Aurasian Minerals plc

Annual Report and Accounts 2016

03781581

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Directors and Advisers

Company Registration Number

03781581

Registered Office

27/28 Eastcastle Street
London
W1W 8DH

Directors

Christopher Goss (Non-Executive Chairman)
Peter Mullens (Executive Director), appointed 10th July 2015
Tim Coughlin (Non-Executive Director),
Gokhan Kantarcigil (Non-Executive Director), appointed 10th July 2015
Didier Fohlen (Non-Executive Director), appointed 31st May 2016

Secretary

Oakwood Corporate Secretary Limited
3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

Broker & Nominated Advisor

finnCap Limited
60 New Broad Street
London
EC2M 1JJ

Solicitors

Gowling WLG LLP Waterhouse Square
142 Holborn
London
EC1N 2SW

Auditors

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London
E1W 1YW

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

http://www.aurasianminerals.com

Chairman's Statement

Dear Shareholder,

The past year has seen the continued transformation of the Company. Following a review in September 2015 of Aurasian's prospects in South East Asia, especially in Laos and Myanmar, it was realised that despite the good efforts of previous management, acquiring a quality project in this part of the world on commercial terms and that could be financed on international markets was unlikely. Aurasian therefore commenced a search for projects in other regions in late 2015.

We decided to continue looking for porphyry epithermal style precious metal and base metal projects in volcanic arcs. After a review of several belts around the world including The Andes in South America, it was concluded that The Balkans was a prospective and under-explored region with good fiscal regimes, and less competitor activity than many other regions. On 31st May 2016 Aurasian Minerals acquired, in an all share bid, 100% of Moroccan Minerals, a private company experienced in the Balkans. Moroccan Minerals had recently obtained an option on Chadine, a polymetallic project in Serbia with a small resource and good upside potential and it had also identified a pipeline of other potential projects. Aurasian Minerals plans to drill at Chadine in the coming months.

Given the change in focus of Aurasian from South East Asia to The Balkans the board has decided to change the company's name to "Tethyan Resources". The Tethyan Mineral belt, extending from Myanmar through southern Pakistan and Iran into Turkey and Eastern Europe, is one of the world's great volcanic, mineralised belts and it hosts numerous world class deposits. The Balkans part of this belt has had recent exploration success with Reservoir Minerals discovering the Cukaru Peki deposit in Serbia and Mariana Resources discovering the Hot Madden project (3 million oz Au) in Eastern Turkey. The belt also hosts Bor, the world class copper deposit in Serbia, which has been state mined for many years.

As well as reflecting the new direction of the company, the name change will also echo the considerable regional knowledge of the Company's directors, CEO and COO, all of whom have had direct working experience in the region over a number of years.

The other major development during the year was the reinvigoration of the Company through the appointment of our CEO and Executive Director, Peter Mullens, whose successful and wide ranging career as a senior geologist and mining executive has included his time at Lydian International, which held interests in Kosovo for several years alongside its flagship Amulsar project in Armenia. We also welcomed to the board Gokhan Kantarcigil, a successful mining investor. Both Peter and Gokhan made significant investments in the Company when they joined. Since the closing of the financial year, Didier Fohlen has joined the board, Didier is an international recognised authority in the social and environmental aspects of the mining industry.

The market conditions for junior exploration companies have in this past year been as bad as at any time in recent memory. While there are some signs of gradual improvement, we expect it to continue to be difficult to raise funds for exploration. It has been just about impossible to raise funds on the open market in the past year and we are not assuming that this situation will change very soon. We will instead primarily seek funding through our network of private investors and through our existing shareholders in the coming year. We believe that we will be able to obtain the needed funding when we offer to investors attractive projects with the expectation of good investor returns. We are optimistic that our current work will yield projects of this quality.

We must note, however, that it can take considerable time to generate good projects and the team may face stiff competition from other companies in addition to the challenges of working in the targeted countries. Your Board and Management will continue to address these challenges and meet our commitment to adding value for all shareholders. We look forward to the coming year and to the opportunities that it will bring.

I hope that you will be able to attend the Annual General Meeting on 20th July when my colleagues and I hope to meet you and to update you further.

Christopher Goss

Non-Executive Chairman

21st June 2016

Strategic Report

The principal activities of the Company are the identification, acquisition, exploration and development of mineral deposits that can add considerable shareholder value. The main commodities being focussed on are the precious metals gold and silver and base metals.

The main geographic focus was initially on South East Asia with activity in Lao PDR and Myanmar. Following changes in the Board and the appointment of Peter Mullens as CEO, a thorough review of Laos and Myanmar was undertaken. From this review it was concluded that considerable problems existed in the acquisition of projects in both Laos and Myanmar which in the view of the board made it unlikely that the Company could acquire and pursue an attractive project on commercially viable terms.

Myanmar is going through a transition and is in the process of rewriting its mining law. This was planned for the last year however, to our knowledge, it has not yet been completed and we understand that the draft of the new law still contains some commercially problematic provisions. In addition continuing security issues in the areas targeted by Aurasian made the acquisition of those areas uncertain. For these reasons Aurasian decided not to continue work in Myanmar.

Although a number of companies were successful in Lao PDR in the past they had individual agreements with the government. Any new Company entering into Laos would need to negotiate and enter into a new agreement with the government under the existing Law. Included in this would be royalty agreements which were not fixed as of July 2015. Despite previous management identifying two good opportunities in Lao PDR they were located on the border with Vietnam within a zone controlled by the Lao PDR Military. Within this zone title on mining projects could not be guaranteed and a substantial royalty equivalent to up to 33 % of NSR was payable to the Lao PDR Military. This made it highly unlikely that the projects would be commercially viable and made them un- financeable in international Markets. For these reasons Aurasian decided not to continue work in Lao PDR.

Aurasian had earlier made a preliminary assessment of prospects in Cambodia, Malaysia and Indonesia and had assigned them lower priority. We considered that Cambodia had lower geological prospectivity and that the regulatory and political issues in Malaysia and Indonesia made them unsuitable operating environments for Aurasian.

Aurasian therefore commenced a search for projects in new regions. Following a review of various projects in West Africa and Latin America, where the management and board has previous operating experience, an opportunity arose to acquire a private Company active in Serbia. Serbia has a favourable fiscal regime for mining and we believe it has very good exploration potential. In December 2015 Aurasian Minerals made a bid for Moroccan Minerals ("Moroccan") a private Company active in Serbia.

Moroccan had spent considerable time reviewing The Balkans region including Serbia and were aware of a number of opportunities including Chadine, a polymetallic project they had an option over. Following the acquisition of Moroccan Minerals in May 2016. Aurasian is pursuing Chadine and is assessing other opportunities in the Balkan region.

During the year Peter Mullens joined as a director and CEO. Peter has a strong record of achievement in the past, being involved with Aquiline Resources, Laramide Resources and Lydian International, all very successful and listed on the Toronto Stock Exchange. In addition Gokhan Kantarcigil joined the Aurasian board. Gokhan is a successful mining entrepreneur and has constructed mines. Subsequent to the close of the financial year Didier Fohlen also joined the Board. Didier has been an adviser to Lydian International and has considerable experience on social issues relating to mining and permitting of mining projects. He was previously a senior environmental and social officer in IFC specialising in the mining sector and subsequently was Vice President Environment at the French nuclear company and uranium miner Areva. Prior to its acquisition by Aurasian, Didier was Chairman of Morrocan Minerals. Importantly all the three new directors are substantial shareholders of Aurasian, hence their interests are fully aligned with current shareholders.

For a small Company like Aurasian, we have assembled a Board and Management team with a strong reputation in past discovery and acquisition worldwide, and in the ability to grow Junior mining companies. Further details of the Aurasian team are provided in the Directors' Report.

In addition to our ventures in SE Asia we have had during the year, an interest in the following projects:

Papua New Guinea:

The sale of Aurasian's interest in the Wamum to Newcrest for US$750,000, was concluded in December 2015.

The Company also has a 3% royalty interest in one licence from the former Morobe joint venture with Newmont.

Vietnam,

Aurasian retains a 10% carried interest in the Pu Sam Cap project.

Results

The Group incurred a consolidated net loss for the year of £465,000 (2015: loss of £417,000). The Directors do not recommend the payment of a dividend (2015: nil).

