

Multiplex Resources (Kazakhstan) Limited

Company Number 03773661

Annual Report and Financial Statements For The Year Ended
30 September 2014

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Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

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Directors

The directors of the company who were in office during the year were:

Antony William Paul Sage	(appointed 21 March 2014)
Fabio Sampaio Masotti	(resigned 21 March 2014)
José Anselmo Arielo	(resigned 21 March 2014)
Joe Ariti	(resigned 8 November 2013)

The sole director at the date of signing the financial statements was Antony William Paul Sage.

Registered office

Third Floor One London Square, Cross Lanes, Guildford, Surrey, GU1 1UN

Company Number

03773661

Independent Auditors

Lubbock Fine
Chartered Accountants and Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Director's report for the year ended 30 September 2014

The director presents his report and the audited financial statements of the company for the year ended 30 September 2014.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year.

The company's loss for the financial year is US \$403,982 (2013: US \$13,053,580).

The director did not propose the payment of a dividend (2013: nil).

Principal activities

The company's principal activity is the exploration and evaluation of mineral resources. There has been no change in the company's principal activities in the year under review.

Business review, key performance indicators and future developments

On 20th March 2014 a share sale agreement was executed between Vale International SA (Vale) and Danae Resources Pty Ltd ("Danae") where all of Vales' shares in the company were transferred to Danae. Effective from the agreement date, Danae is the sole shareholder of the company.

As agreed in the above noted share sale agreement, the company is reliant on the sole shareholder Danae for funding in order to fund its working capital and future obligations with respect to restoration activities. The company's ultimate parent, Cape Lambert Resources Limited has offered to support the company and the sole director remains confident that additional funding will be obtained in order to meet the company's funding obligations.

Principal risks and uncertainties

At the balance sheet date, the company was a subsidiary of Danae. The reporting of risks and uncertainties is undertaken at a group level and discussed in the group's annual report (see note 16).

Directors

The directors who served during the year are set out below.

Antony William Paul Sage	(appointed 21 March 2014)
Fabio Sampaio Masotti	(appointed 30 April 2009, resigned 21 March 2014)
José Anselmo Arielo	(appointed 2 July 2008, resigned 21 March 2014)
Joe Ariti	(appointed 26 June 2009, resigned 08 November 2013)

The sole director at the date of signing the financial statements was Antony William Paul Sage.

No director held any interest in the share capital of the company at any time during the year.

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law, the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Disclosure of information to auditors

The sole director in office at the date of approval of this report confirms that:

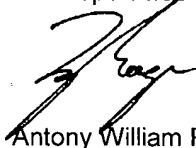
- so far as the director is aware there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that the company's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

Auditors

Lubbock Fine were appointed as auditors on 23 March 2015. Under section 487(2) of the Companies Act 2006, Lubbock Fine will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, which ever is earlier.

In preparing this report, the director has taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Antony William Paul Sage
Director

Date: 21 January 2016

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Independent Auditor's Report to the Shareholders of Multiplex Resources (Kazakhstan) Limited

We have audited the financial statements of Multiplex Resources (Kazakhstan) Limited for the year ended 30 September 2014. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Director's Responsibilities Statement, the director is 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. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 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.

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because of inadequacies in the accounting records of the company in relation to debtors, the share premium account, the capital contribution account and the profit and loss account including the movement in the profit and loss account during the year.

As a result of the above, we are unable to conclude in respect of the existence and recoverability of debtors, and the accuracy of each of the share premium account, capital contribution account and the profit and loss account.

Due to the inadequacies of the accounting records we are unable to quantify the effect of any potential adjustments.

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Disclaimer of opinion on financial statements

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Emphasis of matter - Going Concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. There is a material uncertainty as to whether this support will continue to be provided which may cast a significant doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Matters on which we are required to report on exception

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;
- we were unable to determine whether adequate accounting records have been kept; and
- returns adequate for our audit have not been received from branches not visited by us.

