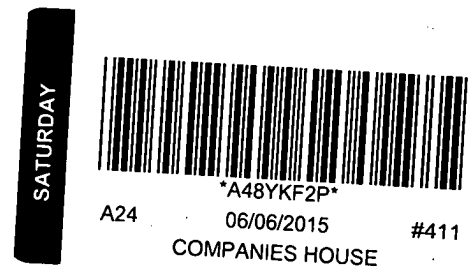


WELSH GOLD PLC
FINANCIAL STATEMENTS
31 DECEMBER 2014



FRANCIS GRAY
Chartered Accountants & Statutory Auditor
Ty Madog
32 Queens Road
Aberystwyth
Ceredigion, SY23 2HN

WELSH GOLD PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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WELSH GOLD PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R Phelps
J Phelps
N Smythe

Company secretary

R Phelps

Registered office

First Floor 3A
St Kildas Road
Harrow
Middlesex
HA1 1QD

Auditor

Francis Gray
Chartered Accountants
& Statutory Auditor
Ty Madog
32 Queens Road
Aberystwyth
Ceredigion, SY23 2HN

Bankers

Barclays Bank plc
Willesden & Nottingham Group
PO Box 3750
London
NW10 6AQ

WELSH GOLD PLC
CHAIRMAN'S STATEMENT
YEAR ENDED 31 DECEMBER 2014

The assets of the Company, in respect of trading, within Welsh Gold plc, have been liquidated, with the exception of shares in Galantas Gold Corporation.

The shares of Galantas have been depressed during the period. Planning delays, which were out of Galantas' control, now appear to be resolved. The Galantas share price has been recently improving, compared to that used for valuation in the accounts and a positive planning determination may have the impact of a further re-rating of market value. For that reason, a share sale has been further held back to maximise shareholder return.

I have previously expressed my willingness to assist in the purchase of Galantas shares at a date when the maximum value can be accreted for the benefit of Welsh Gold plc shareholders, subject to any regulatory matters and I confirm that this is still the case today.

If matters proceed satisfactorily, these accounts will be the last prepared, the upcoming AGM will be the last held and disbursements to shareholders will be made accordingly.

Roland Phelps C.Eng MIMMM

Cadeirydd/Chairman

2nd April 2015

WELSH GOLD PLC
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company in previous years was jewellery manufacture and retail sales. The company has not traded during the year.

Following several years of inactivity, and the dissolution of the company's subsidiaries in 2010 it continues to be the intention to wind up the activities of Welsh Gold plc during the forthcoming year. There has been no trading activity during the year. A more detailed review of the company is presented in the Chairman's Statement.

RESULTS AND DIVIDENDS

The loss for the year amounted to £7,106. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 7 to the accounts.

DIRECTORS

The directors who served the company during the year were as follows:

R Phelps
J Phelps
N Smythe

POLICY ON THE PAYMENT OF CREDITORS

Welsh Gold plc has no fixed payment policy but adhere to such terms as are agreed upon as and when contracts are entered into with suppliers.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

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 UK Accounting Standards 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.

WELSH GOLD PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

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.

AUDITOR

Francis Gray are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
First Floor 3A
St Kildas Road
Harrow
Middlesex
HA1 1QD

Signed by order of the directors



R Phelps
Company Secretary

Approved by the directors on 2 April 2015

WELSH GOLD PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSH GOLD PLC

YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Welsh Gold plc for the year ended 31 December 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the Annual Report, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WELSH GOLD PLC

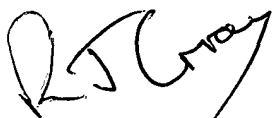
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSH GOLD PLC *(continued)*

YEAR ENDED 31 DECEMBER 2014

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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



ROBERT GRAY (Senior Statutory Auditor)
For and on behalf of
FRANCIS GRAY
Chartered Accountants & Statutory Auditor

Ty Madog
32 Queens Road
Aberystwyth
Ceredigion, SY23 2HN

.....2/4/15

WELSH GOLD PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
TURNOVER		–	–
Administrative expenses		<u>8,097</u>	<u>7,702</u>
OPERATING LOSS	2	(8,097)	(7,702)
Interest receivable		991	1,065
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(7,106)</u>	<u>(6,637)</u>
Tax on loss on ordinary activities		–	–
LOSS FOR THE FINANCIAL YEAR		<u>(7,106)</u>	<u>(6,637)</u>
Balance brought forward		<u>(1,489,864)</u>	<u>(1,483,227)</u>
Balance carried forward		<u>(1,496,970)</u>	<u>(1,489,864)</u>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 16 form part of these financial statements.

