# GOLDBRIDGES GLOBAL RESOURCES PLC
## Interim report - six months to 30 June 2014

GoldBridges Global Resources Plc ("GoldBridges" or the "Company"), the AIM quoted gold mining and development group, announces its unaudited results for the six months to 30 June 2014.

**Highlights:**

Production
- H1 2014 gold production from Sekisovskoye was 12,694 ounces ("oz") at an average grade of 1.42 grammes / tonne ("g/t"), compared to 12,673 oz in H1 2013 at an average grade of 1.45 g/t;
- Significant reduction in total production cost to US$11.6m (H1 2013: US$15.9m) and administrative cost to US$3.3m (H1 2013: US$6.2m);
- Significant decrease in unit cash costs to US$744 / oz (H1 2013: US$1,055 / oz);

Financial
- Decline in revenue for the period to US$16.7m (H1 2013: US$20m), reflecting the recent decline in the global price of gold;
- This lower gold price was offset to some extent by the government imposed devaluation of the Kazakh Tenge by approximately 20 per cent. in February 2014;
- Operating profit of US$3.3m in H1 2014, a significant turnaround from a loss of US$2.1m in H1 2013;
- Leading to an EPS of US$0.19/share, up from a loss of US$0.24/share in H1 2013;
- Equity capital raisings in excess of US$22m during the period;
- Cash balances of US$18.5m as at 30 June 2014 (H1 2013 US$1.3m);

Strategic
- The licence and permit applications in relation to the Karasuyskoye Ore Fields ("Karasuyskoye") are continuing;
- As part of the completion of the Karasuyskoye purchase, the Group is entitled to a VAT refund of 453m Tenge (approximately US$2.5m at closing exchange rates) which will aid future cash flow. This is expected to be set off against VAT liabilities arising over a period of approximately two years;
- The Group is expected to benefit from participation in the Kazakhstan government's initiative on industrial development and;
- The Sekisovskoye CPR was being finalised in Q3 and is expected to be released in Q4 2014.

**Aidar Assaubayev, CEO of GoldBridges Global Resources Plc commented:**

*"We are very pleased with our 2014 interim results. The reorganisation and cost cutting measures that we have taken have had a positive effect on our operations. This, in combination with the weaker Kazakh Tenge, has resulted in the reporting of a profit for the six months to June 2014. The Group is now well positioned to move forward to exploit its opportunities, both in developing the underground mine at Sekisovskoye and the ore fields at Karasuyskoye, once the necessary permits have been obtained".*

**For further information please contact:**

| | |
|---|---|
| **GoldBridges Global Resources Plc** | +44 (0) 207 932 2456 |
| Louise Wrathall | |
| | |
| **Strand Hanson (Nomad and Joint Broker)** | +44 (0) 207 409 3494 |
| Andrew Emmott | |
| Ritchie Balmer | |
| | |
| **Peat & Co. (Joint Broker)** | +44 (0) 203 540 1720 |
| John Beaumont, COO and Head of Research | +44 (0) 203 540 1723 |
| | |
| **Blytheweigh (Financial PR)** | +44 (0) 207 138 3204 |
| Tim Blythe | |
| Halimah Hussain | |
| Camilla Horsfall | |

## Review of 2014 to date

I am delighted to update you on the positive progress that we have made during H1 2014. In the reported period, the Group has benefited from the rationalisation and reorganisational measures that were put in place over the last year. We have continued with our efforts to upgrade the gold processing plant, have raised capital in excess of US$22m through two equity placings and have been endorsed by the Kazakhstan government for our inclusion in the State Programme on Forced Industrial-Innovative development (SPFIID) for the Sekisovskoye development.

We have produced 12,694oz of gold during the six months to June 2014, which was in line with our output during H1 2013. This result is extremely pleasing given that our costs have reduced from an average of US$1,055/oz in H1 2013 to US$744/oz during H1 2014. This is primarily due to cost saving measures that the Group has put in place, coupled with the approximate 20 per cent. government imposed devaluation of the local currency, the Kazakh Tenge.

In terms of production, although the open pit remains the primary source of ore, the Group's main focus in H1 2014 was the continuing objective of increasing the tonnage of ore produced from the underground mine development. The ultimate aim is to develop the capacity for ‘bulk' production from the mining stopes with the development drifts currently being mined to give access to the ore stopes.

We have continued to upgrade the gold processing plant and, in the 6 months up to 30 June 2014, additional crushing equipment has been installed allowing the ball mills to receive a finer feed and increase the productivity of the grinding system. Additional debottlenecking is required to increase the capacity of the plant with the ultimate goal being 1 million tonnes per annum (“Mtpa”), and this remains work in progress.

