013: US\$184,000) has been accrued and is included within other payables and accruals (see note 20).

24 Deferred taxation

Deferred taxation asset/(liability)

	Taxation losses US\$000	Accelerated taxation depreciation US\$000	Other US\$000	Total US\$000
1 January 2013	311	166	79	556
Credit to income	576	3	29	608
Currency translation	(14)	(3)	(2)	(19)
1 January 2014	873	166	106	1,145
Credit to income (see note 12)	626	112	(8)	730
Credit to other comprehensive income	737	–	–	737
Currency translation	(164)	(25)	(16)	(205)
31 December 2014	2,072	253	82	2,407

Deferred tax assets and liabilities are offset where they arise within the subsidiaries in Kazakhstan.

The tax losses arising in the prior periods will reduce the Company's and its subsidiaries' future tax liabilities. Deferred tax assets are recognised as the Directors believe that sufficient taxable profits will be made against which the carried forward losses can be offset.

Unutilised taxation losses arising in Kazakhstan of US\$2.3m (2013: US\$873,000) are available to carry forward for a maximum of 10 years. The tax losses available to carry forward expire as follows: US\$1.4m in 2024, US\$570,000 in 2023, US\$120,000 in 2022, and US\$183,000 in 2021.

Unrecognised deferred taxation asset

The unrecognised deferred taxation asset is as follows:

	2014 US\$000	Restated 2013 US\$000
Temporary differences	267	746
Tax losses	19,200	10,600
	19,467	11,346

Included within the unrecognised tax losses above is an amount of US\$11.2m (2013: US\$10.6m) in relation to the Company and US\$8m (2013: US\$nil) in relation to Kazakh subsidiaries. This amount has been carried forward as the Directors do not believe there will be sufficient taxable profits in the future to offset the losses incurred.

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Notes to the financial statements (continued)

year ended 31 December 2014

25 Called-up equity share capital**Issued and fully paid**

	Number	US\$000
1 January 2013	979,721,513	1,684
Issued during the year		
Conversion of convertible loan notes	583,648,617	951
At 31 December 2013 and 1 January 2014	1,563,370,130	2,635
Issued during the year		
Share placements	647,972,000	1,067
31 December 2014	2,211,342,130	3,702

During January and February 2014, the Company issued 647,972,000 new ordinary shares of 0.1p each. Of this amount, 358,172,447 shares were issued to African Resources Limited, a company controlled by the Assaubayev family. Net proceeds of US\$22.7m were raised in order to fund the capital expenditure in connection with the development of the underground mine and to provide additional working capital.

26 Notes to the cash flow statement**Net cash inflow from operating activities**

	Company		Group	
	2014 US\$000	2013 US\$000	2014 US\$000	2013 US\$000
(Loss)/profit before taxation	4,902	(4,592)	(985)	1,913
Adjusted for:				
Finance income	(722)	–	(7)	(1)
Finance expense	–	–	331	771
Depreciation of tangible fixed assets	64	16	5,350	5,224
Amortisation of intangible asset	–	–	1,023	343
(Decrease)/Increase in provisions	191	436	–	(9,252)
(Increase)/Decrease in inventories	–	–	(3,013)	4,025
(Increase) in trade and other receivables	(3,259)	(281)	(4,391)	(1,594)
(Decrease) in other financial liabilities	–	–	(184)	(36)
(Decrease)/Increase in trade and other payables	(662)	1,086	4,905	5,208
Loss on disposal of property, plant and equipment	–	–	1,237	151
Foreign exchange loss	(4,755)	1,447	1,418	413
Cash inflow from operations	(4,241)	(1,888)	5,684	7,165
Income tax paid	–	–	(83)	(24)
	(4,241)	(1,888)	5,601	7,141

27 Financial Instruments**Policy on financial risk management**

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, provisions, other financial liabilities and borrowings. The Company's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 4 – "accounting policies". The Company does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Capital risk management

The Company was financed by equity and debt in the years ended 31 December 2012 and 2013. It is the intention of the Directors that the Company should continue to be financed by a mixture of debt and equity as appropriate, to maintain a robust financial position to support its business and maximise shareholders value. In the year ended 31 December 2014 the Company entered into a convertible loan note that was subsequently converted to equity to finance the purchase of the geological data for an amount of US\$27.5m. Equity of US\$23m was raised gross of expenses after the year-end.

Derivatives, financial instruments and risk management

The Company does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

27 Financial Instruments continued

Foreign currency risk management

The Company and its subsidiaries have transactional currency exposures. Such exposures arise from sales or purchases by the Company's two subsidiaries in Kazakhstan in currencies other than the Company's functional currency. The functional currency of TOO Altai Ken-Bayitu and TOO Gornorudnoe Predpriatie Sekisovskoye is the Kazakh Tenge. The Company and Hambledon Mining Company Limited have a functional currency which is the United Kingdom Pound Sterling. The currency transactions giving rise to this foreign currency risk are primarily US Dollars denominated revenues, US Dollars denominated borrowings and other financial liabilities and certain US Dollars denominated trade payables. The Company and its subsidiaries do not enter into hedging positions in respect of its exposure to foreign currency risk.

