

**Group Directors and Strategic Report and  
Consolidated Financial Statements for the Year Ended 31 December 2015  
for  
PATHFINDER MINERALS PLC**

**Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2015**

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**PATHFINDER MINERALS PLC**

**Company Information  
for the Year Ended 31 December 2015**

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<b>DIRECTORS:</b>	Sir H C Bellingham N S Trew R P Easby
<b>SECRETARY:</b>	R P Easby
<b>REGISTERED OFFICE:</b>	Becket House 36 Old Jewry London EC2R 8DD
<b>REGISTERED NUMBER:</b>	02578942 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Keith Fulton
<b>INDEPENDENT AUDITORS:</b>	Chapman Davis LLP 2 Chapel Court London SE1 1HH
<b>SOLICITORS:</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>NOMINATED ADVISOR:</b>	WH Ireland Limited 24 Martin Lane London EC4R 0DR
<b>REGISTRARS:</b>	Capita Assets Services 34 Beckenham Road Beckenham Kent BR3 4TU
<b>BANKERS:</b>	Royal Bank of Scotland 1 Dale Street Liverpool L2 2PP

**Chairman's Statement  
for the Year Ended 31 December 2015**

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**INTRODUCTION**

The process to regain control of Pathfinder's mining licences in Mozambique is ongoing. It is every bit as lengthy as the board has in the past advised it might be. It is, however, no less likely to deliver a successful outcome. Some important developments have occurred both within the year under review and since then.

**STEPS TO RECOVER THE COMPANY'S ASSETS**

There remain two principal strategies through which we are aiming to recover the mining concessions, which were transferred away from the Company in late 2011, into the control of our former local partners.

The first is via the legal process which the Company is pursuing in Mozambique. Having successfully sought declarations from the English High Court in 2012 that Pathfinder's ownership of its licence-holding subsidiary in Mozambique ("CMDN") was valid; and that the agreements by which Pathfinder acquired its shares in that subsidiary were executed under English Law, we were able to take to Mozambique an iron clad ruling.

Thereafter began the process to have the English court's ruling recognised in Mozambique via its Supreme Court. We continue to await a decision from the Supreme Court and I am afraid neither the board nor its legal advisers has been afforded any visibility on when we might expect such a decision. There was, however, an important development during 2015 which may favourably impact the outcome.

In late 2014, the Supreme Court refused the Company's first application for recognition of orders by the English court for a small amount of costs to be paid by Jacinto Veloso, Diogo Cavaco and JV Consultores Internacionais Limitada (the "Defendants"). In September 2015 the Supreme Court rejected Pathfinder's application for permission to appeal its earlier decision. While on the surface that might seem to bode unfavourably for the more important pending application for recognition of the English court's substantive ruling referred to above, the Supreme Court's admission of a key argument in the appeal application may have positive implications in that respect.

This optimism arises from the second avenue of appeal pursued by the Company, which is called a 'harmonisation of laws' appeal. It is an appeal based on the existence of a previous conflicting decision. In Pathfinder's case the Supreme Court refused to recognise the judgments in question because it found that the customary clauses conferring jurisdiction on the English Courts (which were contained in the underlying agreements through which the Company acquired CMDN) did not satisfy the requirements of Mozambique law.

However, in a previous unrelated decision, the Supreme Court had agreed to recognise a foreign judgment where the jurisdiction of the foreign court was derived from a clause similar to that in the Pathfinder agreements. The Supreme Court therefore admitted Pathfinder's 'harmonisation of laws' appeal.

Unfortunately, as a matter of Mozambique law, a successful appeal on this point does not affect the underlying decision not to recognise the relevant costs orders in this case. Its effect will be only to clarify the law going forward – which is a more important outcome for Pathfinder than the application for recognition of the order for a relatively small amount of costs.

It is impossible to predict what the outcome will be from the Supreme Court and, whatever it is, the Company may still seek to recover its assets or seek compensation for its loss through other judicial processes.

There remain several other legal proceedings ongoing in the commercial court in Maputo, each of which relates to the same issue of the Company's ownership and control of CMDN, on which the English High Court has already ruled. It is not known when judgment on those proceedings will be received and, whatever their outcome, it is likely that appeals will follow.

