

# **Iberian Gold Plc**

## **Directors' report and financial statements**

For the 15 month period ended 31 March 2015

Registered Number 3977034

# Iberian Gold Plc

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# Iberian Gold Plc

## Company information

### Directors

B Singh (Chairman)  
D Singh

### Registered Office and Business Address

Kemp House  
152-160 City Road  
London  
EC1V 2NX

### Secretary

M Burton

### Auditors

PKF Littlejohn LLP  
Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

# Iberian Gold Plc

## Chairman's statement

### Period ended 31 March

Upon my appointment to the board of directors in January 2014 it became clear that Iberian Gold Plc ("IBG") was insolvent. Fortunately, as it was not trading, there was no immediate obligation to appoint an administrator to wind up the company.

Working closely with our former parent company Cambridge Mineral Resources ("CMR") we were able to negotiate the cancellation of inter-company liabilities of several million pounds and with their wise counsel and advice, together with their generosity, we were able to make balance sheet adjustments resulting in a trading account surplus.

As a reciprocal arrangement, we agreed that due to the CMR balance sheet forfeiting such large sums we would include CMR's shareholders in any future opportunity to subscribe for equity ranking pari passu with IBG shareholders for the financial periods ending in 2015 and 2016.

Shareholders will see from the accounts available online that major adjustments to the Bonds, Loan Notes and Warrants have enabled the company to address and subsequently reduce the liabilities significantly from prior years. All of this has been done by way of equity issues approved by over 75% of shareholders' votes.

In addition, and as part of the restructuring exercise to reduce the company's liabilities and to implement its strategy of attracting new investment the Board have considered the requirements of English law, and in accordance with and subject to the requirements of the Companies Act 2006, the Board is proposing to cancel the amount standing to the credit of the Share Premium Account and cancel the Deferred Shares as at the effective date of Cancellation. The Cancellation will, subject to approval by shareholders and confirmation from the Court, significantly reduce the accrued deficit in the company's profit and loss account, and, together with the reduction in the company's liabilities, will simplify the company's Statement of Financial Position as part of the process to seek new investment. The proposed Cancellation will not involve any distribution to shareholders.

*By way of illustration, please see the enclosed pro-forma balance sheet on page 5 showing the balances after cancellation of the Share Premium Account and Deferred Shares. It can be seen that the balance sheet at that point would be significantly enhanced by those changes.*

The profit before tax for the 15 month period ending 31 March 2015 was £918,658 (2013: loss £2,143,381).

Sadly my original plan for the company to implement a merger got forestalled due to the timescale it has taken to cleanse the balance sheet. Following the appointment of consultants and the appearance of new ventures now available to the company, it is my intention and also that of Mr D'Singh to resign from the board and allow new personnel to advance the opportunities that now prevail due to a cleaner and more robust balance sheet.



B. Singh  
Chairman

30 September 2015

# Iberian Gold Plc

Chairman's statement (continued)

Illustrative example of the position after cancellation of Share Premium and Deferred Shares

## Company Statement of Financial Position (illustrative only)

at 31 March 2015

	Note	After Cancellation		31 March 2015	
		£	£	£	£
<b>Assets</b>					
Investments			-		-
<b>Current assets</b>					
Cash and cash equivalents		1		-	
Total current assets			1		-
<b>Total assets</b>			1		1
<b>Equity and liabilities</b>					
<b>Share capital and reserves</b>					
Issued capital			3,072,936		7,785,336
Share premium account			-		6,455,018
Shares to be issued			5,430,557		5,430,557
Retained earnings			(13,299,280)		(19,754,298)
Capital Redemption Reserve			4,712,400		-
Other Reserves			-		-
<b>Total equity</b>			(83,387)		(83,387)
<b>Current liabilities</b>					
Convertible loan notes		-		-	
Convertible bond		-		-	
Trade and other payables		83,388		83,388	
Total current liabilities, and total liabilities			83,388		83,388
<b>Total equity and liabilities</b>			1		1

# Iberian Gold Plc

## Strategic report

The Directors of the Company present their Strategic Report for the 15 month period ended 31 March 2015.