The carrying amounts of the Company's and its subsidiaries' foreign currency denominated net monetary assets and monetary liabilities at 31 December 2014 are as follows:

Currency of the monetary asset/liability	2014 US\$000			2013 US\$000		
	GBP	Functional currency KZT	Total	GBP	Functional currency KZT	Total
USD	1,978	(10,000)	(8,022)	–	(10,894)	(10,894)
GBP	(17)	–	(17)	(1,349)	–	(1,349)
KZT	–	(4,439)	(4,439)	–	(4,052)	(4,052)
Net monetary position			(12,478)			(16,295)

Sensitivity analysis

A 20% strengthening, or weakening, of any one of the above currencies against the US Dollar which the Directors consider to be a reasonably possible change for the purpose of sensitivity analysis, is shown below.

The table below shows the impact of changes in exchange rates on the result and financial position of the Group:

	2014 US\$000
20% weakening of the Kazakh Tenge against the US Dollar	(2,000)
20% weakening of the British Pound Sterling against the US Dollar	396

Commodity price risk

The Company is exposed to the effect of fluctuations in the price of gold and silver which are quoted in US Dollars on the international markets. The Company prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Company's only significant sales during the years ended 31 December 2014 and 2013 were sales of gold dore containing gold and silver. The sales proceeds for gold dore is fixed by reference to the gold and silver prices on the day of sale. The Company does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold or silver and therefore it held no financial instruments that are sensitive to commodity price changes at either reporting date.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counter-parties. The Company's exposure and the credit ratings of its counter-parties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counter-parties.

The Company's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivables. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Company's counter-parties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables comprise amounts receivable from a refinery in respect of sales of gold dore. On the sale of the gold dore, payment is received on shipment.

Other accounts receivable consist mostly of prepayments for goods and services by the Company's subsidiaries in Kazakhstan. There were no significant balances at 31 December 2014 and 2013 in respect of which suppliers had defaulted on their obligations. A full provision was made against amounts recoverable in relation to Akmola Gold last year of US\$2m. The amount was recovered in the current financial year and the provision reversed. A provision has been made in the parent company financial statements in relation to the recovery of VAT and the Company is currently in dialogue with the UK tax authorities to recover the amount due.

A VAT balance relating to the Kazakhstan companies in the amount of US\$7,243,000 is considered to be fully recoverable. This is consistent with the history of repayments received by these entities.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

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year ended 31 December 2014

27 Financial Instruments continued

Liquidity risk

During the year ended 31 December 2014, the Company was financed by internally generated funds, equity finance and long-term bank borrowings. There were bank borrowings of US\$10m at 31 December 2014 (2013: US\$10m).

The following tables detail the Company's and its subsidiaries' remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and its subsidiaries can be required to pay. The table includes both interest and principal cash flow.

Group	Borrowings US\$000	Trade and other payables US\$000	Provisions US\$000	Other financial liabilities US\$000	Total US\$000
31 December 2014					
From two to five years	3,333	–	–	556	3,889
For one to two years	3,333	–	–	239	3,572
Due after more than one year	6,666	–	–	795	7,461
Due within one year	3,334	15,725	335	239	19,633
	10,000	15,725	335	1,034	27,094

31 December 2013

From two to five years	10,000	–	–	1,048	11,048
For one to two years	–	–	–	239	239
Due after more than one year	10,000	–	–	1,287	11,287
Due within one year	894	11,512	317	239	12,962
	10,894	11,512	317	1,526	24,249

Company	Borrowings US\$000	Trade and other payables US\$000	Provisions US\$000	Other financial liabilities US\$000	Total US\$000
31 December 2014					
Due within one year	–	595	–	–	595

31 December 2013

Due within one year	–	1,409	–	–	1,409
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Borrowings and interest rate risk

The Company and its subsidiaries entered into a long-term borrowing agreement with the European Bank for Reconstruction and Development (EBRD) on 21 February 2012 in order to fund capital commitments. Interest is payable at 7% pa above Libor. A 1% increase in the rate of interest would result in an additional US\$70,000 (2013: US\$100,000) being capitalised.

The Company places surplus funds on short-term deposit (maximum three months) in Pound Sterling with an interest rate fixed at the prevailing market rate. The Company's exposure to such interest rate risk is not material.

28 Commitments and contingencies

General conditions

In recent years, the Republic of Kazakhstan has undergone substantial political and economic change. As an emerging market, the Republic of Kazakhstan does not possess a well-developed business infrastructure such as generally exists in a more mature free market economy. As a result, operations carried out in the Republic of Kazakhstan can involve risks which are not typically associated with those in developed markets. Significant identified risks have been provided for, or disclosed in these financial statements as appropriate.