WELSH GOLD PLC
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
Loss for the financial year attributable to the shareholders	(7,106)	(6,637)
Unrealised loss on revaluation of: Investments brought forward	<u>(8,889)</u>	<u>(113,685)</u>
Total gains and losses recognised since the last annual report	<u>(15,995)</u>	<u>(120,322)</u>

The notes on pages 11 to 16 form part of these financial statements.

WELSH GOLD PLC

BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Investments	4	<u>55,059</u>	<u>63,948</u>
CURRENT ASSETS			
Debtors	5	84	306
Cash at bank		<u>552,517</u>	<u>559,201</u>
		552,601	559,507
CREDITORS: Amounts falling due within one year	6	<u>10,410</u>	<u>10,210</u>
NET CURRENT ASSETS		<u>542,191</u>	<u>549,297</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>597,250</u>	<u>613,245</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	1,128,175	1,128,175
Share premium account	10	960,986	960,986
Revaluation reserve	11	5,059	13,948
Profit and loss account		<u>(1,496,970)</u>	<u>(1,489,864)</u>
SHAREHOLDERS' FUNDS	12	<u>597,250</u>	<u>613,245</u>

These accounts were approved by the directors and authorised for issue on 2 April 2015, and are signed on their behalf by:



R Phelps
Director

Company Registration Number: 02933551

The notes on pages 11 to 16 form part of these financial statements.

WELSH GOLD PLC
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(7,675)	(7,776)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	13	991	1,065
DECREASE IN CASH		<u>(6,684)</u>	<u>(6,711)</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
		2014 £	2013 £
Operating loss		(8,097)	(7,702)
Decrease/(increase) in debtors		222	(74)
Increase in creditors		200	—
Net cash outflow from operating activities		<u>(7,675)</u>	<u>(7,776)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2014 £	2013 £
Decrease in cash in the period		<u>(6,684)</u>	<u>(6,711)</u>
Movement in net funds in the period		<u>(6,684)</u>	<u>(6,711)</u>
Net funds at 1 January 2014	14	<u>559,201</u>	<u>565,912</u>
Net funds at 31 December 2014	14	<u>552,517</u>	<u>559,201</u>

The notes on pages 11 to 16 form part of these financial statements.

WELSH GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable accounting standards.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, 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.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investment is derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoice amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

WELSH GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Derivative financial instruments

The company uses a number of derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and currency fluctuation risk. Such derivative financial instruments are always stated at their fair value.

For derivatives that do not qualify for hedge accounting (see below), any gains or losses arising from changes in fair value are taken directly to the profit and loss account.

Embedded derivatives are separated from their host contract and are recorded immediately in the profit and loss account when their economic characteristics and risks are not closely related to the host contract and the hybrid instrument itself is not measured at fair value.

Hedging

The company designates certain risks being hedged into three types:

- fair value hedges;
- cash flow hedges; and
- hedge of a net investment in a foreign entity.

In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the profit and loss account.

In relation to cash flow hedges, designed to hedge the exposure to variability in future cash flows relating to firm commitments or highly probable forecasted transactions, the portion of the gain or loss on the hedging instrument, which meets the conditions for special hedge accounting, is recognised directly in equity. Deferred gains and losses are released to the profit and loss account when the forecasted transactions occur.

An ineffective portion of the hedge is always recognised immediately in the profit and loss account.

The hedge of a net investment in a foreign entity is accounted for as a cash flow hedge with foreign exchange differences recognised directly in equity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the profit and loss account. Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, 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.

WELSH GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

2. OPERATING LOSS

Operating loss is stated after charging:

	2014	2013
	£	£
Directors' remuneration	—	—
Auditor's remuneration	<u>2,200</u>	<u>2,200</u>
	2014	2013
	£	£
Auditor's remuneration - audit of the financial statements	<u>2,200</u>	<u>2,200</u>

3. PARTICULARS OF EMPLOYEES

There were no employees during the year apart from the directors.