### Strategic approach

The Company's aim is to create value for shareholders through the acquisition and development of new business opportunities.

A detailed review of the business of the Company during the period and significant developments since the period end may be found in the Chairman's Statement and Note 16 to the financial statements.

### Review of business

During the period, the Company has managed to reduce its considerable debt by negotiating the cancellation of inter-company liabilities and through major adjustments to the Bond Holders, Loan Notes, Warrants and Deferred Shares that has enabled the Company to reduce its liabilities significantly from prior years. This has been done by way of equity payments approved by 75% of shareholders' votes.

### Financial performance review

The Company profit for the period was £918,658 (2013: loss of £2,143,381). The Directors do not recommend the payment of a dividend. The Directors monitor the activities and performance of the Company on a regular basis and consider the results for the year to be satisfactory based on the activity during the year.

### Key performance indicators

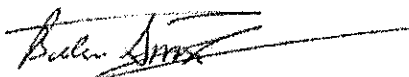
Given the nature of the development programme's dependence on availability of funding, the Group's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Group and Company relate to the acquisition and development of business investments. Despite the opportunities that arise, there is the risk that the Group and Company may not be able to raise the necessary funding for such a development or, if necessary, for further working capital whilst alternative development opportunities are explored.

The financial risk management objectives and policies are described in Note 15 to the financial statements.

The Strategic report was approved by the Board on 30 September 2015



**B Singh**  
Director

# Iberian Gold Plc

## Directors' report

The Directors present their report and the financial statements for the 15 month period ended 31 March 2015.

### Non current assets

The Group and Company has purchased no fixed assets during the year.

### Donations

During the year the Group and Company made no payments for charitable purposes.

### Directors and Directors' interests

The Directors who held office in the period up to the date of approval of these accounts and their beneficial interests in the Company's issued share capital at the period end were:

B Singh

D Singh

### Directors' responsibilities

The Statement of Directors' Responsibilities is shown on page 8.

### Substantial interests

As at 31 March 2015 the following interests of three percent or more of the issued Ordinary share capital had been notified to the Company:

	<b>Number of Ordinary shares</b>
R Brealey	257,429,882

### Going Concern

These financial statements have not been prepared on a going concern basis. Whilst the Directors are resolved to take responsible steps to ensure that capital and other financing is put in place so as to enable the Company to meet its obligations as they fall due and to execute the Strategy of the Company, they recognise that this may not be possible and have prepared the accounts accordingly.

### Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

### Relevant audit information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

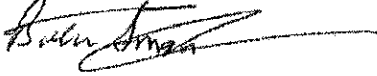
# Iberian Gold Plc

## Directors' report *(continued)*

### Auditors

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the next annual general meeting.

Approved and authorised for issue by the Board on 30/09/15, and signed on its behalf by



B Singh  
Director

Kemp House  
152 City Road  
London  
EC1V 2NX



# Iberian Gold Plc

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS's as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 to 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.

# Iberian Gold Plc

## Independent Auditors' report to the Members

We have audited the Financial Statements of Iberian Gold Plc for the 15 month period ending 31 March 2015 which comprise the Company Statement of Financial Position, the Company Statement of Comprehensive Income, Company Statements of Changes in Equity, the Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

### Respective responsibilities of Directors and Auditor

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

### Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of the Company's profit for the period then ended;
- the Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of Matter

#### Emphasis of Matter - Going concern status

In forming our opinion on the Financial Statements, which is not modified, we draw your attention to the fact that the financial statements have not been prepared on a going concern basis as the Directors recognize that it may not be possible for the Company to meet its obligations as they fall due.