Financial Position

The Board has prepared a budget to the end of the 2017 calendar year based on projected expenditures and considers that there are adequate financial resources for this period. New projects or developments may require additional funding. Aurasian will continue to take a cost-conscious approach to minimising expenditure while pursuing opportunities that can add shareholder value.

Composition of the Board

As reported previously, two Board members, Bruce Kay (Chairman) and Simon Bullock resigned during the year and were replaced by Peter Mullens (CEO and Executive Director), Gokhan Kantarcigil (Non-Executive Director) and Didier Fohlen (Non Executive Director). Christopher Goss, an existing Non-Executive Director became Non-Executive Chairman.

On behalf of the Board we offer our thanks to Bruce Kay for his service and support.

Future Outlook

Moving forward, the Company plans to focus on The Balkans region particularly Serbia. We will drill the Chadine polymetallic project in Q3 2016 and are actively seeking other opportunities. The Company's strategy is to become a Company which moves exploration projects up the value curve to the pre-feasibility and feasibility stage.The Company plans to acquire a pipeline of opportunities at different stages of exploration. Once a high quality project with development prospects is realised, the Company will seek to maximise shareholder value by, selling the project, looking for a JV partner, or raising finance and staffing up appropriately to enable the Company itself to develop the project.

Peter Mullens

Executive Director CEO

21st June 2016

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31st March 2016.

Principal activity

The Company's principal activity continues to be exploration for gold, copper-gold and other minerals. Further details are given in the Strategic Report.

Directors

The Directors holding office during the year were:

Christopher Goss
Tim Coughlin
Peter Mullens - appointed 10th July 2015
Gokhan Kantarcigil - appointed 10th July 2015
Bruce Kay – resigned 31st July 2015
Simon Bullock – resigned 10th July 2015

Subsequent to the year-end Didier Fohlen was appointed as a director on 31st May 2016

Biographic details

Christopher Goss (Non-Executive Chairman) Christopher, 68, retired in May 2010 from the IFC, the private sector arm of the World Bank Group and a leader in project finance in emerging markets. Since 2006, Christopher was based in London, leading IFC's business development for mining and oil and gas. He originated and structured several equity investments in junior mining and oil and gas companies and managed the IFC relationships with Rio Tinto, Anglo American and Lonmin. Christopher previously led IFC mining transactions in Africa, Russia, Central Asia and Latin America. Christopher had previously advised several African Governments in natural resource policy and negotiations.

Tim Coughlin (Non-Executive Director) Tim, 50, has a BSc in Earth Sciences, a MSc in Exploration and Mining Geology and a PhD in Structural Geology. He is a Fellow of the Australian Institute of Mining and Metallurgy and a Member of the Society of Economic Geologists, and has over 25 years of exploration, junior mining and capital markets experience. Tim is currently Chief Executive Officer of Royal Road Minerals Ltd. Prior to that Tim was President and Chief Executive Officer of TSX-listed Lydian International Ltd ("Lydian"). Tim has held senior positions with major mining companies and was formerly AngloGold Ashanti's Chief Geologist in South America. Tim has worked with, and consulted to, many major and junior companies on exploration, development and mining projects in 20 different countries across 6 continents.

Peter Mullens (Chief Executive Officer) Peter Mullens, 55, has a BSc in Earth Sciences from Monash University (Melbourne Australia) gained in April 1984, he is also a fellow of The Australian Institute of Mining and Metallurgy and has over 30 years of Mining, Exploration and Corporate experience. Peter worked as a Mine geologist for CRA (Rio Tinto) at Broken Hill in Australia from 1983 until 1986 then at The Hilton Mine for Mt Isa Mines (Xstrata) from 1987 to 1992. Following this he was involved with exploration in Australia, and South America from 1992 until 2002, with firstly MIM Exploration then as a consultant.

From 2002 to 2009 Peter was Chief Geologist and Business Development Manager for Aquiline Resources (Tsx AQI) and oversaw the identification and acquisition of their key Argentinean Gold and Silver properties and VP Exploration and director for Laramide Resources (Tsx LAM) and was responsible for acquiring their main Westmoreland Uranium Project in Australia. Both companies enjoyed spectacular success in the 2004 to 2009 bull market in precious metals and uranium, with Aquiline being acquired by Pan American Silver in 2009 for US $ 650 million.

In addition to this Peter was a founder to a number of start-up companies including Lydian Resources (Tsx LYD) which listed on the Toronto Stock Exchange in January 2008. During his time at Lydian, Tim Coughlin discovered the 5 million ounce Amulsar Gold project located in Armenia currently going into construction.

Peter has worked for Senior Mining companies, been involved in grass roots exploration through project development and feasibility studies to being a Mine Geologist. He is very experienced in Business development and made a number of successful acquisitions in his career and been involved in 6 revamped or start-up companies. He has gained strong corporate experience in the last 15 years and had senior roles in companies that have raised in excess of US $ 200 million during this period.

Currently Peter is a UK resident and the second largest shareholder in Aurasian Minerals. His interests are directly aligned with shareholders, to create value during this cyclical down turn in the commodities markets.

Gokhan Kantarcigil (Non-Executive Director) Gokhan Kantarcigil, 39, has over 15 years' experience in the mining and engineering industry. He has a degree in Mechanical Engineering from The Middle East Technical University located in Turkey. In 2008 he was a founder of a private Turkish Mining company VTG Holdings. Gokhan was instrumental in the discovery and development and production of the Brummersheim Thermal Coal Project located in South Africa, 2008 through to 2011, which is currently producing 1 million tons of export quality thermal coal per year. Gokhan then bought the Caldaq Nickel project located in Western Turkey from AIM listed ENK. He moved the project forward to a production decision and acquired all mining and environmental permits and social licenses before selling the project in 2014. Gokhan is an entrepreneur and investor and currently looking at acquiring and developing mining projects.

Share capital, Options and Warrants

The market price of the ordinary Shares at 31st March 2016 was 0.350p and the range during the year was 0.235p to 0.750p.

As at 31st March 2016 and at 21st June 2016 the Company had the following number of Shares, Share Options and Warrants in issue or committed:-

	31st March 2016	21st June 2016
Issued Ordinary Shares	416,308,470 of 0.1 p each	535,158,978 of 0.1 p each
Issued Deferred Shares	368,716,729 of 0.9 p each	368,716,729 of 0.9 p each
Warrants to acquire Ordinary Shares at 1.2p each	5,000,000	5,000,000
Warrants to acquire Ordinary Shares at 2.5p each	443,780	443,780
Share options outstanding (see details below)	28,400,000	18,400,000
Fully diluted ordinary share capital	450,152,250	559,002,758

The Share Options are held by:

Name	Price (pence)	Vesting Period	Expiry Date	31st March 2016	21st June 2016
T Shearer	1.1	3 years to 25/6/2013	24/06/2020	2,500,000	2,500,000
T Shearer	1.0	19/1/2011	18/01/2021	4,200,000	4,200,000
T Shearer	1.0	Contingent	18/01/2021	900,000	900,000
C Goss	1.1	3 years to 25/6/2013	24/06/2020	500,000	500,000
C Goss	1.0	19/1/2011	18/01/2021	1,400,000	1,400,000
C Goss	1.0	Contingent	18/01/2021	300,000	300,000
B Howell	1.1	3 years to 25/6/2013	25/06/2020	1,000,000	1,000,000
P Gorman	1.1	3 years to 25/6/2013	24/06/2020	2,500,000	2,500,000
P Gorman	1.1	19/1/2011	18/01/2021	4,200,000	4,200,000
P Gorman	1.0	Contingent	18/01/2021	900,000	900,000
J Lorraine	0.7	21/07/2020	06/06/2016	10,000,000	-
Total outstanding				**28,400,000**	**18,400,000**

Share Options may only be exercised between the first and tenth anniversaries of the date of grant by a person who remains a Director or employee and for a limited period following cessation of employment unless otherwise determined by the Board. No Options were exercised during the year ended 31st March 2016 (2015: nil exercised).

Joint Share Ownership Plan ("JSOP")

The Employee Benefit Trust ("EBT") is administered by Equiom (Guernsey) Limited as trustees. The trustees hold the shares for the purpose of entering into incentive awards and other arrangements within the terms of its Trust Deed. The EBT has an interest free loan from the Company to buy shares.

Under the terms of the JSOP which the EBT has entered into, each participant enters into a joint ownership of the respective shares together with the EBT. The interest of the participant relates to the increase in value of the shares above a 'Hurdle Value'. The JSOP may be realised on certain events, including a 'change of control' of the Company, or after the earliest date for realisation set out below, but before the expiry date set out below. The amount that can be realised under the award depends on the nature of the event.