**Chairman's Statement  
for the Year Ended 31 December 2015**

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**REVIEW OF BUSINESS**

While the laborious legal process continues, it is of course not the only strategy through which the company is pursuing a resolution. The second strategy relies on the Company's ongoing dialogue with the Mozambique Government regarding the defective process by which Pathfinder's licences were transferred away from its control in 2011 and into the control of the Defendants using a company named 'Pathfinder Moçambique, S.A.' but in no way associated with Pathfinder Minerals.

We have in recent months made a good deal of progress and, while any talks with the Mozambique Government are sensitive in nature, I am heartened by the apparent understanding of the events which have occurred now being demonstrated by senior members within the Government and I am optimistic that, while there can be no certainty of a successful outcome, we are on the right track to a resolution.

To this end, we appointed last month Eduardo C. Mondlane Jr as our regional representative in Mozambique.

Eduardo has been providing strategic advisory services in Africa for 30 years across industries including aerospace, infrastructure, energy, power and financial services. In the immediate term, Eduardo is assisting the Company in the previously mentioned ongoing dialogue with the Mozambique Government. In the longer term, should Pathfinder be successful in regaining control of the mining licences, we envisage Eduardo having an integral role with the Company, assisting in the management of our local operating subsidiaries and with our relationships with regional and national authorities and with local communities. In the event Pathfinder is successful in regaining control of its licences, the Company has agreed to issue Eduardo shares equivalent to up to 25 per cent of the enlarged issued share capital of Pathfinder.

**CORPORATE EVENTS**

At the last Annual General Meeting, the Company's shareholders approved a share capital reorganisation which took effect the following day. The consequence was that every 10 'old' shares were exchanged for 1 'new' share in a manner which did not itself impact the market value of individual holdings.

The capital reorganisation later facilitated the raising, through two share issues, of much needed funds to continue the process to recover the Company's assets. On 17 March 2016 the Company announced that it had raised £200,000 via a subscription for new shares and, on 31 March 2016, investor demand through the PrimaryBid crowdfunding platform, led to the announcement of a further £100,000 being raised, also via a subscription for new shares. One third of the total funds raised in March were contributed by the Company's chief executive, Nick Trew. I should like to place on record my admiration for his determination, in doing so, to see a positive outcome for all shareholders; there is no better demonstration of the belief the board has that Pathfinder will ultimately be successful in restoring control of its assets.

A number of changes to the composition of the board occurred both during 2015 and after. In October 2015, John McKeon stepped down as a non-executive director of the Company to devote more time to his other business interests. As an early investor in Pathfinder, John was instrumental in creating the valuable opportunity of which the Company was subsequently deprived. We continue to strive to deliver for him, and all shareholders, a positive outcome following the appalling actions of the individuals who have taken the Company's assets unlawfully for personal gain.

Post year-end, on 10 March 2016, James Normand resigned from the board as Finance Director and, on 29 March 2016, we welcomed Robert Easby as his replacement. Robert qualified as a Chartered Accountant in 2000 and spent his early career in audit compliance and as a Company Law specialist within a large regional Chartered Certified Accountancy practice.

On 22 June 2016, Pathfinder announced that it had been successful in obtaining final charging orders from the English High Court against the aggregate 19,824,000 shares held in Pathfinder by Jacinto Veloso's company and Diogo Cavaco (the "Defendants"). The English High Court has previously ordered the Defendants to pay £1.1 million worth of costs to Pathfinder in respect of the 2012 English proceedings but the Defendants have not complied with any of the costs orders. The effect of the charging orders is to charge their shares in the Company with payment of the amount of the costs orders plus interest, currently totalling in excess of £1.4 million.

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**Chairman's Statement  
for the Year Ended 31 December 2015**

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**FINANCIAL RESULTS AND CURRENT FINANCIAL POSITION**

The most important financial measurement continues to be whether Pathfinder has sufficient cash to see through its strategy to recover its assets. The board has taken a number of definitive actions, both during the year under review and since, to reduce the central overhead of the Company to enhance its ability to continue pursuing its recovery strategy. During 2015 the board reduced from four members to three; the Company has foregone a physical head office; all salaries have been materially reduced; and the Company continues to exercise prudence with expenditure.