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

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

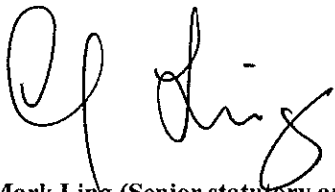
# Iberian Gold Plc

## Independent Auditors' report to the Members (continued)

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

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

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



**Mark Ling (Senior statutory auditor)**  
For and on behalf of Littlejohn LLP  
Statutory auditor

1 Westferry Circus  
Canary Wharf  
London E14 4HD

30 September 2015

# Iberian Gold Plc

## Company Statement of Comprehensive Income

For the period ended 31 March 2015

	<i>Note</i>	15 months to 31 March 2015		Year to 31 December 2013	
		£	£	£	£
Administration expenses	2		(3,500)		(2,105,051)
Deemed interest on convertible loan notes			-		(38,329)
Disposal of Investment			1		-
Other Gains/(Losses)	2		922,157		-
<b>Profit/(Loss) for the year before taxation</b>			<b>918,658</b>		<b>(2,143,381)</b>
Taxation	3		-		-
<b>Profit/(Loss) for the year from continuing operations</b>			<b>918,658</b>		<b>(2,143,381)</b>
<b>Total comprehensive income for the year Attributable to equity shareholders</b>			<b>918,658</b>		<b>(2,143,381)</b>

### Profit /(loss) per share

The Company's turnover and expenses all relate to continuing operations. The Company has no recognised gains or losses other than the gain for the year, which has been calculated on the historical cost basis.

The notes on pages 15 to 26 form part of these financial statements.

**Iberian Gold Plc**  
**Registered Number 3977034**

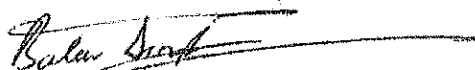
**Company Statement of Financial Position**

at 31 March 2015

	Note	31 March 2015		31 December 2013	
		£	£	£	£
<b>Assets</b>					
Investments			-		1
<b>Current assets</b>					
Cash and cash equivalents	5	1		-	
<b>Total current assets</b>			<u>1</u>		<u>-</u>
<b>Total assets</b>			<u><u>1</u></u>		<u><u>1</u></u>
<b>Equity and liabilities</b>					
<b>Share capital and reserves</b>					
Issued capital	6		7,785,336		5,211,037
Share premium account			6,455,018		6,455,018
Shares to be issued			5,430,557		7,722,895
Retained earnings			(19,754,298)		(20,858,853)
Other Reserves	7		-		185,897
<b>Total equity</b>			<u>(83,387)</u>		<u>(1,284,006)</u>
<b>Current liabilities</b>					
Convertible loan notes	8	-		244,146	
Convertible bond	9	-		355,718	
Trade and other payables	10	83,388		684,143	
<b>Total current liabilities, and total liabilities</b>			<u>83,388</u>	<u>1,284,007</u>	
<b>Total equity and liabilities</b>			<u><u>1</u></u>	<u><u>1</u></u>	

The notes on pages 15 to 26 form part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 30/09/15 and were signed on its behalf by:



B Singh  
 Director

# Iberian Gold Plc

## Statement of Changes in Equity

as at 31 March 2015

	Share Capital £	Share Premium £	Shares to be issued £	Retained Earnings £	Other Reserves £	Total £
<b>Balance at 1 January 2013</b>	<b>5,211,037</b>	<b>6,455,018</b>	<b>7,722,895</b>	<b>(18,715,472)</b>	<b>185,897</b>	<b>859,375</b>
Loss for the year	-	-	-	(2,143,381)	-	(2,143,381)
<b>Other comprehensive income</b>						
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>(2,143,381)</b>	-	<b>(2,143,381)</b>
<b>Transactions with owners</b>						
Share based payments	-	-	-	-	-	-
<b>Total transactions with owner</b>	-	-	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>5,211,037</b>	<b>6,455,018</b>	<b>7,722,895</b>	<b>(20,858,853)</b>	<b>185,897</b>	<b>(1,284,006)</b>
<b>Balance at 1 January 2014</b>	<b>5,211,037</b>	<b>6,455,018</b>	<b>7,722,895</b>	<b>(20,858,853)</b>	<b>185,897</b>	<b>(1,284,006)</b>
Profit for the year	-	-	-	918,658	-	918,658
<b>Other comprehensive income</b>						
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>918,658</b>	-	<b>918,658</b>
<b>Transactions with owners</b>						
Shares issued	2,574,299	-	(2,574,299)	-	-	-
Shares to be issued	-	-	281,961	-	-	281,961
Expired warrants	-	-	-	65,493	(65,493)	-
Borrowings reserve cancelled on conversion	-	-	-	120,404	(120,404)	-
<b>Total transactions with owner</b>	<b>2,574,299</b>	-	<b>(2,292,338)</b>	<b>185,897</b>	<b>(185,897)</b>	<b>281,961</b>
<b>Balance at 31 March 2015</b>	<b>7,785,336</b>	<b>6,455,018</b>	<b>5,430,557</b>	<b>(19,754,298)</b>	-	<b>(83,387)</b>