In the event that the JSOP award is realised by a sale of the shares, the difference between the Hurdle Value and the sales price will be held by the EBT and may be applied either to repay the loan outstanding with the Company or to provide further benefits to its beneficiaries.

Name	Hurdle Price (Pence)	Earliest date for realisation	Date of JSOP award	JSOP award shares at 31/03/2016	Expiry Date
C Goss	7.5	04/05/2014	30/01/2012	1,000,000	31/12/2021
C Goss	10.0	04/05/2014	30/01/2012	1,000,000	31/12/2021
C Goss	4.0	19/04/2015	4/07/2012	1,800,000	19/04/2022
B Howell	7.5	04/05/2014	30/01/2012	2,000,000	31/12/2021
B Howell	10.0	04/05/2014	30/01/2012	2,000,000	31/12/2021
Total Issued				**7,800,000**	

The remaining 12,571,124 shares held by the EBT relate to former employees whose interest in the shares has lapsed.

The Deferred Shares are not listed on any Stock Exchange, and have no rights to vote at any meeting of the Company. Nor do they have any rights to dividends, nor any other form of distribution other than a maximum of 0.9 pence per share on a return of capital on a winding up of the Company (provided the Company has sufficient cash after the holders of the New Ordinary Shares have been paid an aggregate amount of the paid up capital thereon being 0.1 pence plus £10,000,000 for each such Ordinary Share).

Substantial Shareholders and Directors' interests in Shares

At 21st June 2016, the Directors had been notified that the following had an interest in 3 per cent or more of the nominal value of the Company's Shares:

Shareholder	Number of Ordinary Shares	% of the issued Share Capital
Newmont Ventures Limited (who also hold 5,000,000 Warrants)	87,923,801	16.429
Peter Mullens	43,531,852	8.134
Frank Brewer	33,250,100	6.218
Khuanchai Siphakanlaya	30,000,000	5.610
Alan Fairless	30,000,000	5.610
AUM Employee Benefit Trust	20,371,124	3.802
Didier Fohlen	16,880,000	3.139

The Directors had the following interests in Shares of the Company as at 21st June 2016:

Director	Number of Ordinary Shares	% of the issued Share Capital
Peter Mullens	43,531,852	8.13
Didier Fohlen	16,880,000	3.14
Christopher Goss	861,111	0.16
Gokhan Kantarcigil	11,467,889	2.14
Tim Coughlin	1,988,000	0.37
Total	74,728,852	13.94

Financial risk management

Information relating to the Group's financial risk management is set out in note 21 of the financial statements.

Corporate and social responsibility

The Group's core values are:

- To be a good corporate citizen, demonstrating integrity in each business and community in which we operate;
- To be open and honest in all our dealings, while respecting commercial and personal confidentiality;
- To be objective, consistent and fair with all our stakeholders;
- To respect the dignity and wellbeing of all our stakeholders and all those with whom we are involved; and
- To operate professionally in a performance-orientated culture and be committed to continuous improvement.

As such we are committed to:

- developing mutually beneficial partnerships with our stakeholders throughout the life cycle of our activities and operations;
- minimising the potential impact that our operations may have on the environment;
- comply with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders;
- having a positive impact on the people, cultures and communities in which we operate;
- upholding fundamental human rights and, accordingly, we seek to ensure the implementation of fair employment practices; and
- complying with all relevant occupational health and safety laws, regulations and standards.

Bribery

The Group does not:

– give, receive or allow its suppliers to give or receive bribes or any inducements or;

– entertain or make gifts that might influence the behaviour of third parties in respect of the business of the Group.

Corporate governance

The listing rules of the Financial Conduct Authority incorporate the UK Corporate Governance Code which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. The Board intends that, so far as is relevant for a Company of its size and stage of development, it will comply with the Code. The Board has established appropriately constituted Audit and Remuneration Committees with formally delegated responsibilities.

The Board of Directors currently comprises the Chairman, Chief Executive Officer and three Non-Executive Directors. The Board has both corporate finance and mining experience, from exploration and development through to production. The Board considers that its composition and structure is appropriate given its size and the state of the Company's activities.

Board meetings are held regularly to provide effective leadership and overall management of the Group's affairs through the schedule of matters reserved for Board decisions. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of financial statements. All Directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of their duties. The Board has delegated authority to the two Committees below to deal with matters in accordance with their written terms of reference.

1. The Audit Committee, which meets not less than twice a year, assists the board in fulfilling their oversight responsibilities in respect of the integrity of the financial statements, risk management and internal control arrangements, compliance with legal and regulatory requirements, and the performance, qualifications and independence of the external auditors. The members of the Committee are Gokhan Kantarcigil (Chairman), and Christopher Goss.

2. The Remuneration Committee, which meets when necessary, concerns itself with the remuneration and benefits of the Directors, the design and terms of share-based incentive plans, and the remuneration policy for the Executive Team and Senior Corporate Officers. It also makes proposals to the Board in the above areas, including specific remuneration packages for each of the Directors. The members of the Committee are Tim Coughlin (Chairman) and Christopher Goss. Subsequent to the acquisition of Moroccan Minerals Didier Fohlen was appointed to the Remuneration Committee with effect from 1st June 2016.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst the Directors acknowledge that no internal control system can provide absolute assurance against material misstatement or loss, they are putting in place controls that they regard as appropriate, and are taking the necessary steps to ensure that the systems develop in accordance with the size of the Group.

Relations with Shareholders

The Board attaches great importance to maintaining good relations with its shareholders. Information about the Group's activities is included in the Annual Report and Accounts and Interim Reports, which are posted on the Company's website. Market sensitive information is released to all Shareholders concurrently in accordance with stock exchange rules. The Annual General Meeting provides an opportunity for all Shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company maintains a corporate website where information on the Group is updated and all announcements are posted as they are released.

Share dealing

The Company has adopted a share dealing code for Directors and relevant employees in accordance with the AIM Rules and will take proper steps to ensure compliance by the Directors and those employees.

Going concern

The Group had cash balances of approximately £1.0 million as at 31st March 2016 with total liabilities at that date of £66,000. At 21st June 2016 the Group had cash balances of approximately £0.9 million with total liabilities at that date of £25,000.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The activities in the year and future prospects of the Group are discussed in the Strategic Report and the Chairman's statement. The Group has not yet earned revenue as it is still in the exploration phase of its business.

The Board has considered the Company's current cash balance and also looked very carefully at its expected expenditure to the end of the calendar year 2017. There is no certainty that any forecasts will be correct. In particular we have not yet decided on the future business ventures of the Group, and any such projects or developments will require additional funding.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group will be able to carry out the planned activities and provide working capital to enable it to meet its liabilities as they fall due for the foreseeable future, for at least the next twelve months from the date of approval of these financial statements. The directors therefore believe that the use of the going concern basis is appropriate.

Principal risks and uncertainties

General

The principal risks and uncertainties are summarised below. These do not necessarily comprise all of those that are potentially faced by the Company and are not intended to be presented in any assumed order of priority. The exploration for and development of natural resources is a speculative activity that involves a high degree of risk. The Directors believe that, in particular, readers of this report should be aware of these risks and uncertainties, and that the Directors take reasonable steps to mitigate and minimise the impact of the risks on the Group. However, these risks cannot be eliminated entirely.

Geology and reserves

The exploration for minerals involves significant uncertainties and the Group's operations are subject to all of the hazards and risks normally associated with such activities. The risks include not finding any economic ore bodies and physical dangers to the staff conducting such exploration. The Group works with its partners to reduce these risks by carrying out detailed analysis of the data before committing increasing levels of resource.

Environmental regulations

The Company's operations are subject to the extensive environmental risks inherent in the exploration and mining industry. Although the Directors believe that the Group seeks to be in compliance in all material respects with any applicable environmental laws and regulations, there are certain risks inherent in their activities and those that the Group could undertake in the future, including without limitation risks of accidental spills, leakages or other unforeseen circumstances, which could subject the Company to additional liability.

Expenditure and funding

The Group's business requires significant expenditures. In the event that the Group will not be able to raise the financing required for the Group's planned expenditures, the Group will have to reduce its planned expenditures, or possibly even cease to operate.