As detailed in last year's Annual Report, in April 2015 the Company received a claim for the return of all the VAT recovered by the Company since HMRC accepted the Company's VAT registration in October 2013. Professional advice on the claim obtained by the board was that the claim had been based on incorrect assumptions about the Company's business plan and consequently was flawed. The Company challenged the claim and, on 17 December 2015, Pathfinder announced the welcome news that HMRC had rescinded its decision to cancel the Company's VAT registration and to demand the repayment of refunded VAT and interest; and that HMRC would refund the Company's VAT repayment claims that had been suspended since December 2014.

The financial statements of the Pathfinder Group for 2015 follow later in this report. The Income Statement shows a loss of £1.1 million (2014 - £1.1 million). Since the Company has been prevented from conducting any activity relating to mining, the large majority of this loss can be attributed to the Company's attempts to recover its expropriated licences.

The Group's Statement of Financial Position shows net assets at 31 December 2015 of £42,000 (31 December 2014 - £1.1 million). The assets are held largely in the form of cash deposits (totalling £80,000 at the end of the period).

The Company's cash resources were bolstered post year-end by the £295,500 of net proceeds received from the March 2016 subscriptions. The proceeds of the subscriptions have provided the Company with the ability to continue pursuing the recovery of the licences, while seeking other sources of funding.

**OUTLOOK**

While there can be no certainty of a successful outcome, the board believes that its ongoing dialogue with the Mozambique Government will ultimately deliver a positive resolution for shareholders. We are at the same time continuing to pursue our legal strategy vigorously in the event that we should need to rely upon it to resolve the matters or provide compensation for the Company's loss. I remain extremely grateful for the support that shareholders have shown in the wake of the deeply unpalatable actions of the Defendants, and, while the process may yet be lengthy, I hope to be able to provide positive news in due course.

.....  
Sir Henry Bellingham - Chairman

Date: 27 June 2016

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2015.

**RESULTS AND DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2015.

An overview of the group results is presented in the Chairman's Statement.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

Sir H C Bellingham  
N S Trew

Other changes in directors holding office are as follows:

J P McKeon - resigned 7 October 2015

R P Easby was appointed as a director after 31 December 2015 but prior to the date of this report.

J P Normand ceased to be a director after 31 December 2015 but prior to the date of this report.

**FINANCIAL INSTRUMENTS**

The company's financial instruments consist entirely of cash that arises directly from its operations. The main purpose of these financial instruments is to fund the company's operations as well as to manage working capital, liquidity and invest surplus funds. It is, and has been throughout the period under review, the company's policy not to enter into derivative transactions and no trading in financial instruments has been undertaken.

**POLITICAL DONATIONS AND EXPENDITURE**

No charitable or political contributions were made during the current or previous year.

**MAJOR SHAREHOLDERS**

As at 27 June 2016 the following shareholders had notified the company of an interest of 3% or more of the Company's ordinary share capital:

Shareholder name	Number of 0.1p ordinary shares	Shareholding percentage
Nicholas Trew	21,449,735	15.68%
J V Consultores Internacionais Limitada (a company controlled by Jacinto Veloso)*	11,012,000	8.05%
JP Morgan Funds	9,467,000	6.92%
Diogo Cavaco*	8,812,000	6.44%
John McKeon	8,024,500	5.87%
Paul Ellison and Gareth Roberts as Joint Administrators of Hill Street Investments plc	7,884,000	5.76%
John Clarke	6,626,006	4.84%
Roger Clarke	6,626,006	4.84%
YF Finance Limited	4,561,000	3.33%

\*subject to Court Order

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. The company's average creditor days during the year were 17 days (2014: 20 days).

**RISK EXPOSURE**

The Companies Act 2006 requires the Directors to set out in this report how the Group manages its exposure to risk.

The directors consider that the Company has sufficient cash and cash equivalents to meet its foreseeable operational requirements.

**CORPORATE GOVERNANCE**

The Board is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds regular Board meetings, at which financial and other reports, including working capital reports and acquisition opportunities, are considered and, where appropriate, voted on.

The Directors support high standards of corporate governance and the Board complies with the QCA Guidelines so far as reasonably practicable and appropriate taking into account the Company's size. The Company's current situation does not allow for separate audit and remuneration committees and is not conducive to the appointment of non-executive directors, all of which the Board is keen to do as soon as circumstances allow.

The Board supports the principle of clear reporting of financial performance to shareholders. Each year, shareholders receive a full annual report and interim report. The Board regards the Annual General Meeting as an opportunity to communicate directly with private investors. Directors attend the Annual General Meeting and are available to answer questions from shareholders present. The Board actively encourages feedback and shareholder dialogue, whether oral or written.