# Iberian Gold Plc

## Cash Flow statement

*for period ended 31 March 2015*

	15 months to 31 March 2015		Year to 31 December 2013	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Profit/ (Loss) for the year		918,657		(2,143,381)
Impairment of assets		-		2,214,593
Interest element of convertible loan notes		-		38,329
Finance Costs		-		(129,372)
Other gains/losses		(922,157)		-
		<u>(3,500)</u>		<u>19,831</u>
<b>Movements in working capital</b>				
Increase in trade and other receivables		-		-
Increase / (Decrease) in trade and other payables		3,500		(19,831)
		<u>3,500</u>		<u>-</u>
Net cash outflow from operations		3,500		-
<b>Cash flows from investing activities</b>				
Proceeds for sale of investment	1		-	
		<u>1</u>		<u>-</u>
Net cash generated from investing activities		1		-
<b>Net decrease in cash and cash equivalents</b>		-		-
Cash and cash equivalents at the beginning of financial year		-		-
		<u>-</u>		<u>-</u>
<b>Cash and cash equivalents at the end of financial year</b>		1		-
		<u><u>1</u></u>		<u><u>-</u></u>

# Iberian Gold Plc

## Notes to the Financial Statements

### 1. Accounting policies

#### *General information*

Iberian Gold PLC is a limited company incorporated in England and Wales under the Companies Act 2006. The address of its registered office and principal place of business are disclosed in the Company Information page of the financial statements.

The principal activities of the Company are described in the Directors' Report.

#### *Adoption of new and amended standards*

The Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for companies' annual reporting periods beginning on or after 1 January 2014.

#### *Basis of preparation of Financial Statements*

The Financial Statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board, as approved by the European Union, and parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared using the historical cost convention. The financial statements are presented in UK pounds sterling rounded to the nearest pound.

Following the disposal of Recursos Metalicos SL for £1 during the year, the Company did not have any subsidiaries and accordingly no group accounts are required for the period ended 31 March 2015.

The preparation of Financial Statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The preparation of Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information, including the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### **Going Concern**

United Kingdom company law requires the Directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company is a going concern. In considering this matter the Directors have evaluated the expected outturn for the next 18 months following period ending 31 March 2015. This included consideration of the cash flow and access to additional capital. The Directors are resolved to take responsible steps to ensure that capital and other financing is put in place so as to enable the Company to meet its obligations as they fall due and to execute the strategy of the Company. This strategy has resulted in a significant reduction in total liabilities following the conversion and cancellation of all Bonds, Loan Notes, Warrants and certain trade creditors which has enabled the company to address and subsequently reduce the liabilities significantly from prior years. Whilst the Directors anticipate that the Company will continue in operational existence for the foreseeable future, they recognise that this may not be possible and accordingly they have not adopted the going concern basis in preparing the financial statements.

#### **New Accounting Standards and Interpretations**

##### *(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2014*

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2014 but none material to the Group and Company and therefore not applied in preparing these financial statements other than improvements to disclosures as required.