(a) Contractual liabilities

Subsoil use rights are not provided to the Company on an indefinite basis, and each renewal shall be approved before the current contract or license expires. These rights can be cancelled by the Government of the Republic of Kazakhstan (hereinafter referred to as "the Government") if the Company does not fulfil its contractual liabilities.

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28 Commitments and contingencies continued

Deposit development costs

In accordance with the subsoil use contract, the Company has an approved working programme which may be reviewed and reconsidered depending on the economic viability and operational conditions of the deposit. The management of the Company believes it has fulfilled the requirements of the contract.

Training for Kazakhstani specialists

In accordance with the terms of the contract the Company is liable for the annual costs incurred in respect of professional training of the Kazakhstani personnel involved in the work. The costs are estimated to be at least 1% of the operational costs during the development and operational process. As at 31 December 2014 the Company has met the conditions of the contract.

Development of the social sphere of the region

According to the terms of the contract, the Company is liable for supporting development and ensuring social support for the activity of communities near the area of operations of the Company. As at 31 December 2014, the Company has met all the conditions of the contract.

Liabilities on the restoration of the mine

Within eighty calendar days upon the expiration of the contract the Company is liable for the development of the mine restoration programme and its inspection by the competent authority of the Government of the Republic of Kazakhstan. The Company is liable for implementation of the programme upon its approval.

(b) Insurance

In accordance with the subsoil use contract the Company is liable for the development of the insurance programme and its submission for approval by the competent authority.

The Company has several contracts of obligatory insurance including insurance of vehicle owners, employer's liability and insurance of the subsoil users' liability where the activity of such subsoil users is connected to damage to third parties.

(c) Court proceedings

Claims on the Company are periodically set out in the courts along with the Company's activities. As at the reporting date, there are no material claims against the Company.

(d) Taxation risks

The tax system of Kazakhstan, being relatively new, is characterised by frequent changes to the legal norms, official interpretations and court decisions, which are often not explicit and can be contradictory. This leads to differing interpretations by the tax authorities. The examination and investigation of the accounts to ensure that the tax payable is accurate is carried out by several regulatory bodies. These bodies have the power to impose heavy fines and penalties. The accuracy of the tax computation can be investigated five calendar years after the end of the accounting period. In certain circumstances this period can be increased.

These circumstances may lead to the taxation risks being much higher in Kazakhstan compared to other countries. The management of the Company, based on their understanding of the tax legislation, regulatory requirements and court decisions, considers the tax liabilities to be fully reflected in the accounts. Nevertheless, the interpretation of these provisions by the corresponding authorities can be different and in that case should the authorities prove the lawfulness of their position, it may significantly affect these financial accounts.

29 Subsequent events

Equity raising

On 20 April 2015 the Company completed a placing, raising £3.4m (US\$5.0m) through a placing of 123,000,000 new shares at a price of 2.80p per share. The total number of shares following the issue of the shares will be 2,334,342,130.

30 Ultimate controlling party

The controlling party and parent entity of the Company is African Resources Limited, by virtue of the fact that it owns 61.69% (2013: 69.2%) of the voting rights in the Company.

The ultimate controlling party is the Assaubayev family, by virtue of the fact that they are the controlling party of African Resources Limited.

31 Prior year adjustment

For the previous two years interest on loans used to finance assets under construction was charged to the profit and loss account. In the year to 31 December 2014, the Directors have reviewed this treatment and consider that as the loan relates to funds specifically provided for the construction of the underground mine. Interest should be capitalised in accordance with International Accounting Standard 23. This has been accounted for as a prior period error as the requirements of the standard were not applied correctly. The interest on the loans amounted to US\$744,000 in 2013 and US\$765,000 in 2012. The amendments to correct the prior periods are reflected in these financial statements.

The impact on EPS for the year ended 31 December 2013 was an increase of 0.07c.

Company information

Directors

Kanat Assaubayev	Chairman
Aidar Assaubayev	Chief Executive Officer
Ken Crichton	Executive Director
Ashar Qureshi	Non-Executive Director
William Trew	Non-Executive Director
Alain Balian	Non-Executive Director

Secretary

Rajinder Basra FCA

Registered office and number

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Glossary of terms

Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore.
masl	Metres above sea level.
Tonne	A metric tonne of 1,000 kilograms.
oz	Troy ounce.
g/t	Grammes per tonne of mineralised rock.
JORC code	Australasian code for the reporting of exploration results, mineral resources and ore reserves (Joint Ore Reserves Committee). See www.jorc.org/main.php
Mineral resource	A concentration or occurrence of solid material of economic interest in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
Indicated resource	That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Inferred resource	That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
Ore reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Probable reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
Mineral inventory	A term used to describe mineral resources and mineable reserves which are not static as additional resource delineation is not yet complete, and engineering calculations are pending. As such what might be a mineral resource today may be a mineable reserve tomorrow.

GoldBridges Global Resources Plc

(Incorporated in England and Wales with registered number 05048549)

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