The open pit mine, previously consisting of two pits, has reduced to a single pit as the higher grade ore from the north is now virtually depleted except for a small amount of remnant ore that will be selectively mined as it becomes available. The remaining open pit operations during the rest of 2014 will be from the central pit. With increasing underground production the fall in grade from the open pit operations should be more than compensated for by the higher grade ore from the underground mine in the longer term.

During the six months, there have been two successful capital raisings and we thank our shareholders for their support and belief in our business. In total, we raised approximately US$22.1m through a placing in early January of 97,972,000 new Ordinary Shares at a price of 1.975 pence per Ordinary Share, and then through a second placing in February of 550,000,000 shares at a price of 2.175 pence per Ordinary Share. The net proceeds of both placings have been used further the development of the underground mine at Sekisovskoye and for general working capital purposes.

The Group's Sekisovskoye underground development will benefit from inclusion in the State Programme On Forced Industrial-Innovative Development (“SPFIID”). Currently a report on the project is being prepared, which will then be presented to the Kazakhstan State Commission of Modernisation, headed by the Prime Minister of Kazakhstan, for final approval. The SPFIID initiative targets the modernisation of the Kazakhstan economy and pledges state support to selected projects by providing financing incentives such as grants and low interest loans, infrastructure development and policies to fast track these strategic projects. Following final approval, the Kazakhstan government will expand existing infrastructure supporting the Sekisovskoye project including electricity and transportation networks. These works will run in tandem with the Group's own development plans. We will update the market further once the final approval is granted.

## Outlook

During Q3 2014, international mining consultants Venmyn Deloitte were finalising their independent competent persons report (“CPR”) on the Sekisovskoye underground mine, it is now expected to be released in Q4 2014. The CPR will contain an updated JORC compliant reserve and resource estimate based on the historical drilling and the most recent drilling programme completed in early 2014. This report should pave the way for increased development of the underground resources and reserves at Sekisovskoye and higher gold production in the future.

As a result of internal [staff] changes at the government departments that are responsible for issuing the appropriate licences and permits, the Group’s timeline for obtaining the various approvals needed for the development of Karasuyskoye has been extended beyond initial expectations. The Group is however now pleased to announce that the licence application is proceeding without any further delay and the Directors hope to provide a positive progress report in the near future.

In terms of gold production, we look forward to higher output in H2 2014 and remain confident that we will meet our production targets for the year.

## Mining activity

### Overview H1 2014

Mining operations in the first half of 2014 performed to expectations. The activities continued to be focused on the open pit operation with 317,085 tonnes of ore mined during the period, which was the primary source of material for the processing plant. The northern pit is now virtually depleted of ore except for some remnant material that will be selectively mined in the future. During the reporting period and in the future, open pit mining will focus on the lower grade central pit.

During the six months to 30 June the contribution of underground ore increased significantly, with 26,157 tonnes of the higher grade ore being mined. It must be noted that a large portion of this ore was as result of the development work to gain access to the mining stopes. A higher grade of ore will be generated from the actual mining stopes.

The processing plant feed experienced a slight decrease in the gold grade to 1.42 g/t, as compared to 1.45 g/t in H1 2013, due to the depletion of ore from the open cast northern pit and the higher than expected quantities of development ore from the underground mine.

| | **H1 2014** | **H1 2013** |
|---|---|---|
| Total ore mined, open pit (t) | 317,085 | 374,448 |
| Total ore mined, underground (t) | 26,157 | 5,739 |
| Total ore milled (t) | 333,490 | 329,104 |
| Open pit gold grade (g/t) | 1.32 | 1.42 |
| Underground gold grade (g/t) | 2.97 | 5.60 |
| Average gold grade (g/t) | 1.42 | 1.45 |
| Average silver grade (g/t) | 2.15 | 1.94 |
| Gold recovery (%) | 83.4 | 82.8 |
| Gold produced (oz) | 12,694 | 12,673 |
| Silver produced (oz) | 17,380 | 15,524 |

The focus on reducing costs and improving efficiencies has helped decrease production costs in H1 2014 to US$744/oz from US$1,055/oz in H1 2013. Substantial savings have been achieved by restructuring the costs related to supervision and labour and, this, together with investments in equipment and machinery during 2013 and 2014 has increased the efficiency and reliability of the operation. Management continues to focus on further cost savings.

### Open Pit Mining

In total, 317,085t of ore was produced from the central and north pits during H1 2014 as compared to 374,448t of ore in H1 2013. In future and until the depletion of the open pit in 2016, all ore will come from the lower grade central pit. Some ore remains in the north pit and it will be selectively mined with smaller equipment if required. The waste generated from open pit mining activities is used as foundation material for the tailings dams and, as such, waste generated during the reporting period was used to complete the construction of Tailings Dam 4 and commence Tailings Dam 5. Once complete, Tailings Dam 5 is expected to have capacity for some 17 years from 2015 onwards to support the underground mining operation. The plan is to complete all tailings dams by 2016 so that when the open pit mine ceases all civil engineering infrastructure tasks onsite will be complete.