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*(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Company intend to adopt these standards, if applicable, when they become effective. Unless stated below, there are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	*1 January 2016
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	*1 January 2016
IAS 16 (Amendments)	Property, plant and equipment: Bearer Plants	*1 January 2016
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions	*1 July 2014
IAS 27 (Amendments)	Separate Financial Statements	*1 January 2016
IAS 28 (Amendments)	Investments in Associates and Joint Ventures	*1 January 2016
IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	*1 January 2016
IAS 41 (Amendments)	Agriculture: Bearer Plants	*1 January 2016
IFRS 9 (Amendments)	Financial Instruments	*1 January 2018
IFRS 10 (Amendments)	Consolidated Financial Statements	*1 January 2016
IFRS 10 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	*1 January 2016
IFRS 12 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 14	Regulatory Deferral Accounts	*1 January 2016
IFRS 15	Revenue from Contracts with Customers	*1 January 2017
Annual Improvements	2010 – 2012 Cycle	*1 July 2014
Annual Improvements	2011 – 2013 Cycle	*1 July 2014
Annual Improvements	2012 – 2014 Cycle	*1 July 2016

\* Subject to EU endorsement

The Company is evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the Company's results or shareholders' funds.

## **Cash and cash equivalents**

Cash and cash equivalents comprises cash in hand and current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement.

## **Critical Accounting Estimates and Judgments**

Estimates and judgments are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### ***Critical Accounting Estimates and Assumptions***

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- (i) Reversal of certain trade creditors and certain accruals

During the accounting period, and as part of the restructuring exercise to reduce the overall debt, the directors have discussed with various trade and creditors to agree a settlement.

## **Iberian Gold Plc**

As part of the exercise, the dissectors reviewed the accruals and following discussions with the individuals and companies for which the relevant accruals was made, It was agreed to reverse certain accruals where the directors concluded that there was no legal obligation to make payment.

There have been no claims to date and the directors do not anticipate any issues in respect of accruals written off. However, the directors acknowledge that there is a possibility that some creditors may make a claim in future but the directors consider the possibility of this being remote.

The directors also reviewed the trade creditors and engaged with all the suppliers to reach a settlement where the debts would settled where they would receive shares equivalent to 50% of the value of their debts with the remainder being written off. An adjustment was made where the suppliers agreed.

One trade creditor had previously applied to the courts for a winding-up order on the company. However, following the above directors' proposals, that creditor agreed to the aforementioned settlement in shares.

There have been no claims to date and the directors do not anticipate any issues in respect of trade creditors settled as mentioned above and the shares, currently shown as shares to be issued, will be issued to the relevant individuals and companies after 31 March 2015.

### **Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual agreement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

### Deferred taxation

The Company has adopted IAS 12, Deferred Taxation. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Financial assets and financial liabilities

The financial assets and financial liabilities are recognised on the Group and Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### *Trade receivables*

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### *Borrowings*

There are no borrowings other than convertible instruments which are cancelled during the year.

#### *Trade payables*

Trade payables are not interest-bearing and are stated at their nominal value.

#### *Share-Based Payments*

In prior years The Company issued warrants (equity-settled, share-based payments). The fair value of the equity-settled share based payments is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged is determined by reference to the fair value of the warrants granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period);

# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of warrants that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the warrants are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the warrants are exercised.

None of the warrants issued in the prior year were redeemed and they all lapsed during the year

# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

### 2. Administration expenses and other gains/losses

(2.1) Administration expenses are made up of:

	15 months to 31 March 2015 £	Year to 31 December 2013 £
Audit fees	2,500	2,500
Other administrative expenses	1,000	-
Interest charge on convertible loan notes	-	38,329
Finance charge on convertible bonds	-	(129,372)
Impairment of value of research and development assets	-	2,214,593
	<u>3,500</u>	<u>2,126,050</u>

(2.2) Other Gains and losses

Reversal of trade and other payables Following settlement	580,543	-
Gain on cancellation of convertible loan notes for ordinary shares	140,396	-
Gain on cancellation of convertible bonds for ordinary shares	201,218	-
	<u>922,157</u>	<u>-</u>

### 3. Taxation

*Tax charge for the year*

No taxation arises on the result for the year because of the trading losses brought forward.

