Registration number 05294388 (England and Wales)

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

FOR

KALAHARI MINERALS LIMITED

KALAHARI MINERALS LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

KALAHARI MINERALS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

COUNTRY OF INCORPORATION:	England and Wales
DIRECTORS:	Chen De Shao (Chairman) Cui Bin
SECRETARIES:	CETC (Nominees) Limited
REGISTERED OFFICE:	Level 1B 38 Jermyn Street London SW1Y 6DN
REGISTERED NUMBER:	05294388
AUDITORS:	Deloitte LLP 2 New Street Square EC4A 3BZ

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report with the financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2013. The company has taken advantage of the exemption available to small companies in Part 15 of the Companies Act 2006 by not including a strategic review

REVIEW OF THE BUSINESS

The function of the business review is to provide a balanced and comprehensive review of the Group's and Company's performance and development during the year and its position at the year end. The review also covers the principal risks and uncertainties faced by the Group.

The results for the year and financial position of the Group and Company are as shown in the annexed financial statements.

The principal activity of the Group and Company, until structural and reorganisation changes effective from 8 March 2013, was the holding of strategic interests in a number of other significant base metal assets, as well as minerals exploration and development. These changes are detailed in the investments note.

The Group had primarily focussed on the future development of associate Extract Resources Proprietary Limited's world class Husab Uranium Project in Nambia. On 8 November 2012 a key milestone in the development of the Husab Uranium Project was achieved with the signing of the Engineering, Procurement and Construction Management (EPCM) agreement with two prominent leading industry engineering companies. The official ground breaking ceremony took place on 18 April 2013. The Group has provided loans both to its parent and the mine development subsidiary in Namibia.

The Group's immediate parent company since 3 February 2012 is Taurus Mineral Limited, and its ultimate parent company and ultimate controlling party was China General Nuclear Power Corporation (CGN, formerly CGNPC) a state owned company incorporated in China.

PRINCIPAL RISKS AND UNCERTAINTIES

Following the structural and organisational changes in the early part of the year the Group's exposure to business risks reflects its reduced direct activity in minerals exploration and development. The risks and uncertainties applicable during the year are as follows.

Liquidity risk

The Group manages its cash and borrowing requirements centrally to maximise interest and investment income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its business.

Interest rate risk

The Group and Company earn interest on its cash and cash equivalents, consequently the Group and Company are exposed to cash flow interest rate risk on its financial assets which earn interest based on variable interest rates. To mitigate this risk the cash balances maintained by the Group and Company are proactively managed in order to ensure that the maximum level of interest is received for the available funds but without affecting the working capital flexibility the Group and Company require.

Strategic risk

The Group and Company now forms part of a larger group of companies with interests in various aspects of uranium exploration, development, production and marketing. Strategic aspects are reviewed on a global basis by the ultimate parent company and ultimate controlling party, CGN.

Commercial risk

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered by the Group or its strategic partners', a profitable market will exist for the sale of such minerals. There can be no assurance that the quality of the minerals of its strategic partners' can be mined at a profit. Factors beyond the control of the Group and its strategic partners' may affect the marketability of any minerals discovered. Mineral prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

improved mining and production methods. Ultimately, the Group and its strategic partners' expect that all projects will be the subject of sufficient feasibility analysis to ensure a reasonable level of confidence appropriate to the circumstances under consideration.

Operational risk

Mining operations are subject to hazards normally encountered in exploration, development and production. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Group's strategic partners' operations and financial results. The Group will monitor its strategic partners' development and maintenance of policies appropriate to the stage of development of its various projects and interests.

Staffing and Key Personnel Risks

Recruiting and retaining qualified personnel is critical to the Group's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. While the Group has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities. Adverse changes in such legislation may have a material adverse effect on the Group's business, results of operations and financial condition. Staff are encouraged to discuss with Management matters of interest to the employees and subjects affecting day-to-day operations of the Group.

Speculative Nature of Mineral Exploration and Development

Development of the Group's strategic partners' mineral exploration properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when properties are in the exploration phase as opposed to the development phase. Extract Resources Proprietary Limited's subsidiary, Swakop Uranium (Proprietary) Limited has in October 2012 started the development of its Husab project, therefore decreasing the risk associated with exploration.
The discovery of mineral deposits is dependent upon a number of factors including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, including the size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, several years can elapse from the initial phase of drilling until commercial operations are commenced.

Political Stability
The Group's strategic partners' projects in Namibia may be subject to the effect of political changes, war and civil conflict, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. These changes (which may include new or modified taxes or other government levies as well as other legislation) may impact on the profitability and viability of properties.

Uninsurable Risks

The Group may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, such as in amounts, which exceed policy limits.