**DISCLOSURE IN THE STRATEGIC REPORT**

Strategic matters relating to the company throughout the reporting period are outlined in the Chairman's Statement.

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of 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 that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
N S Trew - Director

Date: 27 June 2016

## **Report of the Independent Auditors to the Members of Pathfinder Minerals Plc**

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We have audited the financial statements of Pathfinder Minerals Plc for the year ended 31 December 2015 on pages ten to twenty nine. 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 a Report of the Auditors 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 set out on page seven, 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 Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of the group's loss for the year then ended;
- 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

Keith Fulton (Senior Statutory Auditor)  
for and on behalf of Chapman Davis LLP  
2 Chapel Court  
London  
SE1 1HH

Date: 27 June 2016

**PATHFINDER MINERALS PLC**

**Consolidated Statement of Profit or Loss  
for the Year Ended 31 December 2015**

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	Notes	2015 £'000	2014 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue	3	-	-
Other operating income		3	-
Administrative expenses		<u>(1,104)</u>	<u>(1,070)</u>
<b>OPERATING LOSS</b>		(1,101)	(1,070)
Finance income	5	<u>8</u>	<u>14</u>
<b>LOSS BEFORE INCOME TAX</b>	6	(1,093)	(1,056)
Income tax	7	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>		<u><u>(1,093)</u></u>	<u><u>(1,056)</u></u>
Loss attributable to: Owners of the parent		<u><u>(1,093)</u></u>	<u><u>(1,056)</u></u>
Loss per share expressed in pence per share (restated for 2014):	9		
Basic		(1.05)	(1.02)
Diluted		<u>(1.05)</u>	<u>(1.02)</u>

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 31 December 2015**

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	2015 £'000	2014 £'000
<b>LOSS FOR THE YEAR</b>	(1,093)	(1,056)
<b>OTHER COMPREHENSIVE INCOME</b>	—	—
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>(1,093)</u>	<u>(1,056)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(1,093)</u>	<u>(1,056)</u>

The notes form part of these financial statements

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Consolidated Statement of Financial Position  
31 December 2015

	Notes	2015 £'000	2014 £'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	94	61
Cash and cash equivalents	12	<u>80</u>	<u>1,172</u>
		<u>174</u>	<u>1,233</u>
<b>TOTAL ASSETS</b>		<u><u>174</u></u>	<u><u>1,233</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	18,289	18,289
Share premium	14	11,022	11,022
Retained earnings	14	<u>(29,269)</u>	<u>(28,176)</u>
<b>TOTAL EQUITY</b>		<u>42</u>	<u>1,135</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<u>132</u>	<u>98</u>
<b>TOTAL LIABILITIES</b>		<u>132</u>	<u>98</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>174</u></u>	<u><u>1,233</u></u>

The financial statements were approved by the Board of Directors on 27 June 2016 and were signed on its behalf by:

.....  
R P Easby - Director

The notes form part of these financial statements

Company Statement of Financial Position  
31 December 2015

	Notes	2015 £'000	2014 £'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables	11	94	61
Cash and cash equivalents	12	<u>80</u>	<u>1,172</u>
		<u>174</u>	<u>1,233</u>
<b>TOTAL ASSETS</b>		<u><u>174</u></u>	<u><u>1,233</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	18,289	18,289
Share premium	14	11,022	11,022
Retained earnings	14	<u>(29,269)</u>	<u>(28,307)</u>
<b>TOTAL EQUITY</b>		<u>42</u>	<u>1,004</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<u>132</u>	<u>229</u>
<b>TOTAL LIABILITIES</b>		<u>132</u>	<u>229</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>174</u></u>	<u><u>1,233</u></u>

The financial statements were approved by the Board of Directors on 27 June 2016 and were signed on its behalf by:

.....  
R P Easby - Director

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2015**

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	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
<b>Balance at 1 January 2014</b>	18,289	(27,120)	11,022	2,191
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(1,056)</u>	<u>-</u>	<u>(1,056)</u>
<b>Balance at 31 December 2014</b>	<u>18,289</u>	<u>(28,176)</u>	<u>11,022</u>	<u>1,135</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(1,093)</u>	<u>-</u>	<u>(1,093)</u>
<b>Balance at 31 December 2015</b>	<u><u>18,289</u></u>	<u><u>(29,269)</u></u>	<u><u>11,022</u></u>	<u><u>42</u></u>