Currency exchange risk

The Group reports its financial results in Sterling, while a proportion of the Group's costs are incurred in US Dollars and Australian Dollars.

Accordingly, movements in the Sterling exchange rate with these currencies could have a detrimental effect on the Group's results or financial condition which could mean that it might record higher costs than would otherwise be the case, or even that it might not be able to afford to carry out certain exploration activities, and/or not be able to complete certain projects.

Liquidity risk

The Group has to date relied upon Shareholder and joint venture partners' funding of its activities. Exploration activities or the acquisition of new opportunities may be dependent upon the Group's ability to obtain further financing through joint ventures, equity or debt financing or other means. Although the Group has been successful in the past in obtaining financing, there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If it fails to obtain the necessary funding then it may not be able to complete or maintain its interest in certain projects, and may even have to cease to operate.

Key performance indicators

With no active projects the Group does not currently track specific performance indicators.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 and profit or loss of the Company and 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 judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that in so far as each of the Directors is aware:

- There is no relevant audit information of which the Company's auditor is unaware;
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information; and
- The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

UHY Hacker Young LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be put to the Annual General Meeting.

Annual General Meeting

The 2016 Annual General Meeting will be held at 60 New Broad Street, London, EC2M 1JJ at 10:30 a.m. on 20th July 2016. The Notice of Meeting and explanatory notes are set out at the end of this report.

By Order of the Board

Peter Mullens
Director

21st June 2016

Remuneration Report

Remuneration policies

Financial packages for Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills.

The Company's policy on remuneration is to:

- attract and retain people of the appropriate quality by paying competitive remuneration packages relevant to each person's role and experience and the external market. The packages include employment related benefits; and

- reward Directors for creating shareholder value through share options and other rewards.

The packages recognise that each Non-Executive Director spends considerably more time on the Company's affairs than is usual, and aims to keep the cash remuneration at as low a level as possible through the award of shares and share options.

Directors' and Officers' insurances

During the year, Directors' and officers' liability insurance was maintained for Directors and other officers of the Group as permitted by the Companies Act 2006.

Directors' shares and share options

The beneficial interests of the Directors in the shares and options of the Company as at 31st March 2016 and as at 21st June 2016 (the last practical date before the date of this report) were, as far as the Directors are aware, as set out in the sections of the Directors' Report above entitled "Substantial shareholders and Directors' interests in shares" and "Share capital, options and warrants".

Terms of the Directors' service and employment contracts

Christopher Goss is employed at an annual salary of £18,000, Peter Mullens has a service contract under which he is entitled to £6,667 per month. Tim Coughlin and Gokhan Kantarcigil have service contracts with the Company under which they were entitled to fees payable to each of £750 per month.

Following a review by the Remuneration Committee it was agreed that the Non-Executive directors would receive no remuneration with effect from 1st April 2016.

Other than their service and employment contracts, no director has a material interest in a contract with the Company.

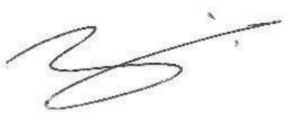
Reappointment of Directors

In accordance with the Company's Articles of Association, Peter Mullens and Gokhan Kantarcigil, who having been appointed as Directors following the last Annual General Meeting, and myself who will retire by rotation at the Annual General Meeting and, being eligible, offer ourselves for re-election.

Directors' emoluments

Details of the Director's emoluments for the year ended 31st March 2016 are set out in note 9 to the accounts, together with the amounts paid to former Directors.

On behalf of the Remuneration Committee



Tim Coughlin Chairman

21st June 2016

Independent auditors' report to the members of Aurasian Minerals plc

We have audited the Group and Parent Company financial statements of Aurasian Minerals plc for the year ended 31st March 2016 (the "financial statements") which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows and the Consolidated and Parent Company Statements of Changes in Equity together with the related notes. These financial statements have been prepared in accordance with the basis and the accounting policies set out herein.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the Group's affairs.

Our responsibility is to audit the financial statements in accordance with relevant law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is available from the APB's web-site (www.frc.org.uk/apb/scope/private.cfm).

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 31st March 2016 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Colin Wright (Senior Statutory Auditor)
For and on behalf of
UHY Hacker Young LLP
Chartered Accountants
Statutory Auditor

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

21st June 2016

Consolidated income statement

For the year ended 31st March 2016

	Notes	**2016 £'000**	2015 £'000
Continuing operations			
Revenue		**—**	—
Cost of sales		**—**	—
Gross profit		**—**	—
Operating expenses		**(441)**	(442)
Share-based payments	19	**(29)**	**(4)**
Operating loss	7	**(470)**	(446)
Finance income	11	**5**	29
Net finance income/(costs)		**5**	29
Loss before taxation		**(465)**	(417)
Income tax expense	12	**—**	—
Loss for the year from continuing operations		**(465)**	(417)
Loss for the year attributable to equity holders of the parent		**(465)**	(417)
Loss per share			
Basic and diluted loss per share (pence)	13	**(0.12)p**	(0.11)p

Consolidated statement of comprehensive income

For the year ended 31st March 2016

	2016 £'000	2015 £'000
Loss for the year	**(465)**	(417)
Other comprehensive income:		
Exchange differences on translating foreign operations	**—**	55
Total comprehensive loss for the year attributable to equity holders of the parent	**(465)**	(362)

Consolidated balance sheet

As at 31st March 2016

	Notes	**2016 £'000**	2015 £'000
Assets			
Non-current assets			
Exploration and evaluation assets	15	**–**	–
		–	–
Current assets			
Exploration and evaluation assets held for sale	15	**–**	505
Trade and other receivables	17	**6**	8
Cash and cash equivalents	18	**1,024**	745
		1,030	1,258
Total Assets		**1,030**	1,258
Equity attributable to owners of the parent			
Share capital	19	**3,735**	3,687
Share premium	19	**25,431**	25,271
Share-based payment reserve	19	**736**	707
Currency translation reserve	19	**–**	748
Own shares held reserve		**(71)**	(50)
Retained losses		**(28,867)**	(29,150)
Total Equity		**964**	1,213
Liabilities			
Current liabilities			
Trade and other payables	20	**66**	45
Total Liabilities		**66**	45
Total equity and liabilities		**1,030**	1,258

These financial statements were approved by the Board of Directors and authorised for issue on 21st June 2016 and were signed on their behalf by:

Christopher Goss
Director

Company balance sheet

As at 31st March 2016

Company number 03781581 in England and Wales

	Notes	2016 £'000	2015 £'000
Assets			
Non-current assets			
Other receivables	14	**71**	555
Exploration and evaluation assets	15	**—**	—
		71	555
Current assets			
Trade and other receivables	17	**6**	8
Cash and cash equivalents	18	**1,024**	745
		1,030	753
Total Assets		**1,101**	1,308
Equity attributable to owners of the parent			
Share capital	19	**3,735**	3,687
Share premium	19	**25,431**	25,271
Share-based payment reserve	19	**736**	707
Retained losses		**(28,867)**	(28,402)
Total Equity		**1,035**	1,263
Liabilities			
Current liabilities			
Trade and other payables	20	**66**	45
Total Liabilities		**66**	45
Total equity and liabilities		**1,101**	1,308

These financial statements were approved by the Board of Directors and authorised for issue on 21st June 2016 and were signed on their behalf by:

Christopher Goss
Director

Consolidated statement of cash flows

For the year ended 31st March 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Loss after tax		**(465)**	(417)
Share-based payments		**29**	4
Interest received		**(3)**	(5)
Operating loss before changes in working capital		**(439)**	(418)
(Increase)/decrease in trade and other receivables		**(19)**	108
Increase in trade and other payables		**21**	9
Net cash used in operating activities		**(437)**	(301)
Investing activities			
Proceeds from disposal of investment		**505**	–
Interest received		**3**	5
Net cash from investing activities		**508**	5
Proceeds from share issue		**208**	–
Net cash from financing activities		**208**	–
Net increase/(decrease) in cash and cash equivalents		**279**	(296)
Cash and cash equivalents at beginning of year		**745**	1,041
Cash and cash equivalents at end of year	18	**1,024**	745