## Gold Processing Plant

Gold recovery rate at the processing plant improved to 83.4 per cent in H1 2014 from 82.8 per cent in H1 2013. This was driven by efficiency and optimisation measures even with the slightly lower gold grade in the plant feed. This improvement in the gold recovery rate follows the installation and commissioning of the high capacity tailings and recycling water pumps, new heat-exchange elution units and a second elution column plus the seventh CIL tank in late 2013. In addition to this, new crushing equipment is being commissioned in H2 2014 and more debottlenecking of the plant is planned with the aim of further improving recoveries and throughput.

The increased gold recovery rates are a positive indicator for the future productivity of the plant, when the source material consists of only underground ore. This is forecast to be the case by 2016, when the production life of the open pit comes to an end. Test work to date using 100 per cent underground ore indicates gold recovery at approximately 84 per cent.

## The Underground Mine

The management team is committed to the development of the underground mine which, in combination with the processing plant upgrades which are underway, should result in long term increased gold production for GoldBridges. The quantity of ore is steadily increasing, however during the move to access the higher grade ore, the grades will initially be variable as some of the development work transverses low grade ore zones.

The Group’s development plans will include appraising the costs and benefits of using our own team as compared to employing a contractor for the underground mine development. This aim is to ensure that developmental progress of the underground mine progresses as required by the mine plan to access the high grade underground stopes prior to the depletion of the open pit ore.  This is seen as a key objective for the success of the Sekisovskoye Underground Development Project during the transition from the open pit to the underground.

During H1 2014, the underground ore was sourced from the decline where horizontal developments are being made to access the future mining stopes. This work provides relatively small quantities of ore when compared to the future bulk mining of the stopes. However all the development ore processed is within the mineralised part of the ore body.

## Exploration Drilling

During H1 2014, 94 diamond drill holes were drilled for a total of 7,230m. H1 2014 exploration drilling had considerable success in confirming the vertical extension of the ore body. Initially, all drilling had been terminated at the -400masl level, approximately 725m from surface. The 6 holes that were drilled along the ore body from the -400masl level, targeted the -800masl level with the intention of confirming gold mineralization continuity. The drilling was a success and these deeper holes will now form part of the updated JORC resource estimate.

## Financial

Sekisovskoye poured 12,694 ounces of gold in H1 2014 (H1 2013:12,673). Gold sold during the period amounted to 12,479 ounces (H1 2013: 12,694) at an average price of US$1,337 per ounce H1 2013: US$1,554). The average price of sales achieved includes revenues generated from silver sales in the period, which are treated as incidental to gold production. During 2014 the Group also sold spare parts and other consumables for US$1.2m (2013: US$ Nil).

There have been significant savings in both production costs and administrative costs.

The cash cost (cost of sales excluding depreciation and provisions) for the period was US$744 per ounce (H1 2013: US$1,055). The decrease in the cost of production is due to a number of factors the principal ones are described below:

During H1 2014, due to a change in government legislation in relation to metal sales, the Group sold all production to the state refiner. The price as in the prior period is still fixed in terms of US Dollars, however all amounts are paid to the Group in Kazakh Tenge (being the principal cost base of the Kazakh based Companies). The Group has benefited from the devaluation of the Kazakh Tenge to the US Dollar, decreasing the costs denominated in Kazakh Tenge by approximately 20% from last year in currency terms. In addition, the switch to the Kazakh based refiner has led to substantial savings in transportation and security costs from the prior period when the gold was shipped to Switzerland. Further cost savings have been achieved from the Group performing a greater part of the mining works in house and therefore dispensing with a number of contractors. This has not only led to a decrease in contractor cost but a saving in material component costs that were previously being purchased via the contractors.

Administration costs in the six months to 30 June 2014 amounted to US$3.3m (H1 2013: US$6.2m). The savings are a product of cost cutting measures now being fully reflected in the current period and as a result of savings made from Karasuyskoye related costs that were incurred in the prior period, and which are not recurring. Expenses amounting to US$2.6m were incurred in the prior year to 31 December 2013 in negotiating and securing the Karasuyskoye deal.

There is expected to be a positive impact on cash flow in future periods as the Group will be able to recover approximately US$3m in relation to the VAT attributable to the purchase of Karasuyskoye geological data. This has now been reflected in note 3 by a consequent reduction of the purchase price to the net amount paid to purchase the geological information. Recovery will be obtained by off-setting this amount against future VAT liabilities that would have been payable by Sekisovskoye.