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Company Statement of Changes in Equity  
for the Year Ended 31 December 2015**

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	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
<b>Balance at 1 January 2014</b>	18,289	(27,251)	11,022	2,060
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(1,056)</u>	<u>-</u>	<u>(1,056)</u>
<b>Balance at 31 December 2014</b>	<u>18,289</u>	<u>(28,307)</u>	<u>11,022</u>	<u>1,004</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>(962)</u>	<u>-</u>	<u>(962)</u>
<b>Balance at 31 December 2015</b>	<u><u>18,289</u></u>	<u><u>(29,269)</u></u>	<u><u>11,022</u></u>	<u><u>42</u></u>

The notes form part of these financial statements

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**PATHFINDER MINERALS PLC**

**Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2015**

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		2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(1,100)</u>	<u>(976)</u>
Net cash from operating activities		<u>(1,100)</u>	<u>(976)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>8</u>	<u>14</u>
Net cash from investing activities		<u>8</u>	<u>14</u>
		<u>          </u>	<u>          </u>
<b>Decrease in cash and cash equivalents</b>		<b>(1,092)</b>	<b>(962)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,172</u>	<u>2,134</u>
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>80</u></u>	<u><u>1,172</u></u>

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Company Statement of Cash Flows  
for the Year Ended 31 December 2015**

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	Notes	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(1,100)</u>	<u>(976)</u>
Net cash from operating activities		<u>(1,100)</u>	<u>(976)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>8</u>	<u>14</u>
Net cash from investing activities		<u>8</u>	<u>14</u>
		<u>          </u>	<u>          </u>
<b>Decrease in cash and cash equivalents</b>		<b>(1,092)</b>	<b>(962)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,172</u>	<u>2,134</u>
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>80</u></u>	<u><u>1,172</u></u>

The notes form part of these financial statements

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Notes to the Statements of Cash Flows  
for the Year Ended 31 December 2015

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

**Group**

	2015	2014
	£'000	£'000
Loss before income tax	(1,093)	(1,056)
Finance income	<u>(8)</u>	<u>(14)</u>
	(1,101)	(1,070)
(Increase)/decrease in trade and other receivables	(33)	124
Increase/(decrease) in trade and other payables	<u>34</u>	<u>(30)</u>
<b>Cash generated from operations</b>	<b><u>(1,100)</u></b>	<b><u>(976)</u></b>

**Company**

	2015	2014
	£'000	£'000
Loss before income tax	(962)	(1,056)
Finance income	<u>(8)</u>	<u>(14)</u>
	(970)	(1,070)
(Increase)/decrease in trade and other receivables	(33)	124
Decrease in trade and other payables	<u>(97)</u>	<u>(30)</u>
<b>Cash generated from operations</b>	<b><u>(1,100)</u></b>	<b><u>(976)</u></b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	<b>Group</b>		<b>Company</b>	
<b>Year ended 31 December 2015</b>	31.12.15	1.1.15	31.12.15	1.1.15
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>80</u>	<u>1,172</u>	<u>80</u>	<u>1,172</u>
<b>Year ended 31 December 2014</b>	31.12.14	1.1.14	31.12.14	1.1.14
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>1,172</u>	<u>2,134</u>	<u>1,172</u>	<u>2,134</u>

The notes form part of these financial statements

**1. GENERAL INFORMATION**

Pathfinder Minerals Plc is a public limited company whose ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange; and is incorporated and domiciled in the UK. The address of its registered office is Becket House, 36 Old Jewry, London EC2R 8DD.

The financial statements of Pathfinder Minerals PLC for the year ended 31 December 2015 were authorised for issue by the Board on 27 June 2016 and the statement of consolidated financial position signed on the Board's behalf by Robert Easby.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and are presented in the functional currency in £'000.

As a result of the funding activities undertaken since the year end, the Company has improved its short-term liquidity position. The Board have reviewed the Company's cash requirements for the next 12 months and, after taking account of reasonably possible changes in both expenditure and equity investment, have concluded that the Company should be able to operate within its current level of financing.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Although the Company's direct subsidiary, IM Minerals Limited, itself holds the whole of the issued share capital of Companhia Mineira de Naburi SARM, which in turn holds the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARM, events in 2011 indicated that the Company does not control either of these sub-subsidiaries. Neither has it been possible to obtain audited accounts for them. Accordingly these financial statements consolidate the financial statements of IM Minerals Limited only. IM Minerals Limited is a dormant intermediate holding company.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Employee benefit costs**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

2. ACCOUNTING POLICIES - continued

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

**New standards and interpretations not yet adopted**

The adoption of new standards, where relevant, has had no impact on the reported results nor on the financial position of the company.