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:

- 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.



Stephen Banks (Senior Statutory Auditor)

For and on behalf of

Lubbock Fine

Chartered Accountants
& Statutory Auditor

Date: 12 January 2016

Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Profit and Loss Account for the year ended 30 September

	Note	2014 US\$	2013 US\$ (restated)
Administrative expenses		(403,982)	(446,332)
Impairment of intangible assets		-	(11,953,830)
Recognition of closure provision		-	(245,568)
Withholding tax		-	(407,850)
Operating loss	3	<u>(403,982)</u>	<u>(13,053,580)</u>
Interest payable and similar charges		-	-
Loss on ordinary activities before taxation		<u>(403,982)</u>	<u>(13,053,580)</u>
Tax on loss on ordinary activities		-	-
Loss for the financial year		<u>(403,982)</u>	<u>(13,053,580)</u>

The notes on pages 9 to 15 form part of these financial statements.

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Statement of total recognised gains and losses for the year ended 30 September

	2014 US\$	2013 US\$ (restated)
Loss for the financial year attributable to the shareholders	(403,982)	(13,053,580)
Total recognised gains and losses relating to the year	<u>(403,982)</u>	<u>(13,053,580)</u>
Prior year adjustment (see note 5)	28,900	-
Total gains and losses recognised since the last annual report	<u>(375,082)</u>	<u>(13,053,580)</u>

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Balance Sheet as at 30 September

	Note	2014 US\$	2013 US\$ (restated)
Intangible Fixed assets	6	-	-
Property, plant and equipment	7	311	-
Total non-current assets		311	-
Current assets			
Cash at bank and in hand	8	2,021	222,165
Debtors	9	59,755	-
Total current assets		61,776	222,165
Creditors: amounts falling due within one year	10	(26,259)	(555,866)
Closure provision	11	(212,162)	(245,568)
Net current liabilities		(176,645)	(579,269)
Total assets less current liabilities		(176,334)	(579,269)
Capital and Reserves			
Called up Share Capital	12	79	79
Share premium account	13	6,104,645	6,104,645
Capital contribution account	13	11,078,825	10,271,908
Profit and loss account	13	(17,359,883)	(16,955,901)
Total shareholders' funds		(176,334)	(579,269)

The notes on pages 9 to 15 form part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of Multiplex Resources (Kazakhstan) Limited, registration number 03773661, were approved by the Board of Directors and were signed on its behalf by:



Antony William Paul Sage
Director

Date: 21 January 2016

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Notes to the financial statements

1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The principal accounting policies, which have been applied consistently throughout the year are set out below.

Going concern

The financial statements have been prepared on the going concern basis. In reaching his conclusion that it is appropriate to prepare the financial statements on this basis, the director has considered the matters below.

On 3rd May, 2013:

- to terminate exploration activities on the project, and
- to start the process of cancellation of the Subsoil Use Contract with the Kazakhstani Government, and
- to complete its obligations in relation to the rehabilitation of the site, disposal of core, samples and other physical assets, and
- to report all technical data to the government as required by its contract obligations; and
- to close the Almaty Branch Office; and then
- to wind up the company.

In relation to these obligations, the company has informed the relevant Kazakhstani agencies and ministries of the board's decision (letters registered 23rd and 24th May, 2013), and it has prepared a draft technical program for the necessary liquidation of activities completed on and around the Vostok prospects/deposits.

These rehabilitation works will be completed in accord with the requirements of the Subsoil Use Contract and the company expects that the completion of these works will take a considerable time and require significant on-going expenditures.

The final scope of these works will only be known after approval of the draft program with the Kazakhstani authorities.

The exploration data collected under the Subsoil Use Contract since 2003 will then be handed to the state, as required by legislation in Kazakhstan, and the branch in Kazakhstan, that operated the Vostok Copper Project since its inception in 2003, will be liquidated.

The settlement of these Kazakhstani obligations will clear the way for the board to de-register the company in London.