The Company has retained a strong cash position with US$18.5m at the balance sheet date. Cash generated from operations was a negative US$0.8m and in large part was due to the repayment of creditors of approximately US$5m. Creditors in total have increased from US$11.5m to US$19.4m, however US$12.9m relates to the purchase of assets and as such are not reflected as part of operating activities. If these are adjusted for, the actual creditors have decreased from US$11.5m to US$6.5m i.e. a reduction of US$5m. The payment in relation to the asset purchases has been agreed to be made over an extended period and will not have an impact on the liquidity of the Group.

Capital expenditure totalled US$18.5m in H1 2014 (H1 2013: US$3.7m). The main item of capital expenditure was the development of the underground mine, and associated equipment.

The increase in trade and other receivables is principally due to the recognition of the VAT as mentioned above on the Karasuyskoye asset which is expected to be recovered in full over a period of approximately two years.

**Financial** *(continued)*

The Group has recognised deferred tax assets and in total these amount to US$2.1m (H1 2013: US$1.1m) in relation to both trading subsidiary companies in Kazakhstan on the basis that both are expected to generate chargeable profits in future periods.

Aidar Assaubayev
Chief Executive Officer

30 September 2014

**INDEPENDENT REVIEW REPORT**
**FOR THE PERIOD ENDED 30 JUNE 2014**
**INDEPENDENT REVIEW REPORT TO GOLDBRIDGES GLOBAL RESOURCES PLC**

## Introduction

We have been engaged by the Company to review the consolidated financial information in the interim financial report for the six months ended 30 June 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the consolidated financial information.

## Directors' responsibilities

The interim financial report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim financial report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the interim financial report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the consolidated financial information in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information in the interim financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

**Emphasis of Matter – Carrying value of Intangible Assets**

In forming our review conclusion, which is not modified, we have considered the adequacy of the disclosures in note 3 to the financial statements concerning the outcome of the licence application at Karasuyskoye. During 2013, the Group acquired the geological data at Karasuyskoye for $27.5m and has applied for but not yet been granted a mining licence over this area. In the event that the licence is granted to another party, the Group would need to negotiate the sale of the data to the successful applicant which may be at a lower value than the carrying value. The ultimate outcome of this matter cannot presently be determined.

**BDO LLP**
Chartered Accountants and Registered Auditors
London
United Kingdom

30 September 2014

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

**GOLDBRIDGES GLOBAL RESOURCES PLC**
**Consolidated income statement**

| | Note | **Six months ended 30 June 2014 (unaudited) US$'000** | Six months ended 30 June 2013 (unaudited) US$'000 | Year ended 31 December 2013 (audited) US$'000 |
|---|---|---|---|---|
| Revenue | | **16,683** | 20,014 | 42,395 |
| Cost of sales | | **(11,593)** | (15,877) | (32,076) |
| **Gross profit** | | **5,090** | 4,137 | 10,319 |
| Other operating income | 7 | **1,162** | - | - |
| Administrative expenses | | **(3,286)** | (6,223) | (16,475) |
| Tailings dam leak | | **300** | - | 9,252 |
| **Operating profit/(loss)** | | **3,266** | (2,086) | 3,096 |
| Finance income | | **4** | 1 | 1 |
| Foreign exchange (loss)/gain | | **(368)** | 192 | (413) |
| Finance Expense | | **(229)** | (365) | (1,515) |
| Profit/(loss) before taxation | | **2,673** | (2,258) | 1,169 |
| Taxation credit/(charge) | | **1,173** | (79) | 358 |
| Profit/(loss) attributable to equity shareholders | | **3,846** | (2,337) | 1,527 |
| **Profit/(loss) per ordinary share** | | | | |
| Basic & diluted (US cent) | 2 | **0.19** | (0.24) | 0.15 |

The notes on pages 17 to 23 form part of this financial information

**GOLDBRIDGES GLOBAL RESOURCES PLC**
**Consolidated statement of comprehensive income**

| | **Six months ended 30 June 2014 (unaudited) US$000** | Six months ended 30 June 2013 (unaudited) US$000 | Year ended 31 December 2013 (audited) US$000 |
|---|---|---|---|
| Profit/(loss) for the period/year | **3,846** | (2,337) | 1,527 |
| Currency translation differences arising on translations of foreign operations items which will or may be reclassified to profit or loss | **(6,295)** | (1,001) | (763) |
| **Total comprehensive income/(loss) for the period/year attributable to equity shareholders** | **(2,449)** | (3,338) | 764 |