**Critical accounting estimates and judgements**

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group using International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

Details of accounting estimates and judgements that have the most significant effect on the amounts recognised in the financial statements have been disclosed under the relevant note or accounting policy for each area where disclosure is required.

3. SEGMENTAL REPORTING

The Group has one activity only. Of the Group's administrative expenses, £188,000 (2014: £128,000) was spent in Mozambique. The whole of the value of the Group's and the Company's net assets in their respective financial statements at 31 December 2015 and 2014 was attributable to UK assets and liabilities.

4. EMPLOYEES AND DIRECTORS

There were no employees, other than the directors.

The following tables set out and analyse the remuneration of directors for the years ended 31 December 2015 and 2014.

Year ended 31 December 2015:

	Fees	Salary	Benefits	Total	Contributions to	Total
	£'000	£'000	in kind	emoluments	pension	remuneration
	£'000	£'000	£'000	£'000	£'000	2015
						£'000
Henry Bellingham	-	48	-	48	-	48
John McKeon	37	-	-	37	-	37
Nicholas Trew	-	150	4	154	15	169
James Normand	-	120	4	124	12	136
	<u>37</u>	<u>318</u>	<u>8</u>	<u>363</u>	<u>27</u>	<u>390</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

4. **EMPLOYEES AND DIRECTORS - continued**

Year ended 31 December 2014:

	Fees £'000	Salary £'000	Benefits in kind £'000	Total emoluments £'000	Contributions to pension schemes £'000	Total remuneration 2014 £'000
Henry Bellingham	-	44	-	44	-	44
John McKeon	48	-	-	48	-	48
Nicholas Trew	-	150	5	155	15	170
James Normand	-	120	4	124	12	136
	<u>48</u>	<u>314</u>	<u>9</u>	<u>371</u>	<u>27</u>	<u>398</u>

No share options were exercised by the directors, and no shares were received or receivable by any director in respect of qualifying services under a long term incentive scheme.

5. **NET FINANCE INCOME**

	2015 £'000	2014 £'000
Finance income:		
Deposit account interest	<u>8</u>	<u>14</u>

6. **LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration	<u>14</u>	<u>10</u>

7. **INCOME TAX**

**Analysis of tax expense**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the year ended 31 December 2014.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015**

**7. INCOME TAX - continued**

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before income tax	<u>(1,093)</u>	<u>(1,056)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21.500%)	(219)	(227)
Effects of:		
Unrelieved tax losses carried forward	<u>219</u>	<u>227</u>
Tax expense	<u>-</u>	<u>-</u>

**8. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(962,202) (2014 - £(1,056,185)).

**9. LOSS PER SHARE**

Basic loss per share is calculated, as set out in the tables below, by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A diluted loss per share has not been calculated as the effect of the exercise of outstanding warrants and options would be anti-dilutive.

	Earnings £'000	2015 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(1,093)	103,716,156	(1.05)
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	<u>(1,093)</u>	<u>103,716,156</u>	<u>(1.05)</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

9. LOSS PER SHARE - continued

	Earnings £'000	2014 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(1,056)	103,716,000	(1.02)
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	<u>(1,056)</u>	<u>103,716,000</u>	<u>(1.02)</u>

The tables above present the number of shares in issue in 2015, and re-states the number of shares in issue in 2014, following the capital re-organisation detailed in note 13.