Company statement of cash flows

For the year ended 31st March 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Loss after tax		**(465)**	(378)
Interest received		**(3)**	(5)
Share-based payments		**29**	4
(Decrease)/Increase in trade and other receivables		**(19)**	69
Increase in trade and other payables		**21**	9
Net cash used in operating activities		**(437)**	(301)
Investing activities			
Proceeds from disposal of investment		**505**	–
Interest received		**3**	5
Net cash from investing activities		**508**	5
Proceeds from share issue		**208**	–
Net cash from financing activities		**208**	–
Net increase/(decrease) in cash and cash equivalents		**279**	(296)
Cash and cash equivalents at beginning of year		**745**	1,041
Cash and cash equivalents at end of year	18	**1,024**	745

Consolidated statement of changes in equity

For the year ended 31st March 2016

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Own shares held reserve £'000	Currency translation reserve £'000	Retained losses £'000	Total equity £'000
At 1st April 2014	**3,687**	**25,271**	**703**	**(65)**	**693**	**(28,718)**	**1,571**
Loss for the year	—	—	—	—	—	(417)	(417)
Exchange difference on translating foreign operations	—	—	—	—	55	—	55
Total comprehensive income for the year attributable to equity holders of the parent	—	—	—	—	55	(417)	(362)
Shares held by EBT	—	—	—	15	—	(15)	—
Share based payments	—	—	4	—	—	—	4
Transactions with owners	**—**	**—**	**4**	**15**	**—**	**(15)**	**4**
At 31st March 2015	**3,687**	**25,271**	**707**	**(50)**	**748**	**(29,150)**	**1,213**
Loss for the year	—	—	—	—	—	(465)	(465)
Total comprehensive income for the year attributable to equity holders of the parent	—	—	—	—	–	(465)	(465)
Transfer from currency translation reserve	—	—	—	—	(748)	748	—
Shares held by EBT	—	—	—	(21)	—	—	(21)
Share based payments	—	—	29	—	—	—	29
New share issue on 10th July 2015	48	160	—	—	—	—	208
At 31st March 2016	**3,735**	**25,431**	**736**	**(71)**	**—**	**(28,867)**	**964**

Company statement of changes in equity

For the year ended 31st March 2016

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained losses £'000	Total equity £'000
At 1st April 2014	**3,687**	**25,271**	**703**	**(28,024)**	**1,637**
Loss for the year	—	—	—	(378)	(378)
Total comprehensive income for the year attributable to equity holders of the parent	—	—	—	(378)	(378)
Share based payments	—	—	4	—	4
Transactions with owners	**—**	**—**	**4**	**—**	**4**
At 31st March 2015	**3,687**	**25,271**	**707**	**(28,402)**	**1,263**
Loss for the year	—	—	—	(465)	(465)
Total comprehensive income for the year attributable to equity holders of the parent	—	—	—	(465)	(465)
Share based payments	—	—	29	—	29
New share issue on 10th July 2015	48	160	—	—	208
At 31st March 2016	**3,735**	**25,431**	**736**	**(28,867)**	**1,035**

Notes to the financial statements

For the year ended 31st March 2016

1 Reporting entity

Aurasian Minerals plc (the "Company") is a public limited company incorporated and domiciled in England and its shares are traded on the AIM Market of London Stock Exchange plc. The address of the Company's registered office is 27/28 Eastcastle Street London W1W 8DH. The consolidated financial statements of the Company as at and for the year ended 31st March 2016 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

2 Going concern

The Group had cash balances of approximately £1.0 million as at 31st March 2016 with total liabilities at that date of £66,000. At 21st June 2016 the Group had cash balances of approximately £0.9 million with total liabilities at that date of £25,000.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The activities in the year and future prospects of the Group are discussed in the Chairman's statement. The Group has not yet earned revenue as it is still in the exploration phase of its business.

The Board has considered the Company's current cash balance and also looked very carefully at its expected expenditure to the end of the calendar year 2017. There is no certainty that any forecasts will be correct. Other than projects already mentioned we have not yet decided on the future business ventures of the Group, and any such projects or developments will require additional funding.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group will be able to carry out the planned activities and provide working capital to enable it to meet its liabilities as they fall due for the foreseeable future for at least the next twelve months from the date of approval of these financial statements and also to the end of calendar year 2017. The directors therefore believe that the use of the going concern basis is appropriate.

3 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company's individual statement of comprehensive income has not been presented in the Group's annual financial statements as the Company has taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006. The Company's comprehensive loss for the year ended 31st March 2016 was £465,000 (2015: £378,000) and is included in the consolidated statement of comprehensive income.

These consolidated financial statements were authorised for issue by the Board of Directors on 21st June 2016.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and as a going concern.

c) Functional and presentation currency

These consolidated financial statements are presented in GBP Sterling, which is the Company's functional currency. All information presented in GBP Sterling has been rounded to the nearest thousand, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

- The carrying values of balances due from subsidiaries and EBT in the Parent Company's balance sheet (note 14). The Directors consider that although the balances are recoverable in full they are not repayable on demand and so are regarded as long term in nature (i.e. due in more than one year).
- The share options and JSOP shares have been valued using a simulation model and binomial model respectively. These models require assumptions around interest rates and share price movements, further details can be found in note 23 to these financial statements.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st March each year. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Investments in subsidiaries are included at cost less impairment in the financial statements of the parent Company.

ii) Transactions eliminated on consolidation

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

4 Significant accounting policies (continued)

iii) Business combinations

For business combinations, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition.

Any excess of the fair value of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill, which is subsequently tested for impairment rather than amortised. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets carried at fair value and denominated in foreign currency are translated at the rate prevailing when the fair value was determined.

ii) Financial statements of foreign operations

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a Sterling functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the dates of the transactions. Exchange differences arising are recognised in other comprehensive income and the Group's translation reserve. Such translation differences are reclassified to profit and loss in the period in which the operation is disposed of.

c) Intangible assets – Deferred exploration and evaluation costs

Exploration and evaluation (E&E) expenditure costs comprise costs associated with the acquisition of mineral rights and mineral exploration, including those incurred through joint operations, and are capitalised as intangible assets pending determination of the technical and commercial feasibility of the project. They also include certain administrative costs that are allocated to the extent that those costs can be related directly to operational activities.

If an exploration project is deemed successful based on feasibility studies, the related expenditures are transferred to development and production (D&P) assets and amortised over the estimated life of the ore reserves on a unit of production basis. Where a project is abandoned or considered to be no longer economically viable, the related costs are written off in the income statement.

To date the Group has not progressed to the development and production stage in any areas of operation.

d) Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Intangible assets with an indefinite useful life and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

e) Financial instruments

i) Trade and other receivables

Trade and other receivables are not interest bearing and are recognised initially at their fair value plus transaction costs and subsequently at amortised cost. Provision is made if there is any objective evidence of impairment.

ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

iii) Trade and other payables

Trade and other payables are not interest bearing and are recognised initially at their fair value less transaction costs and subsequently at amortised cost. Provision is made if there is objective evidence of impairment.

f) Share based payments

The Group has applied the requirements of IFRS 2 'Share-based payments'. Directors, senior executives and consultants of the Group have been granted options to subscribe for ordinary shares. All options are equity settled.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted, at date of grant, and this is expensed on a straight line basis over the estimated vesting period with a corresponding credit in equity. The estimated fair value is determined using an appropriate valuation model considering the effects of the vesting conditions, expected exercise period and the payment of dividends by the Company.

If the share options lapse before being exercised a related portion of the share-based payment reserve is transferred to retained earnings. On cancellation any cost not yet recognised is expensed immediately in the profit and loss.

4 Significant accounting policies (continued)

g) Operating lease payments

Operating lease payments are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

h) Share capital

The Company's ordinary shares are classified as equity.

i) Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

j) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Chief Operating Decision Maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

5 New IFRS Standards and Interpretations not yet adopted

At the date of approval of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective. These new Standards, Amendments and Interpretations are effective for accounting periods beginning on or after the dates shown below:

Standard	Description	Date
IFRS 9	Financial Instruments	1st January 2018
IFRS 15	Revenue from contracts with customers	1st January 2017
IAS 1 (amendment)	Disclosure initiative	Not yet EU endorsed
IAS 16 and IAS 32 (amendment)	Classification of Acceptable Methods of Depreciation and Amortisation	Not yet EU endorsed

6 Segmental information

The following information is given about the Group's reportable segments for continuing operations.

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segment based on the reports reviewed by the Board.

Although the board review the various exploration activities individually it considers the business has a single operating segment (as its knowledge and services are applied to a broad geographical spread of exploration interests). This incorporates the activities and services of the Head Office and the development and management of joint operations.