The notes on pages 17 to 23 form part of this financial information

**GOLDBRIDGES GLOBAL RESOURCES PLC**
**Consolidated statement of financial position**

| | Notes | **Six months ended 30 June 2014 (unaudited) US$'000** | Six months ended 30 June 2013 (unaudited) US$'000 | Year ended 31 December 2013 (audited) US$'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible asset | 3 | **23,633** | - | 27,157 |
| Property, plant and equipment | 4 | **52,721** | 42,052 | 44,357 |
| Trade and other receivables | | **3,040** | 485 | 381 |
| Deferred tax asset | | **2,059** | 344 | 1,145 |
| Restricted cash | | **253** | 306 | 301 |
| | | **81,706** | 43,187 | 73,341 |
| **Current assets** | | | | |
| Inventories | | **6,913** | 10,449 | 9,354 |
| Trade and other receivables | | **8,475** | 11,798 | 5,446 |
| Cash and cash equivalents | | **18,514** | 1,264 | 2,067 |
| | | **33,902** | 23,511 | 16,867 |
| **Total assets** | | **115,608** | 66,698 | 90,208 |
| **Current liabilities** | | | | |
| Current tax payable | | **(470)** | - | (558) |
| Trade and other payables | | **(19,352)** | (11,903) | (11,512) |
| Other financial liabilities | | **(351)** | (229) | (239) |
| Provisions | | **(363)** | (10,714) | (647) |
| Borrowings | | **(1,666)** | (10,000) | (894) |
| | | **(22,202)** | (32,846) | (13,850) |
| **Net current assets/(liabilities)** | | **11,700** | (9,335) | 3,017 |
| **Non-current liabilities** | | | | |
| Other financial liabilities | | **(963)** | (1,322) | (1,287) |
| Provisions | | **(5,486)** | (6,566) | (6,705) |
| Borrowings | | **(8,333)** | - | (10,000) |
| | | **(14,782)** | (7,888) | (17,992) |
| **Total liabilities** | | **(36,984)** | (40,734) | (31,842) |
| **Net assets** | | **78,624** | 25,964 | 58,366 |
| **Equity** | | | | |
| Called-up share capital | 5 | **3,702** | 1,684 | 2,635 |
| Share premium | | **137,234** | 88,245 | 115,594 |
| Merger reserve | | **(282)** | (282) | (282) |
| Currency translation reserve | | **(15,136)** | (9,079) | (8,841) |
| Accumulated loss | | **(46,894)** | (54,604) | (50,740) |
| **Total equity** | | **78,624** | 25,964 | 58,366 |

The financial information was approved and authorised for issue by the Board of Directors on 30 September 2014 and was signed on its behalf by:

Aidar Assaubayev
**Chief Executive Officer**
The notes on pages 17 to 23 form part of this financial information

**GOLDBRIDGES GLOBAL RESOURCES PLC**
**Consolidated Statement of changes in equity**

**For the six months ended 30 June 2014**

| Unaudited | **Share capital US$'000** | **Share premium US$'000** | **Merger reserve US'000** | **Cumulative translation reserve US$'000** | **Retained deficit US$'000** | **Total US$'000** |
|---|---|---|---|---|---|---|
| At 1 January 2014 | 2,635 | 115,594 | (282) | (8,841) | (50,740) | 58,366 |
| Profit for the period | - | - | - | - | 3,846 | 3,846 |
| Exchange differences on translating foreign operations | - | - | - | (6,295) | - | (6,295) |
| **Total comprehensive loss for the period** | **-** | **-** | **-** | **(6,295)** | **3,846** | **(2,449)** |
| Shares issued | 1,067 | 22,094 | - | - | - | 23,161 |
| Issue costs | - | (454) | - | - | - | (454) |
| **At 30 June 2014** | **3,702** | **137,234** | **(282)** | **(15,136)** | **(46,894)** | **78,624** |

**For the six months ended 30 June 2013**

| Unaudited | Share capital US$'000 | Share premium US$'000 | Merger reserve US'000 | Cumulative translation reserve US$'000 | Retained deficit US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| At 1 January 2013 | 1,684 | 88,245 | (282) | (8,078) | (52,267) | 29,302 |
| Loss for the period | - | - | - | - | (2,337) | (2,337) |
| Exchange differences on translating foreign operations | - | - | - | (1,001) | - | (1,001) |
| Total comprehensive loss for the period | - | - | - | (1,001) | (2,337) | (3,338) |
| At 30 June 2013 | 1,684 | 88,245 | (282) | (9,079) | (54,604) | 25,964 |

**For the year ended 31 December 2013**

| Audited | Share capital $'000 | Share premium $'000 | Merger reserve $'000 | Cumulative translation reserve $'000 | Retained deficit $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| At 1 January 2013 | 1,684 | 88,245 | (282) | (8,078) | (52,267) | 29,302 |
| Profit for the year | - | - | - | - | 1,527 | 1,527 |
| Exchange differences on translating foreign operations | - | - | - | (763) | - | (763) |
| Total comprehensive income for the year | - | - | - | (763) | 1,527 | 764 |
| Shares issued | 951 | 27,590 | - | - | - | 28,541 |
| Issue costs | - | (241) | - | - | - | (241) |
| At 31 December 2013 | 2,635 | 115,594 | (282) | (8,841) | (50,740) | 58,366 |