Following the execution of the share sale agreement on 20th March 2014, MRK has secured funding commitments from Danae and Vale to ensure that all working capital needs and restoration obligations will be met by way of a signed dissolution agreement between all parties.

The company's ultimate parent, Cape Lambert Resources Limited has offered to support the company and the sole director remains confident that additional funding will be obtained in order to meet the company's funding obligations. The director recognises that there is a material uncertainty as to whether the above support will continue to be provided. Should this support not continue to be provided this will cast a significant doubt over the ability of the company to continue as a going concern.

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Accounting policies (continued)

Going concern (continued)

The accounts are prepared on a going concern basis and will continue to be prepared on a going concern basis until it is clear the company will wind up.

Foreign currency

The functional currency of the company is in US Dollars.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	- 15% on a straight line basis
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Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

Accounting policies (continued)

Exploration and evaluation expenditure

Costs arising from exploration and evaluation activities are defined as an intangible asset and are accumulated separately for each area of interest and are only carried forward where such costs are expected to be recouped through successful development, or through sale, or where exploration and evaluation activities have not, at the reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Such expenditure comprises net direct costs and an appropriate allocation of indirect expenditure. Accumulated costs in respect of areas of interest are written off in the income statement when the above criteria do not apply or when the director assesses that the carrying value may exceed the recoverable amount. Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

If it is decided to develop the area to which the intangible relates, exploration expenditure is transferred to tangible fixed assets.

Amortisation

Once production commences, carried forward expenditure in respect of an area of interest is amortised on a unit of production basis by reference to the reserves of that area of interest.

Rehabilitation costs

Where exploration and evaluation activity gives rise to a liability that meets appropriate recognition criteria, the cost is carried forward as described above. The capitalised cost is amortised upon commencement of production on a unit of production basis.

Impairment

The company determines whether the carried forward exploration, evaluation and development costs are impaired at least at each financial reporting date. This requires an estimation of the remaining reserves and mine life and assumptions about the success of the company's exploration pursuits in order to estimate the recoverable amount of the cash-generating unit.

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.

Multiplex Resources (Kazakhstan) Limited

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2. Directors and employees

The directors were not directly remunerated for their services by the company.

	30 Sept 2014 US\$	30 Sept 2013 US\$ (restated)
Staff costs consist of:		
Wages and salaries	-	443,316
Social security costs	-	24,533
	<u>-</u>	<u>467,849</u>

The average number of employees, including directors, during the year was 1 (2013 – 5):

3. Operating loss

	30 Sept 2014 US\$	30 Sept 2013 US\$ (restated)
This is arrived at after charging		
Auditors' remuneration	<u>21,110</u>	<u>56,029</u>

4. Taxation on loss on ordinary activities

	30 Sept 2014 US\$	30 Sept 2013 US\$ (restated)
Current tax charge for year	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset in respect of trading losses not utilised of US\$3,006,460 (2013: US\$5,521,153). A deferred tax asset has not been recognised as the branch is in the process of liquidation and, therefore, the losses will not be utilised in the future.

5. Prior year adjustment

A prior year adjustment has been made to correct the recognition of accruals in the prior year which should have been reversed in the year ended 30 September 2012. The effect of the adjustment has been to reduce the creditor balance by \$28,900 and to increase the profit and loss account balance carried forward by £28,900 at both 1 October 2012 and 30 September 2013.

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

6. Intangible fixed assets

	Exploration and evaluation expenditure US\$ (restated)
Cost	
At 1 October 2013 and 30 September 2014	<u>11,953,830</u>
Impairment	
At 1 October 2013 and 30 September 2014	<u>11,953,830</u>
Net Book Value	
At 31 September 2014	<u>-</u>
At 31 September 2013	<u>-</u>

On 3rd of May 2013, a decision through a board resolution to wind up the branch was made which resulted in an impairment of US\$11,953,830.