	Head Office and Exploration	
	2016 £'000	2015 £'000
External segment revenues	**—**	—
Internal segment revenues	**—**	—
Total segment revenues	**—**	—
EBITDA	**(470)**	(446)
Interest revenue	**5**	29
Other material non-cash items:		
— Impairments of E&E assets	**—**	—
Loss for the year	**(465)**	(417)

Reconciliations

(i) Group revenues

	2016 £'000	2015 £'000
Total revenues for reportable segment	**—**	—
Group's revenues	**—**	—

(ii) Group loss before tax

	2016 £'000	2015 £'000
Loss before tax for trading segment	**(465)**	(417)
Group's loss from continuing operations before tax	**(465)**	(417)

(iii) Group assets

	2016 £'000	2015 £'000
Exploration assets held for sale	**—**	505
Group other receivables	**6**	8
Group cash and cash equivalents	**1, 024**	745
Group total assets	**1,030**	1,258

(iv) Group liabilities

	2016 £'000	2015 £'000
Group other liabilities	**66**	45
Group total liabilities	**66**	45

7 Operating loss

	2016 £'000	2015 £'000
Operating loss on continuing operations is stated after charging:		
Employee benefit expense	**169**	127

8 Auditors' remuneration

	2016 £'000	2015 £'000
Fees payable to the Group auditors for the audit of the Group's annual financial statements	**15**	17
Fees payable to the Group's auditor and its associates for other services:		
Tax services	—	2
	15	19

Auditors' remuneration in respect of the Company amounted to £15,000 (2015: £17,000).

9 Directors' remuneration

Directors' remuneration is set out below:

	2016		2015		**2016**	2015
	Salaries & Fees £'000	**Share based payments £'000**	Salaries & Fees £'000	Share based payments £000's	**Total £'000**	Total £'000
T Shearer	**—**	—	27	—	**—**	27
B Kay	**10**	—	1	—	**10**	1
P Gorman	**—**	—	27	—	**—**	27
P Mullens	**58**	—	—	—	**58**	—
G Kantarcigil	**6**	—	—	—	**6**	—
C Goss	**22**	—	28	3	**22**	31
S Bullock	**5**	—	18	—	**5**	18
T Coughlin	**14**	—	1	—	**14**	1
	115	—	102	3	**115**	105

Details of options and shares held under the JSOP are given in note 23.

10 Employees and Key Management

(a) Staff Numbers

	2016 No.	2015 No.
The average number of staff (excluding Non-Executive Directors) employed throughout the year was	**1**	1

(b) Staff Costs

	£'000	£'000
Salaries and benefits	**169**	114
Social Security costs	**—**	9
	169	123

Staff costs consist of remuneration for the Board of Directors and further key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group.

11 Finance income and finance costs

Recognised in profit or loss

	2016 £'000	2015 £'000
Interest on short term bank deposits	**3**	5
Net foreign exchange gains	**2**	24
Net finance income recognised in profit or loss	**5**	29

12 Income taxes

No liability to income tax arises in the year.

The current tax charge for the year differs from that resulting from the loss before tax at the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £'000	2015 £'000
Loss before tax	**(465)**	(417)
Current tax at 20% (2015: 21%)	**(93)**	(88)
Effects of:		
Expenses not deductible for tax purposes	**1**	1
Unrelieved tax losses arising in the period	**92**	78
Untaxed profit/unrelieved expenditure arising in overseas subsidiaries	**—**	9
Income tax expense	**—**	—

Temporary differences for which no deferred tax assets have been recognised

	2016 £'000	2015 £'000
Cumulative tax losses	**(5,858)**	(5,393)
Corporation tax at 20% (2015: 21%)	**1,172**	1,133
Accelerated capital allowances	**—**	—
Unrecognised deferred tax asset at end of the year	**1,172**	1,133

Unrecognised deferred tax assets reflect only those of the United Kingdom based parent Company. No deferred tax asset has been recognised in respect of taxable overseas subsidiaries due to the relatively unsettled legal and tax codes of the countries in which they operate.

Deferred tax assets carried forward have not been recognised in these financial statements because there is insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

Notes to the financial statements
(continued)

13 Loss per share

Basic loss per share

The calculation of basic loss per share for the year ended 31st March 2016 was based on the loss attributable to ordinary shareholders of £465,000 (2015: loss £417,000) and the weighted average number of ordinary shares in issue of 416,308,470 (2015: 368,716,729), calculated as follows.

Loss attributable to ordinary shareholder (basic)

	2016 Total £'000	2015 Total £'000
Loss for the year, attributable to owners of the Company	**(465)**	(417)

Weighted average number of ordinary shares (basic)

	2016	2015
Issued ordinary shares at 1st April	**368,716,729**	368,716,729
Shares issued in year	**47,591,741**	—
Issued ordinary shares at 31st March	**416,308,470**	368,716,729

Post year end the company issued additional ordinary shares thus increasing its share capital to 535,158,978 ordinary shares. The impact on the Earnings Per Share as at 31st March 2016 is to reduce the loss per share from 0.12p to 0.087p.

Diluted loss per share

There is no difference between the diluted loss per share and the basic loss per share presented. Share options granted to employees could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

The diluted weighted average number of shares in issue and to be issued is 403,400,025.

Allowing for share options and warrants the fully diluted weighted average number of ordinary shares during the year was 437,243,805.

14 Non-current trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts due from subsidiary undertakings	**—**	—	**—**	505
Due from Employee Benefit Trust (note 26)	**—**	—	**71**	50
	—	—	**71**	555

The amounts due from subsidiary undertakings have reduced primarily due to the impairment of the balance resulting from the provision against the exploration assets in the subsidiary and to movements in foreign exchange rates.

The £21,000 movement in respect of the loan to the Employee Benefit Trust represents a part reversal of the provision for the excess of the loan over the fair value of the assets of the Trust, caused primarily to the movement in the fair value of the shares in the year.

15 Exploration and evaluation assets held for sale

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At beginning of year	**505**	451	**—**	—
Disposals in the year	**(505)**	—	**—**	—
Movement in exchange rates	**—**	54	**—**	—
At end of year	**—**	505	**—**	—

The Group disposed of the investment in Wamum for US$750,000 during the year.

16 Investment in subsidiaries

	2016 £'000	2015 £'000
Cost and net book value		
At 1st April & 31st March	**–**	–

Company subsidiary undertakings

As at 31st March 2016, the Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

Subsidiary undertakings

31st March 2015 & 31st March 2016

Company	**Principal activity**	**Country of incorporation**	**Class of share held**	**Portion held by the Group**	**Portion held by Parent Company**
Terenure Limited	Mineral exploration	Papua New Guinea	Ordinary	100%	100%

17 Current trade and other receivables

	Group		**Company**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Other taxes and social security	**5**	2	**5**	2
Prepayments and accrued income	**1**	6	**1**	6
	6	8	**6**	8

18 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and short term fixed deposits. Cash and cash equivalents comprise the following:

	Group		**Company**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Cash on hand and demand deposits	**1,024**	745	**1,024**	745

19 Share capital

	2016 Number	2016 £'000	2015 Number	2015 £'000
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	**416,308,470**	**417**	368,716,729	369
Deferred shares of 0.9p each	**368,716,729**	**3,318**	368,716,729	3,318
		3,735		3,687

Details of share options issued during the year and outstanding at 31st March 2016 are set out in the Directors' Report on page 4.

Changes in issued Share Capital and Share Premium:

	Number of shares	Nominal value £'000	Share Premium £'000	Total £'000
At 31st March 2012 – Ordinary shares of 1p each	**366,916,729**	**3,669**	**25,255**	**28,924**
JSOP Shares issued at £0.019 each in July 2012	1,800,000	18	16	34
At 31st March 2013 – Ordinary shares of 1p each	**368,716,729**	**3,687**	**25,271**	**28,958**
At 31st March 2014 – Ordinary shares of 1p each	**368,716,729**	**3,687**	**25,271**	**28,958**
13th May 2014 Share Reorganisation				
Ordinary shares of 0.1p each	368,716,729	369	2,527	2,896
Deferred shares of 0.9p each	368,716,729	3,318	22,744	26,062
At 31st March 2015 – Ordinary shares of 0.1p each	**368,716,729**	**3,687**	**25,271**	**28,958**
Shares issued at £0.043 each in July 2015	47,591,741	47	160	207
At 31st March 2016 – Ordinary shares of 0.1p each	**416,308,470**	**3,734**	**25,431**	**29,165**

Capital and reserves

The Consolidated and Company statements of changes in equity are set out on pages 15 and 16 of this report.