The notes on pages 17 to 23 form part of this financial information

**GOLDBRIDGES GLOBAL RESOURCES PLC**
**Consolidated cash flow statement**

| | Note | **Six months ended 30 June 2014 (unaudited) US$'000** | Six months ended 30 June 2013 (unaudited) US$'000 | Year ended 31 December 2013 (audited) US$'000 |
|---|---|---|---|---|
| **Net cash (outflow)/inflow from operating activities** | 8 | **(833)** | 2,845 | 7,304 |
| **Investing activities** | | | | |
| Interest received | | **-** | - | 1 |
| Proceeds on disposals of property, plant and equipment | | **577** | 29 | - |
| Purchase of property, plant and equipment | | **(5,639)** | (3,720) | (7,471) |
| Prepayment for non-current assets | | **-** | (65) | - |
| Restricted cash | | **-** | (78) | - |
| **Net cash used in investing activities** | | **(5,062)** | (3,834) | (7,470) |
| **Financing activities** | | | | |
| Proceeds on issue of shares | | **23,162** | - | - |
| Share issue costs | | **(455)** | - | (241) |
| Loan from related party | | **-** | - | 894 |
| Interest paid | | **(365)** | (362) | (924) |
| **Net cash flow from financing activities** | | **22,342** | (362) | (271) |
| **Increase/(Decrease) in cash and cash equivalents** | | **16,447** | (1,351) | (437) |
| **Cash and cash equivalents at the beginning of the year** | | **2,067** | 2,504 | 2,504 |
| Effect of foreign exchange rate movements | | **-** | 111 | - |
| Cash and cash equivalents at the end of the period | | **18,514** | 1,264 | 2,067 |

The notes on pages 17 to 23 form part of this financial information

## 1. Basis of preparation

GoldBridges Global Resources Plc is registered and domiciled in England and Wales.

The interim financial results for the period ended 30 June 2014 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 434(3) of the Companies Act 2006.

This interim financial information of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2014 has been prepared on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2013. It has not been audited, does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2013. The 2013 annual report and accounts, as filed with the Registrar of Companies, received an unqualified opinion from the auditors, but did draw attention to the carrying value of the intangible assets by way of emphasis, it did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'.

The financial information is presented in US Dollars and has been prepared under the historical cost convention.

The same accounting policies, presentation and method of computation are followed in this consolidated financial information as were applied in the Group's latest annual financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

*Going concern*

The Group's operations are cash generative and the current cash position is sufficient to cover ongoing operating and administrative expenditure for the next 12 months.

During the period the Company secured an additional US$22m equity investment. The Directors consider this together with income from the Group's producing assets to be sufficient to cover the expenses of running the Group's business for the foreseeable future. They have therefore adopted the going concern basis in the preparation of these financial statements.

## 2. Profit/(loss) per ordinary share

Basic profit/(loss) per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The calculation of basic and diluted earnings per share is based upon the retained profit for the financial.

The weighted average number of ordinary shares for calculating the basic profit/(loss) per share and diluted loss per share for the period are as follows:

| | **Six months ended 30 June 2014** | Six months ended 30 June 2012 | Year ended 31 December 2013 |
|---|---|---|---|
| | **(unaudited)** | (unaudited) | (audited) |
| The basic weighted average number of ordinary shares in issue during the period | **2,038,802,240** | 979,721,513 | 1,003,707,088 |
| The profit/(loss) for the period attributable to equity shareholders (US$'000s) | **3,846** | (2,337) | 1,527 |

There are no dilutive instruments.

## 3. Intangible assets

| | **US$'000** |
|---|---|
| **Cost** | |
| 1 January 2013 | - |
| Additions | - |
| 30 June 2013 | - |
| Additions | 27,500 |
| 31 December 2013 | 27,500 |
| Adjustments* | (2,946) |
| 30 June 2014 | 24,554 |
| **Accumulated amortisation** | |
| 1 January 2013 | - |
| Charge for the period | - |
| 30 June 2013 | - |
| Charge for the period | 343 |
| 31 December 2013 | 343 |
| Charge for the period | 578 |
| 30 June 2014 | 921 |
| | |
| 30 June 2013 | - |
| 31 December 2013 | 27,157 |
| **30 June 2014** | **23,633** |

The intangible asset relates to the historic geological information pertaining to the Karasuyskoye ore fields, purchased by the Group in 2013.

The value of the geological data purchased is in the opinion of the Directors the value that would have been incurred if the drilling had been undertaken by a third party (or internally). The Directors have taken the view that a 20 year write off is appropriate in relation to the absorption of the cost. The Group is in the process of obtaining the mining rights in relation to the area covered by the data.