10. INVESTMENTS

**Company**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2015 and 31 December 2015	<u>34,806</u>
<b>PROVISIONS</b>	
At 1 January 2015 and 31 December 2015	<u>34,806</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>-</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

10. INVESTMENTS - continued

**Company**

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

**IM Minerals Limited**

Nature of business: Holding company

	%
Class of shares:	holding
Ordinary	100.00

**Companhia Mineira de Naburi SARL**

Country of incorporation: Mozambique

Nature of business: Mining

	%
Class of shares:	holding
Ordinary	100.00

**Sociedade Geral de Mineracao de Moçambique SARL**

Country of incorporation: Mozambique

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

IM Minerals Limited held the shares in Companhia Mineira de Naburi SARL which held titanium dioxide mining concessions in the Republic of Mozambique. In November 2011 the original vendors of IM Minerals' subsidiary, Companhia Mineira de Naburi SARL ("CMdN"), advised the Company that they had procured the cancellation of IM Minerals' shares in CMdN and the transfer of its assets (the mining licences) to another company controlled by them. Whilst the Company is taking legal and other action in order to recover the shares and the licences, the Company, in the interest of accounting prudence, made full provision in the 2011 financial statements against the cost of its investment in IM Minerals.

11. TRADE AND OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Current:				
Other debtors	13	32	13	32
VAT	69	21	69	21
Prepayments and accrued income	<u>12</u>	<u>8</u>	<u>12</u>	<u>8</u>
	<u>94</u>	<u>61</u>	<u>94</u>	<u>61</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank accounts	<u>80</u>	<u>1,172</u>	<u>80</u>	<u>1,172</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£'000	£'000
103,716,723	Ordinary	0.1p	104	10,372
183,688,116	Deferred	9.9p	<u>18,185</u>	<u>7,917</u>
			<u>18,289</u>	<u>18,289</u>

723 Ordinary shares of 0.1p each were allotted and fully paid for cash at par during the year.

The number of allotted, issued and fully paid 1p shares in 2014 was 1,037,167,230.

During the year, the company reorganised its share capital as follows:

Each existing ordinary share was sub-divided into one divided ordinary share of 0.01p and one deferred share of 0.99p. The divided ordinary shares were consolidated, on a 10,000 for 1 basis, into consolidated ordinary shares of £1.00 each. Shareholders with a holding in excess of 10,000 existing ordinary shares, but which is not exactly divisible by 10,000, had their holding of consolidated ordinary shares rounded down to the nearest whole number of consolidated ordinary shares. The consolidated ordinary shares were then divided, on a 1 for 1,000 basis, into new ordinary shares of 0.1p each. The rights attaching to the new ordinary shares are the same as those attaching to the existing ordinary shares including, without limitation, the same voting and dividend rights.

Every 10 resulting deferred shares of 0.99p held by a Shareholder was then consolidated into 1 deferred share of 9.9p. This consolidation brought the nominal value of the deferred shares back into line with that of the deferred shares already in issue.

The Directors determined that any divided ordinary shares held by shareholders as a result of the above sub-division that were not a multiple of 10,000 be aggregated and sold in the market, free of commission. The proceeds of such sales were paid to each shareholder in proportion to the fractional entitlements to which such shareholder would otherwise have been entitled. However, where the proceeds of the fractional entitlement was less than £10, the proceeds were retained for the benefit of the Company, in accordance with Article 73.3 of the Company's Articles. The value of this benefit was £2,506.

Furthermore, the Directors determined that any deferred shares of 0.99p each held by shareholders as a result of the above sub-division that were not a multiple of 10 would (in accordance with article 73 of the Company's Articles) be aggregated and transferred to the Company's registrars and held by them until such time as the Company buys in the deferred shares, as the costs of selling such shares, producing cheques and posting the same to shareholders would exceed the actual value to shareholders of any resulting fractions.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

14. RESERVES

**Group**

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2015	(28,176)	11,022	(17,154)
Deficit for the year	<u>(1,093)</u>	—	<u>(1,093)</u>
At 31 December 2015	<u>(29,269)</u>	<u>11,022</u>	<u>(18,247)</u>

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2014	(27,120)	11,022	(16,098)
Deficit for the year	<u>(1,056)</u>	—	<u>(1,056)</u>
At 31 December 2014	<u>(28,176)</u>	<u>11,022</u>	<u>(17,154)</u>

**Company**

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2015	(28,307)	11,022	(17,285)
Deficit for the year	<u>(962)</u>	—	<u>(962)</u>
At 31 December 2015	<u>(29,269)</u>	<u>11,022</u>	<u>(18,247)</u>

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2014	(27,251)	11,022	(16,229)
Deficit for the year	<u>(1,056)</u>	—	<u>(1,056)</u>
At 31 December 2014	<u>(28,307)</u>	<u>11,022</u>	<u>(17,285)</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015**

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**15. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Current:				
Trade creditors	35	13	35	13
Amounts owed to group undertakings	-	-	-	131
Social security and other taxes	11	13	11	13
Other creditors	65	14	65	14
Accruals and deferred income	<u>21</u>	<u>58</u>	<u>21</u>	<u>58</u>
	<u>132</u>	<u>98</u>	<u>132</u>	<u>229</u>

During the year, IM Minerals Limited, a subsidiary of the company, waived a loan payable by the company totalling £131,000.