- The share-based payment reserve includes a charge for the year in respect of the share options issued in the year of £29,220. Details of the share options set out in note 23.

20 Trade and other payables

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade payables	**29**	15	**29**	15
Other taxes and social security	**–**	3	**–**	3
Accruals and deferred income	**37**	27	**37**	27
	66	45	**66**	45

21 Financial risk management

The Group's and Company's principal financial assets comprise cash and cash equivalents, trade receivables and other receivables. In addition the Company's financial assets include amounts due from subsidiaries. The Group's and Company's financial liabilities comprise: trade payables and other payables.

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate financial risks. The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk and foreign currency risk, each of which is discussed below. All non-routine transactions require Board approval. During 2016 and 2015 the Group has not used derivative financial instruments.

The Board consider that the risk components detailed below apply to both Group and Company. Financial risks are managed at Group rather than Company level.

Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party. The Group is exposed to credit risk on its cash and cash equivalents, as set out in note 18, and to other receivables as set out in notes 14 and 17. Credit risk is managed by ensuring that surplus funds are deposited only with well-established financial institutions of high quality credit standing.

The Group's maximum exposure to credit risk is limited to its bank balances and trade and other receivables.

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group reports its financial results in Sterling and is therefore exposed to foreign currency risk as a result of financial assets and future transactions denominated in currencies other than Sterling.

Exchange gains and losses on financial assets or future transactions are recognised directly in profit or loss. A proportion of the Group's costs are incurred in US Dollars. Accordingly, movements in exchange rates could have a detrimental effect on the Group's results and financial condition.

The cash balances carried within the Group comprise the following currency holdings:

	2016 £'000	2015 £'000
Sterling	**981**	540
US Dollars	**43**	205
	1,024	745

The Group operates within the UK and Europe. All transactions are denominated in Sterling, or US Dollars. As such the Group is exposed to transactional foreign exchange risk. The mix of currencies and terms of trade are such that the Directors believe that the Company's exposure is minimal and consequently they do not specifically seek to hedge that exposure.

The table below demonstrates the sensitivity of the Group's consolidated loss before tax to illustrative changes in the value of the US dollar with respect to Sterling, all other variables held constant. The sensitivity analysis includes only US dollars because the effect of other currencies is not significant. The sensitivities reflect the effect on profit before tax and total equity respectively of 5% changes in the exchange rates of US dollars vs. GBP £'s.

	Effect on profit before tax US$ vs. £ £'000	**Effect on total equity US$ vs. £ £'000**
2016	**4**	**4**
2015	35	35

21 Financial risk management (continued)

The table below shows an analysis of net monetary assets and liabilities by functional currency of the Group:

2016

	Sterling £'000	Total £'000
Balances denominated in		
Sterling	**981**	**981**
US Dollars	**43**	**43**
	1,024	**1,024**

2015

	Sterling £'000	Total £'000
Balances denominated in		
Sterling	513	513
US Dollars	700	700
	1,213	1,213

All Sterling balances are those of the parent Company.

Liquidity risk

Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities. The Group monitors its risk to a shortage of funds using cash flow models, which consider existing financial assets, liabilities and projected cash inflows and outflows from operations.

The table below sets out the maturity profile of financial liabilities at 31st March:

	2016 £'000	2015 £'000
Due in less than one month	**49**	18
Due between one and three months	**—**	—
Due between three months and one year	**—**	—
	49	18

To date the Group has relied upon shareholder funding of its activities. Development of mineral properties, the acquisition of new opportunities, or the recovery of royalty income from third party assets, may be dependent upon the Group's ability to obtain further financing through joint ventures, equity or debt financing or other means. Although the Group has been successful in the past in obtaining equity financing there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Interest rate risk profile of financial assets

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

At 31st March 2016 the Group had cash balances and short term deposits which attracted interest as follows:

	2016		2015	
	£'000	Interest rate	£'000	Interest rate
Sterling	**981**	**0.90%**	540	1.05%
US Dollars	**43**	**0.00%**	205	0.00%

The value of the Group's assets at 31st March 2016 and the result for the year would not be materially affected by changes in interest rates.

The interest rate risk profile of the Company is materially the same as the Group.

Fair values of financial assets and liabilities

It is the Directors' opinion that the carrying values of the Group's and the Company's financial assets and liabilities as at 31st March 2016 and 31st March 2015 are not materially different from their fair values. They have therefore not been shown separately.

22 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, and develop its activities to provide returns for shareholders and benefits for other stakeholders.

The Group's capital structure comprises all components of equity (i.e. ordinary share capital, share premium, retained earnings and other reserves). At 31st March 2016 the Group had no debt.

When considering the future capital requirements of the Group and the potential to fund specific project development the Group's preferred funding option is equity rather than debt.

23 Share-based payments

Share Options

The Company and Group operate an unapproved share option plan for the benefit of employees.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2016		2015	
	Number	**WAEP Pence**	Number	WAEP Pence
Outstanding at the beginning of and at the end of the year	**28,400,000**	**3.14**	18,400,000	1.04
Exercisable at the year end	28,400,000	3.14	18,400,000	1.04

The fair value of options granted was estimated using a simple simulation pricing model, the inputs to which were as follows:

Share options outstanding at 31st March 2016 had a weighted average exercise price of 3.14 pence (2015: 1.04 pence) and a weighted average contractual life of 4.5 years (2015: 5.6 years). The expected volatility was 50% and the risk free rate used was 2.56%, giving a fair value at date of grant of £890,500.

To date no share options have been exercised. There are no market based vesting conditions attaching to any share options outstanding at 31st March 2016.

At 31st March 2016 the total number of options over ordinary shares outstanding was as follows:

Exercise period	**Number**	**Weighted average exercise price (pence)**
Exercisable until 2020	16,500,000	0.43
Exercisable until 2021	11,900,000	6.88
Exercisable at the year end	28,400,000	3.14

The Directors' report, under the section "Share capital, options and warrants", provides further details.

Joint Share Ownership Plan ("JSOP")

The Employee Benefit Trust ("EBT") is administered by Equiom (Guernsey) Limited as trustees. The trustees hold the shares for the purpose of entering into incentive awards and other arrangements within the terms of its trust deed. The EBT has an interest free loan from the Company to buy shares.

Under the terms of the JSOP which the EBT has entered into, each participant enters into a joint ownership of the respective shares together with the EBT. The interest of the participant relates to the increase in value of the shares above a 'Hurdle Value'. The JSOP may be realised on certain events, including a 'change of control' of the Company, or after the earliest date for realisation set out below, but before the expiry date set out below. The amount that can be realised under the award depends on the nature of the event.

In the event that the JSOP award is realised by a sale of the shares, the difference between the Hurdle Value and the sales price will be held by the EBT and may be applied either to repay the loan outstanding with the Company or to provide further benefits to its beneficiaries.

References in the statement of financial position and changes in equity to own shares held by EBT relate to those shares issued as part of the JSOP.

Due to the conditions described above this is considered an equity settled share-based payment transaction.

23 Share-based payments (continued)

The number of shares granted and outstanding as 31st March 2016 is as follows:

Exercise period	Number	Weighted average exercise price (pence)
Outstanding as at 31st March 2015 and 31st March 2016	8,300,000	7.55
Outstanding as at 31st March 2016	8,300,000	7.55

The fair value of this incentive was measured at the date of the award using a binomial option valuation model and is considered the most appropriate method taking into account the effect of the vesting conditions, the expected exercise period and the dividend policy of the Company. There are no market vesting conditions attached to these awards.

The variables used in arriving at a fair value of the awards were as follows:

Exercise period	Awards as at 31st March 2012	Awards as at 31st March 2013
Number of shares awarded	6,500,000	1,800,000
Share price at 31st March	3.18 pence	2.58 pence
Weighted average exercise price	8.54 pence	4.00 pence
Expected volatility	50%	50%
Option life (years)	2 years	3 years
Expected dividends	Nil	Nil
Risk fee interest rate	2.8%	0.5%
Fair Value	£161,870	£9,477

The calculation of the volatility of the share price was based upon the FTSE All Share Gold Mining Index. The life of the embedded option is estimated in the light of relevant factors, including behavioural considerations.