However, the licencing tender process has not yet been completed and there is no guarantee that the licence will be granted. In the event that the licence is not granted, the Group would seek to negotiate a disposal of the asset to the successful licence applicant.

* The adjustment relates to the recovery of VAT reclaimable on the purchase price of the geological data, as agreed with the tax authorities in Kazakhstan in the current period. The VAT is recoverable by way of set off against the VAT liabilities accruing on a quarterly basis by Sekisovskoye, full recovery is expected over a period of approximately two years.

## 4. Property, plant and equipment

| | Mining properties and leases US$000 | Freehold land and buildings US$000 | Equipment, fixtures and fittings US$000 | Plant, machinery and vehicles US$000 | Assets under construction US$000 | Total US$000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| 1 January 2013 | 10,401 | 16,980 | 15,165 | 7,352 | 12,494 | 62,392 |
| Additions | 141 | - | 926 | 692 | 1,961 | 3,720 |
| Disposals | - | (36) | (22) | - | - | (58) |
| Currency translation adjustment | (46) | (105) | (102) | (51) | (97) | (401) |
| 30 June 2013 | 10,496 | 16,839 | 15,967 | 7,993 | 14,358 | 65,653 |
| Additions | 327 | 11 | 308 | 274 | 5,374 | 6,294 |
| Disposals | – | (83) | (120) | (8) | (8) | (219) |
| Currency translation adjustment | (141) | (273) | (228) | (127) | (300) | (1,069) |
| 31 December 2013 | 10,682 | 16,494 | 15,927 | 8,132 | 19,424 | 70,659 |
| Additions | 603 | - | 4,456 | - | 13,471 | 18,530 |
| Disposals | – | (569) | (59) | - | - | (628) |
| Currency translation adjustment | (1,537) | (2,714) | (2,796) | (1,040) | (3,503) | (11,590) |
| **30 June 2014** | **9,748** | **13,211** | **17,528** | **7,092** | **29,392** | **76,971** |
| **Accumulated depreciation** | | | | | | |
| 1 January 2013 | 2,983 | 3,937 | 10,335 | 4,323 | – | 21,578 |
| Charge for the period | 300 | 828 | 428 | 616 | – | 2,172 |
| Disposals | - | - | - | - | – | - |
| Currency translation adjustment | (21) | (26) | (34) | (68) | – | (149) |
| 30 June 2013 | 3,262 | 4,739 | 10,729 | 4,871 | – | 23,601 |
| Charge for the period | 347 | 858 | 1,602 | 248 | – | 3,055 |
| Disposals | – | (5) | (91) | (30) | – | (126) |
| Currency translation adjustment | (57) | (91) | (66) | (14) | – | (228) |
| 31 December 2013 | 3,552 | 5,501 | 12,174 | 5,075 | – | 26,302 |
| Charge for the period | 280 | 618 | 999 | 364 | – | 2,261 |
| Disposals | - | (62) | - | - | – | (62) |
| Currency translation adjustment | (573) | (897) | (1,960) | (821) | – | (4,251) |
| **30 June 2014** | **3,259** | **5,160** | **11,213** | **4,618** | **–** | **24,250** |
| **Net Book Values** | | | | | | |
| 1 January 2013 | 7,418 | 13,043 | 4,830 | 3,029 | 12,494 | 40,814 |
| 30 June 2013 | 7,234 | 12,100 | 5,238 | 3,122 | 14,358 | 42,052 |
| 31 December 2013 | 7,130 | 10,993 | 3,753 | 3,057 | 19,424 | 44,357 |
| **30 June 2014** | **6,489** | **8,051** | **6,315** | **2,474** | **29,392** | **52,721** |

The additions in the period principally relate the continuing works associated with the underground mine in relation to development of the declines, ventilation shafts and other associated works.

## 5. Share capital

| | Number | US$000 |
|---|---|---|
| **1 January 2013** | **979,721,513** | **1,684** |
| Issued during the year | | |
| Conversion of convertible loan notes | 583,648,617 | 951 |
| **31 December 2013** | **1,563,370,130** | **2,635** |
| Issued during the year | | |
| Share placement | 647,972,000 | 1,067 |
| **30 June 2014** | **2,211,342,130** | **3,702** |

On 10 January 2014 there was a placing of 97,972,000 new Ordinary Shares at a price of 1.975 pence per Ordinary Share. On 28 February 2014 there was a placing of 550,000,000 shares at a price of 2.175 pence per Ordinary Share. The net proceeds of both placings will be used for general working capital purposes and will form part of the funding to enable the Company to develop the underground mine at Sekisovskoye.