**16. CONTINGENT LIABILITIES**

As part of the agreement for the purchase of the shares in its subsidiary, Companhia Mineira de Naburi SARL (CMdN), the Company's subsidiary, IM Minerals Limited, agreed to pay the vendors a further sum of \$9,900,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Naburi mineral sands deposit. This sum has since been reduced by advances of £90,083, made by IM Minerals Limited, and £75,933, made by the Company, to one of the vendors, Mr Diogo Cavaco.

Similarly, as part of its agreement for the purchase of the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, CMdN has agreed to pay the vendors, BHP Billiton, a further sum of \$9,500,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Moebase mineral sands deposit. This obligation is guaranteed by IM Minerals Limited.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

17. RELATED PARTY DISCLOSURES

During the year, N S Trew was reimbursed sums totalling £4,249 (2014: £15,695) for expenditure personally made on company business.

At the balance sheet date J P McKeon, a former director, owed the company £8,924.

In order to ease the pressure on the company's cash resources, the following directors deferred payment of their contracted salaries or fees and, where applicable, pension contributions. The amounts deferred, and included in other creditors, were as follows:

Director	Salary/fees deferred	Pension contributions deferred
N S Trew	18,750	3,750
J P Normand	15,000	-
H C Bellingham	6,000	-
J P McKeon	1,500	-

These amounts will be made good when it is safe and reasonable for the company to do so, but no fixed date for repayment has been set.

Details of directors' remuneration are given in note 4 above.

18. EVENTS AFTER THE REPORTING PERIOD

As explained in the Chairman's Statement, the company appointed Eduardo C. Mondlane Jr as its' regional representative in Mozambique. In the immediate term Mr Mondlane Jr will assist the Company in its ongoing dialogue with the Mozambique Government to restore control of the areas previously licensed to the Company under mining concessions 760C and 4623C (the "Licences") following their appropriation in 2011 by Jacinto Veloso and Diogo Cavaco.

In the event that Pathfinder is successful in regaining control of the Licences, the Company has agreed to issue ordinary shares to Mr Mondlane Jr equivalent to up to 25 per cent of the enlarged issued share capital of Pathfinder. In such circumstances, it is envisaged that the Mr Mondlane Jr will assist with the ongoing administration of Pathfinder's local operating subsidiaries and with the Company's relationships with regional and national authorities and with local communities.

Following the end of the year the company has raised £300,000 via a subscription for new shares.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2015

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19. SHARE OPTIONS AND WARRANTS

No share options or warrants have been awarded or exercised, nor have any expired, during the year. Unexercised share options and warrants at the beginning and end of the year, all of which are currently capable of being exercised, were held as follows:

Directors	Number of shares the subject of options or warrants (adjusted following share reorganisation)	Exercise price per share	Latest exercise date
J P McKeon	3,600,000	100p	26 July 2016
N S Trew	3,600,000	100p	26 July 2016
J P Normand	1,600,000	47.5p	9 February 2021
J P Normand	360,000	100p	26 July 2016
Former directors and others	2,440,000	100p	26 July 2016
Former directors and others	<u>600,000</u>	47.5p	8 February 2016
	<u><u>12,200,000</u></u>		

At 27 June 2016 (the latest date before publication of these financial statements), the mid-market price of the Company's shares was 0.78 pence. The value of the options granted to directors and others, in connection with the reverse takeover and the ongoing development of the company, has been considered in the context of the requirements of IFRS 2; and in the opinion of the directors there is no material charge to be made to the income statement. The 600,000 shares subject to the latest exercise date of 8 February 2016 remained unexercised at that date and have therefore been cancelled. There have been no other changes to the numbers of unexercised warrants and share options since 31 December 2015.

As detailed in note 18, the company is contractually obliged to issue Eduardo Mondlane Jr ordinary shares equivalent to 25 per cent of the enlarged issued share capital of the company if certain conditions are met.