*Factors affecting the tax charge for the year*

The total charge for the year can be reconciled to the accounting loss as follows:

	15 months to 31 March 2015 £	Year to 31 December 2013 £
Company Profit/(Loss) for the year from continuing operations	918,658	(2,143,381)
	<u>          </u>	<u>          </u>
Corporation tax expense calculated at 20% (2013: 20%)	183,732	(446,676)
Expenses not deductible for tax	-	442,919
Tax losses utilised	(183,732)	(14,243)
Income not subject to tax	-	-
	<u>          </u>	<u>          </u>
Tax charge	-	-
	<u>          </u>	<u>          </u>

# Iberian Gold Plc

## Notes to the Financial Statements (continued)

### *Factors affecting the tax charge of future years*

Tax losses available to be carried forward by the Company at 31 March 2015 against future profits are estimated to comprise trading losses of £1,183,068 (2013: £1,366,800).

A deferred tax asset amounting to £236,614 (December 2013: £273,360) has not been recognised in respect of accumulated losses, as there is insufficient evidence that the asset will be recovered. There were no factors that may affect future tax charges.

#### 4. Directors

The average monthly number of persons (including directors) employed by the Company was:	15 months to 31 March 2015	Year to 31 December 2013
	No.	No.
Directors	2	3

No directors' fees have been accrued for the period ending 31 March 2015 as all the directors have waived their entitlement until the Company has sufficient funds.

#### 5. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks.

#### 6. Called Up Share capital

	No.	£
<i>Authorised</i>		
Ordinary shares of 1p each	1,000,000,000	10,000,000
		<u>10,000,000</u>

There has been no movement in the authorised share capital during the year.

# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

### Total Allotted, Issued and Fully Paid

	Ordinary Shares of 1p each		Deferred Shares of .99p each		Total
	Number	£	Number	£	£
At 1 January 2013	49,863,700	498,637	476,000,000	4,712,400	5,211,037
Issued in 2013	-	-	-	-	-
At 31 December 2013	<b>49,863,700</b>	<b>498,637</b>	<b>476,000,000</b>	<b>4,712,400</b>	<b>5,211,037</b>
Deferred shares cancellation	-	-	-	-	-
Issued in 2014/15	257,429,882	2,574,299	-	-	2,574,299
At 31 March 2015	<b>307,293,582</b>	<b>3,072,936</b>	<b>476,000,000</b>	<b>4,712,400</b>	<b>7,785,336</b>

### Shares to be Issued

#### Allocated but not allotted

	Number	Ordinary Shares of 1p each £	Share Premium	Total £
At 1 January 2014	257,429,882	2,574,299	5,148,596	7,722,895
Allocated in period	28,196,100	281,961	-	281,961
Allotted in period	(257,429,882)	(2,574,299)	-	(2,574,299)
At 31 March 2015	<b>28,196,100</b>	<b>281,961</b>	<b>5,148,596</b>	<b>5,430,557</b>

During the period, 15,450,000 ordinary shares were allocated to Convertible Bond holders, 10,375,000 ordinary shares were allocated to Convertible Loan Note holders and 2,371,100 ordinary shares were allocated to Trade Creditors.

### Share Premium

	£
At 1 January 2013	6,455,018
Shares issued in year	-
At 31 December 2013	6,455,018
Shares issued in period	-
At 31 March 2015	<b>6,455,018</b>

# Iberian Gold Plc

## Notes to the Financial Statements (continued)

### Warrants

All warrants expired/lapsed in 2014. There were no warrants issued or granted in the 15 month period to 31 March 2015.

A reconciliation of warrants deemed share based payments over the period to 31 March 2015 is shown below.

	Number	Warrant Price
Outstanding as at 1 January 2012	28,475,000	1p
Granted	-	-
Expired/Lapsed	-	-
Exercised	-	-
Outstanding at 31 December 2013	<u>28,475,000</u>	<u>1p</u>
Outstanding as at 1 January 2014	28,475,000	1p
Granted	-	-
Expired/Lapsed	(28,475,000)	1p
Exercised	-	-
Outstanding at 31 March 2015	<u>-</u>	<u>-</u>

The total fair value has resulted in a charge to the income statement for the period ended 31 March 2015 of £nil (2013: £nil).