4. INVESTMENTS

	Total
	£
COST OR VALUATION	
At 1 January 2014	63,948
Revaluations	<u>(8,889)</u>
At 31 December 2014	<u>55,059</u>
NET BOOK VALUE	
At 31 December 2014	<u>55,059</u>
At 31 December 2013	<u>63,948</u>

WELSH GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

4. INVESTMENTS *(continued)*

As at 31 December 2014 the company held 1,421,067 shares in Galantas Gold Corporation, incorporated in Canada. Galantas Gold Corporation is a public company dual traded on the TSX Venture Exchange located in Toronto and also London's AIM. At the reporting date Galantas Gold Corporation had 76,697,156 issued shares. The shares have been valued at their market value of 3.87 GBp per share as at 31 December 2014. The revaluation of the shares from their original cost of £50,000 has been taken to the revaluation reserve (31 December 2014 - £8,888.78).

The shares have been revalued as follows:

	2014 £	2013 £
Historical cost	50,000	50,000
Revaluation 2003-2006	909,221	909,221
Revaluation 2007	(355,627)	(355,627)
Revaluation 2008	(425,961)	(425,961)
Revaluation 2009	6,746	6,746
Revaluation 2010	57,202	57,202
Revaluation 2011	49,738	49,738
Revaluation 2012	(113,686)	(113,686)
Revaluation 2013	(113,685)	(113,685)
Revaluation 2014	(8,889)	
	<u>55,059</u>	<u>63,948</u>

5. DEBTORS

	2014 £	2013 £
Other debtors	<u>84</u>	<u>306</u>

6. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Directors current accounts	8,210	8,210
Accruals and deferred income	<u>2,200</u>	<u>2,000</u>
	<u>10,410</u>	<u>10,210</u>

WELSH GOLD PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Fair values of financial assets and liabilities

Assets are stated at cost or valuation.

Hedging activities

The company does not undertake any hedging activities.

8. RELATED PARTY TRANSACTIONS

The company was under the control of Mr Roland Phelps throughout the current and previous year. Mr Roland Phelps is the Managing Director and Chairman.

The Chairman Mr Roland Phelps is also a director of Galantas Gold Corporation, a company in which Welsh Gold plc has a large investment of shares.

9. SHARE CAPITAL

Authorised share capital:

	2014 £	2013 £
25,000,000 Ordinary shares of £0.10 each	<u>2,500,000</u>	<u>2,500,000</u>

WELSH GOLD PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

9. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £0.10 each	<u>11,281,750</u>	<u>1,128,175</u>	<u>11,281,750</u>	<u>1,128,175</u>

10. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

11. REVALUATION RESERVE

	2014	2013
	£	£
Balance brought forward	13,948	127,633
Revaluation of fixed assets	(8,889)	(113,685)
Balance carried forward	<u>5,059</u>	<u>13,948</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Loss for the financial year	(7,106)	(6,637)
Other net recognised gains and losses	(8,889)	(113,685)
Net reduction to shareholders' funds	(15,995)	(120,322)
Opening shareholders' funds	<u>613,245</u>	<u>733,567</u>
Closing shareholders' funds	<u>597,250</u>	<u>613,245</u>

13. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014	2013
	£	£
Interest received	<u>991</u>	<u>1,065</u>
Net cash inflow from returns on investments and servicing of finance	<u>991</u>	<u>1,065</u>

14. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2014	Cash flows	At 31 Dec 2014
	£	£	£
Net cash:			
Cash in hand and at bank	<u>559,201</u>	<u>(6,684)</u>	<u>552,517</u>
Net funds	<u>559,201</u>	<u>(6,684)</u>	<u>552,517</u>

WELSH GOLD PLC
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2014

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 5 to 6.

WELSH GOLD PLC
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
OVERHEADS		
Administrative expenses	<u>8,097</u>	<u>7,702</u>
OPERATING LOSS	(8,097)	(7,702)
Bank interest receivable	<u>991</u>	<u>1,065</u>
LOSS ON ORDINARY ACTIVITIES	<u>(7,106)</u>	<u>(6,637)</u>

WELSH GOLD PLC

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

	2014		2013
	£	£	£
ADMINISTRATIVE EXPENSES			
General expenses			
Computer & website costs	100		194
Legal and professional fees	5,560		5,278
Auditors remuneration	<u>2,400</u>		<u>2,200</u>
		8,060	<u>7,672</u>
Financial costs			
Bank charges		37	30
		<u>8,097</u>	<u>7,702</u>
INTEREST RECEIVABLE			
Bank interest receivable		991	<u>1,065</u>