Share Warrants

As at 31st March 2016 there were 5,443,780 warrants outstanding with a weighted average exercise price of 1.31 pence per share. Details were as follows:

Exercise period	Number	Weighted average exercise price (pence)
Exercisable until 10th November 2015	443,780	2.50
Exercisable until 15th November 2015	5,000,000	1.20
Exercisable at the year end	5,443,780	1.31

24 Contingent liabilities

Deferred Consideration

Contingent deferred consideration, estimated at £100,000 (2015: £100,000), becomes payable if either of the following events crystallise:

a. the Group discovering a proven deposit of at least three million ounces of gold or gold equivalent at the Pu Sam Cap operation in Vietnam and such deposit having been proven to be capable of extraction by bulk-mining methods; or

b. a bona fide takeover offer having been made for the entire issued share capital of the Company which values the Company at no less than £133,333,333.

In the event either of the above events crystallise, any liability would be settled by further payment in the form of a share issue equal to the lesser of:

- 33,333,333 Consideration Shares of 1p each issued at the market value at the date of issue; or
- such number of Consideration Shares as will be equal to 7.5% of the number of Ordinary Shares in issue.

As the likelihood of these events happening is presently considered remote the deferred consideration has not been recognised as a liability. The contingency arose when the Company acquired the Larchland Group from the vendors in the year ended 31st March 2005 and was part of the terms of the sale and purchase agreement with Candice Holdings Limited.

25 Capital commitments

As at 31st March 2016 the Group has not been notified of any capital commitments by its joint venture partners (2015: nil).

26 Related parties

The Group's investments in subsidiaries have been disclosed in note 16.

During the year the Company held the following balances with other Group companies:

	At 1st April 2015 £'000	Provisions in period £'000	**At 31st March 2016 £'000**
Employee Benefit Trust	50	21	**71**
Terenure Limited	505	(505)	**—**
	555	(484)	**71**

The Directors consider that although the balances are recoverable in full they are not repayable on demand and so are regarded as long term in nature (i.e. due in more than one year).

The Group's Key Management Personnel remuneration is disclosed in note 9.

There are no other related party transactions, so far as the current Board is aware.

27 Subsequent events

On 26th April 2016, Aurasian Minerals plc announced an issue of 43,000,000 ordinary shares at a subscription price of 0.38p per ordinary share raising £163,400 from a combination of existing strategic shareholders and a new strategic partner. The proceeds will be used towards working capital and exploration for the Chadine project.

On 31st May 2016, Aurasian Minerals plc announced that it had received acceptances from 100% of the shareholders of Moroccan Minerals Limited in relation to the offer for the acquisition of the entire issued share capital of Moroccan Minerals Limited. Following on from the company's decision to seek alternative opportunities to the exploration work in SE Asia Moroccan Minerals was identified as a strategic acquisition due to their recently established research into exploration opportunities in the Balkans area. The 17,974,054 shares in Moroccan Minerals were acquired for the consideration of 75,850,508 shares in Aurasian Minerals.

On 25th May 2016 Aurasian Minerals plc announced that it had executed an option agreement with Rockstone Group LLC pursuant to which Aurasian could earn up to 80% interest in the Gokcinica project licenses in Southern Serbia.

AURASIAN MINERALS PLC

(Incorporated in England and Wales with registered number 03781581)

Notice is hereby given that the Annual General Meeting of Aurasian Minerals plc (the "**Company**") will be held at the offices of finnCap Ltd, 60 New Broad Street. London, EC2M 1JJ, on 20th July 2016 at 10.30 a.m. for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions, numbers 1 to 11 of which will proposed as ordinary resolutions and numbers 12 to 14 of which will be proposed as special resolutions:

Ordinary Resolutions

1. That the Company's annual accounts for the financial year ended 31st March 2016, together with the report of the directors of the Company (the "Directors") and the auditors' report on those accounts be received and adopted.

2 That UHY Hacker Young LLP be reappointed as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which the accounts are laid before the Company.

3 That the Directors be authorised to agree and fix the auditors' remuneration.

4 That, Peter James Mullens, having been appointed since the last AGM, be appointed as a director in accordance with Article 103 of the Company's Articles of Association.

5 That, Gokhan Kantarcigil, having been appointed since the last AGM, be appointed as a director in accordance with Article 103 of the Company's Articles of Association.

6 That, Didier Fohlen, having been appointed since the last AGM, be appointed as a director in accordance with Article 103 of the Company's Articles of Association.

7 That, Timothy James Coughlin be reappointed as a director in accordance with Article 103 of the Company's Articles of Association.

8 That, the issued existing ordinary shares of 0.001 pence each in the capital of the Company (appearing in the register of members of the Company at 6.00 p.m. on 20th July 2016), be and are hereby consolidated into new ordinary shares of 0.006 pence each in the capital of the Company ("**Consolidation Shares**") on the basis of one Consolidation Share for every 6 existing ordinary shares of 0.001 pence each held prior to the passing of this Resolution, having the same rights, and being subject to the same restrictions as the existing ordinary shares of 0.001 pence each.

9 That, subject to the passing of Resolution 8, the Consolidation Shares be and are hereby subdivided into one new ordinary share of 0.001 pence each in the capital of the Company ("**New Ordinary Shares**") having the same rights, and being subject to the same restrictions as the existing ordinary shares of 0.001 pence each; and one deferred share of 0.005 pence each in the capital of the Company ("**B Deferred Shares**") having the same rights, and being subject to the same restrictions as the existing deferred shares of 0.009 pence each ("**Existing Deferred Shares**").

10 That, subject to the passing of Resolution 9, the Existing Deferred Shares be re-designated as A deferred shares ("**A Deferred Shares**") having the same rights, and being subject to the same restrictions as the B Deferred Shares.

11 That, the Directors be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to allot Relevant Securities (as defined in the notes to this Notice):

a) comprising equity securities (as defined by section 560 of the Companies Act 2006 (the"**2006 Act**")) up to an aggregate nominal amount of £594.62 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 11b. below) in connection with an offer by way of a rights issue:

(i) to holders of ordinary shares of the Company in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

b) in any other case, up to an aggregate nominal amount of £297.31 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 11a. above in excess of £297.31).

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolutions

12 That, the name of the Company be changed to Tethyan Resources plc.

13 That, subject to the passing of resolutions 9 and 10, the Company's Articles of Association be amended to reflect the creation of the B Deferred Shares and the re-designation of the Existing Deferred Shares as A Deferred Shares.

14 That, subject to the passing of resolution 11, the Directors be and are hereby empowered, pursuant to Section 570 of the 2006 Act, to allot

a) equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 11 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities pursuant to an offer or issue by way of rights, open offer or other pre-emptive offer:

(i) to the holders of ordinary shares of the Company and other persons entitled to participate therein in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

b. (otherwise than pursuant to paragraph 13a. above) equity securities up to an aggregate nominal amount of £178.39.

The power granted by this resolution shall expire (if not previously expired by non-fulfilment of conditions) on the date which is 18 months after the date on which this resolution is passed or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By order of the Board

Dated: 21st June 2016

Registered Office:

27-28 Eastcastle Street
London W1W 8DH

Notes:

1. Relevant Securities means:
   (a) Shares in the Company other than shares allotted pursuant to:
      (i) an employee share scheme (as defined by section 1166 of the 2006 Act);
      (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
      (iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
   (b) Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.
2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.
3. To be valid any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 10.30 a.m. on 18th July 2016.
4. The return of a completed Form of Proxy will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Annual General Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company (the "Register of Members") at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
6. CREST members who wish to appoint a Proxy or Proxies through the CREST electronic Proxy appointment service may do so for the Annual General Meeting and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a Proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a Proxy or an instruction to a previously appointed Proxy must be transmitted so as to be received by Neville Registrars Limited (***ID: 7RA11***) no later than 10.30 a.m. on 18th July 2016. Normal system timings and limitations will apply in relation to the input of CREST

Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 as amended

7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at 10.30 a.m. on 18th July 2016 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Annual General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. on the day preceding the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8. As at 21st June 2016 (being the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 535,158,978 Ordinary Shares of 0.001 pence each and which each carry one vote and 368,716,729 Deferred Shares which do not carry any votes. Therefore, the total voting rights in the Company as at 21st June 2016 will be 535,158,978.

9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that, on a poll, if more than one corporate representative purports to exercise powers over the same share as another corporate representative, that power will be treated as not exercised.

Registered Office
27/28 Eastcastle Street
London
W1W 8DH