The Deferred shares are non-voting and are not entitled to any participation in the profits or the assets of the Company. It is intended that a Court application be made to cancel the deferred shares in due course.

### 7. Other Reserves

	Share Warrant Reserve	Borrowing Reserve	Total
	£	£	£
At 1 January 2014	65,493	120,404	185,897
Transfer to Retained Earnings	<u>(65,493)</u>	<u>(120,404)</u>	<u>(185,897)</u>
At 31 March 2015	<u>-</u>	<u>-</u>	<u>-</u>



# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

### 8. Convertible Loan Stock

The Company's Convertible Loan Stock matured during the year. Certain Loan Notes were converted during the period; as at 31 March 2015 the relevant shares had been allocated and have subsequently been allotted.

	31 March 2015	31 December 2013
	£	£
Principal amount of Loan Notes	-	207,500
Additional loan notes issued	-	60,000
Re-allocation of deemed equity component	-	(120,404)
Liability component on initial recognition	-	147,096
Charged in 2010	-	10,967
Charged in 2011	-	24,516
Released in 2012	-	(7,500)
Charged in 2012	-	30,738
Charged in 2013	-	38,329
Liability component at 31 December	-	244,146
Being:		
Current Liability	-	244,146
Non-current Liabilities	-	244,146

The carrying value of the convertible instrument is presumed to be the fair value at the Balance Sheet date.

### 9. Convertible Bonds

During the year holders of Convertible Bonds agreed to exchange their Bonds for ordinary shares; as at 31 March 2015 the shares had been allocated and have subsequently been allotted.

The balance of the bonds in the balance sheet is calculated as follows:

	31 March 2015	31 December 2013
	£	£
Principal amount of bond	-	300,000
Re-allocation of deemed equity component	-	-
Liability component on initial recognition	-	300,000
Finance charge on initial recognition	-	170,961
Revaluation at 31 December 2012		5,129
New issue during 2012		9,000
Fair value adjustment		(129,372)
Liability component at 31 March	-	355,718
Being:		
Current Liability	-	355,718
Non-current Liabilities	-	-
	-	355,718

The carrying value of the convertible instrument is presumed to be the fair value at the Balance Sheet date.

# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

### 11. Trade and other payables

	31 March 2015 £	31 December 2013 £
<b>Current</b>		
Loans	61,297	61,297
Trade payables	18,591	514,407
Accruals	3,500	108,439
	<u>83,388</u>	<u>684,143</u>

### Capital commitments

There were no capital commitments authorised by the Directors or contracted for at 31 March 2015 (31 December 2013: £ nil).

### 12. Related party transactions

The Company has not entered into any such transactions during the year under review.

### 13. Treasury policy and financial instruments

The Company operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The board approves all decision on treasury policy.

The Company has financed its activities by the raising of funds through the placing of shares together with warrants. There are no material differences between the book value and fair value of the financial assets.

The risks arising from the Company's financial instruments are liquidity and interest rate risk. The Directors review and agree policies for managing these risks and they are summarised below:

#### *Liquidity and interest rate risk*

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by the close control of the Directors of Iberian Gold Plc in the day to day management of liquid resources. Cash is invested in deposit accounts which provide a modest return on the Company's resources whilst ensuring there is limited risk of loss to the Company.

There is no difference between the book values and fair values of the financial instruments in the current year or prior year.

#### *Capital Risk Management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

#### *Fair Value Estimation*

The carrying value less impairment provision of current receivables and payables is assumed to be their fair value.

# Iberian Gold Plc

## Notes to the Financial Statements *(continued)*

### 14. Post Balance Sheet Events

There have been no events since the balance sheet date of a material nature.

### 15. Controlling Party

The Directors believe that there is no controlling party as at 31 March 2015.