7. Tangible fixed assets

	Office equipment US\$ (restated)
Cost	
Additions	<u>771</u>
At 30 September 2014	<u>771</u>
Depreciation	
Charge for the year	<u>460</u>
At 30 September 2014	<u>460</u>
Net Book Value	
At 31 September 2014	<u>311</u>
At 31 September 2013	<u>-</u>

8. Cash at bank and in hand

	30 Sept 2014 US\$	30 Sept 2013 US\$ (restated)
Cash at bank and in hand	<u>2,021</u>	<u>222,165</u>

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

9. Debtors

	30 Sept 2014 US\$	30 Sept 2013 US\$
Other debtors	59,755	-

10. Creditors: amounts falling due within one year

	30 Sept 2014 US\$	30 Sept 2013 US\$ (restated)
Trade creditors	5,149	12,750
Accruals	21,110	113,266
Withholding tax payable	-	407,850
Unused leave	-	22,000
	26,259	555,866

During the closure of the Kazakh branch, payroll and withholding taxes amounting to US\$407,850 were identified as having been underpaid over a period of several years. These amounts were subsequently paid to the Kazakh Government in December 2013.

11. Provisions

	30 Sept 2014 US\$	30 Sept 2013 US\$
Brought forward at 1 October 2013	245,568	-
Provision made in the period	-	245,568
Movement in year due to FX variations	(32,956)	-
	212,162	245,568

12. Called up share capital

	30 Sept 2014 Number	Allotted and fully paid 30 Sept 2013 Number	30 Sept 2014 US\$	30 Sept 2013 US\$
Ordinary class A shares of £1 each	6	6	12	12
Ordinary class B shares of £1 each	34	34	67	67
	40	40	79	79

13. Reserves

	Share premium account US\$	Capital contribution account US\$	Profit and loss account (restated) US\$
Balance brought forward as previously reported	6,104,645	10,271,908	(16,984,801)
Prior year adjustment (note 5)	-	-	28,900
Restated balance as at 1 September 2013	6,104,645	10,271,908	(16,955,901)
Capital contributions	-	806,917	-
Loss for the year	-	-	(403,982)
At 30 September 2014	6,104,645	11,078,825	(17,359,883)

Multiplex Resources (Kazakhstan) Limited

Annual report and financial statements for the year ended 30 September 2014

14. Reconciliation of movements in shareholders' deficit

	30 Sept 2014	30 Sept 2013 (restated)
	US\$	US\$
Loss for the financial year	(403,982)	(13,053,580)
Capital contributions	806,917	1,424,399
Net increase (reduction) to shareholders' funds	<u>402,935</u>	<u>(11,629,181)</u>
Shareholders' funds at start of year as previously reported	(579,269)	11,021,012
Prior year adjustment	-	28,900
Shareholders' funds at end of year	<u>(176,334)</u>	<u>(579,269)</u>

15. Transactions with related parties

During the year VALE International SA, a company which owned 15% of the share capital of the company until March 2014, contributed \$767,388 (2013 - \$1,424,399) through transfer of cash and payment of purchase invoices on behalf of the company, to fund branch operations in Kazakhstan. This was recognised as capital contributions.

VALE International SA charged the company CHF 6,140 (2013 - CHF 12,279) for accounting services provided in the year.

Danae Resources Pty Limited, the parent company, contributed \$39,529 (2013 - \$nil) through transfer of cash and payment of purchase invoices on behalf of the company, to fund branch operations in Kazakhstan. This was recognised as share premium.

Mineral Securities (UK) Ltd, the parent company of Danae Resources Pty Limited charged the company £15,000 (2013 - £30,000) for accounting services provided in the year.

16. Parent undertaking

The company's immediate parent company is Danae Resources Pty Limited, a company registered in Australia. The company's ultimate parent undertaking is Cape Lambert Resources Limited, a company registered in Australia.

Cape Lambert Resources Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Cape Lambert Resources Limited are available from the company's registered office at 32 Harrogate Street, West Leederville, Western Australia, 6004.