## 6. Reserves

A description and purpose of reserves is given below:

| Reserve | Description and purpose |
|---|---|
| Share capital | Amount of the contributions made by shareholders in return for the issue of shares. |
| Share premium | Amount subscribed for share capital in excess of nominal value. |
| Merger Reserve | Reserve created on application of merger accounting under a previous GAAP. |
| Currency translation reserve | Gains/losses arising on re-translating the net assets of overseas operations into US Dollars. |
| Other reserves | Fair value of share options granted net of amounts transferred to retained earnings on exercise or lapse of options. |
| Accumulated losses | Cumulative net gains and losses recognised in the consolidate statement of financial position. |

## 7. Related party transactions

Remuneration of key management personnel

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

| | **Six months ended 30 June 2014** | Six months ended 30 June 2013 | Year to December 2013 |
|---|---|---|---|
| | **US$** | US$ | US$ |
| Short term employee benefits | **135,165** | 195,311 | 292,612 |
| Other | **-** | 16,637 | 16,637 |
| | **135,165** | 211,948 | 309,249 |
| Social security costs | **7,581** | 19,915 | 19,915 |
| | **142,746** | 231,863 | 329,164 |

During the period ended 30 June 2014, US$Nil (H1 2013:US$Nil, YE 2013:US$7,974) has been accrued to Ellenkay Gold Ltd for the provision of services by Ken Crichton.

During the year the following transactions were connected with the Company's controlled by the Assaubayev family:

- An interest free loan was made to GoldBridges Global Resources Plc, by Amrita Investments Limited to pay certain creditors in the year ended 31 December 2013. This amounted to US$149,000 and was repaid during the current period.

- An amount of 138m Tenge paid during the year ended 2013 by Asia Mining Group ("AMG"), has been offset against total sales to AMG of US$1.2m (being 202m Tenge) during the period. The sale by the Group of parts and consumables were on normal commercial terms.

## 8. Notes to the cash flow statement

**Net cash(outflow)/inflow from operating activities**

| | **Six months ended 30 June 2014 (unaudited) US$000's** | Six months ended 30 June 2013 (unaudited) US$000's | Year ended ended 31 December 2013 (audited) US $000's |
|---|---|---|---|
| Profit/(loss) before taxation | **2,673** | (2,258) | 1,169 |
| Adjusted for: | | | |
| Finance income | **(4)** | (1) | (1) |
| Finance expense | **229** | 365 | 1,515 |
| Depreciation of tangible fixed assets | **2,261** | 2,172 | 5,224 |
| Amortisation of intangibles | **578** | - | 343 |
| Change in provisions | **(284)** | (43) | (9,252) |
| Decrease in inventories | **2,441** | 2,930 | 4,025 |
| Increase in trade and other receivables | **(3,224)** | (7,637) | (1,594) |
| Decrease in other financial liabilities | **(182)** | (10) | (36) |
| (Decrease)/increase in trade and other payables | **(5,610)** | 8,076 | 5,208 |
| (Profit)/loss on disposal of property, plant and equipment | **(17)** | 7 | 151 |
| Foreign currency translation | **306** | (756) | 576 |
| ***Cash inflow from operations*** | **(833)** | 2,845 | 7,328 |
| Income taxes paid | **-** | - | (24) |
| | **(833)** | 2,845 | 7,304 |

## 9. Events after the balance sheet date

There were no significant transactions after the reporting date.

**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 | |
| Registered office and number | Company number : 05048549<br><br>28 Eccleston Square<br>London<br>SW1V 1NZ<br>Telephone: +44 208 932 2455 | |
| Web | www.goldbridgesplc.com | |
| Kazakhstan office | 10 Novostroyevskaya<br>Sekisovskoye Village<br>Kazakhstan<br>Telephone: +7 (0) 72331 27927 Fax: +7 (0) 72331 27933 | |
| Nominated adviser and joint broker | Strand Hanson Limited<br>26 Mount Row<br>Mayfair<br>London W1K 3SQ<br>Telephone: +44 (0) 20 7409 3494 | |
| Joint broker | Peat & Co<br>108 Piccadilly<br>London<br>W1J 7NW<br>Telephone: +44 (0) 20 3540 1720 | |

| | |
|---|---|
| Auditors | BDO LLP<br>55 Baker Street, London<br>W1U 7EU |
| | BDO Kazakhstanaudit, LLP<br>56 “A”, micro region 6 Almaty city, 050036<br>KAZAKHSTAN |
| Lawyers | Gowlings (UK) LLP<br>15th Floor<br>Old Broad Street<br>London<br>EC2N 1AR |
| Registrars | Neville Registrars<br>18 Laurel Lane<br>Halesowen<br>West Midlands B63 3DA<br>Telephone: +44 (0) 121 585 1131 |
| Bankers | NatWest Bank plc<br>London City Commercial Business Centre<br>7th Floor, 280 Bishopsgate<br>London<br>EC2M 4RB |
| | LTG Bank AG<br>Herrengasse 12<br>FL-9490, Vaduz<br>Principal of Liechtenstein |