Security of Tenure

The Group will investigate the rights to explore and extract minerals from its strategic partners' material properties and, to the best of its knowledge, those rights are expected to be in good standing. No assurance can be given, however, that the Group and its strategic partners' will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdictions in which the Group and its strategic partners' operate will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments or other claimants. Although the Group is not currently aware of any existing title uncertainties with respect to any of its or those of its strategic partners' material properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Group's future cash flows, earnings, results of operations and financial condition.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Government Regulations
The Group's activities and those of its strategic partners' are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon the interests of indigenous people. Permits from a variety of regulatory authorities are required for many aspects of mine operations and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays, the extent of which cannot be predicted.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Group and its strategic partners' operations. Environmental and employee health and safety laws and regulations have tended to become more stringent over time. Any changes in such laws or in the environmental conditions at the Group and its strategic partners' properties could have a material adverse effect on the Group's financial condition, cash flows or results of operations.

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of licenses and the imposition of penalties. There can be no assurance that the Group has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not adversely affect the Group's business, results of operations, financial condition or prospects.

ENVIRONMENTAL RESPONSIBILITY

The Group recognises that the activities of its strategic partners' require them to have regard to the potential impact that they may have on the environment. Where exploration works are carried out, care is taken to limit the amount of disturbance and where any such works are required they are carried out as and when required.

GOING CONCERN

No material uncertainties that cast significant doubt about the ability of the Group and Company to continue as a going concern have been identified by the directors. The directors' assessment is based on the understanding that the Group manages its day to day operations with cash resources, sufficient to meet its obligations when they fall due.

CGN Uranium Resources Co. Limited (CGN-URC), which is 100% owned by CGN, has confirmed it intends to provide financial resources, where requested, for at least 12 months from the date of signing these accounts.

The directors therefore feel that, the Group and Company will have sufficient funds, taking account of reasonably expected changes in trading performance and amounts owed by other Group companies, to conclude that the Group and Company can adopt the going concern basis for the foreseeable future.

THE BOARD

The directors of the company during the period and subsequently were:

Mr Yu Zhiping (Chairman) (appointed 20 March 2012 resigned 16 January 2013)
Mr Mark A Hohnen (resigned 16 January 2013)
Mr He Zuyuan (appointed 20 March 2012 resigned 16 January 2013)
Mr Qiminig Chen (appointed 20 March 2012 and resigned 16 January 2013)
Mr Zhirong Hu (appointed 20 March 2012 resigned 16 January 2013)
Mr Jun Luo (appointed 20 March 2012 and resigned 16 January 2013)
Mr Glyn Tonge (resigned 16 February 2013)
Ms Yun Fei Jin (Chairman) (appointed 16 January 2013and resigned 15 July 2014)
Ms Qi Yu (executive director) (appointed 16 January 2013 and resigned 15 September 2014
Mr Chen De Shao (appointed 15 July 2014)
Mr Cui Bin (appointed 15 July 2014)

No director had any interest in the ordinary shares of the company at 31 December 2013.
There were no contracts existing during, or at the end of the year, in which a Director was or is materially interested.

The Board ordinarily meets as and when required, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. These include the approval of the budget and business plan, major capital or investment expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to the Board meetings. The Board delegates certain responsibilities to Board committees, which have terms of reference as listed below.

All Directors have access to the advice of the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

EMPLOYEES

Staff numbers (excluding Directors) were 1 (2012: 3) employees.

DIVIDENDS

Dividend declared and paid to the parent company during the year was £636,199,660 which was in the form of a dividend in specie (2012: £nil).

POLICY ON PAYMENT OF CREDITORS

The Group and Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that the suppliers are aware of the terms of payment and to abide by them. The Group and Company settle its trade payables in accordance with this policy. Trade creditor days for the Group is 7 days (2012: 4 days).

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year, the Group made no charitable or political contributions (2012: £nil).

FINANCIAL INSTRUMENTS

The Group's use of financial instruments is described in Note 14.

EVENTS AFTER THE REPORTING DATE

Please refer to Note 18 of the financial statements.

DIRECTORS' INDEMNITY

The Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought by third parties expired on 3 December 2012 and has not been renewed.

AUDITORS

Each of the persons who is a director 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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Chen De Shao – (Director)

Date: 19 December 2014

KALAHARI MINERALS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KALAHARI MINERALS LIMITED

We have audited the financial statements of Kalahari Minerals Limited for the year ended 31 December 2013, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS), 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 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in Directors' Responsibilities Statement, 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 (APB'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 report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report.

Christopher Thomas, (senior statutory auditor)
For and on behalf of Deloitte LLP
London, United Kingdom

19 December 2014

KALAHARI MINERALS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
Administrative expenses		**(522)**	(2,536)
OPERATING LOSS	4	(522)	(2,536)
Finance income	3	**246**	261
Share of operating loss of associated undertakings	7	**(467)**	(12,735)
Impairment on investment in associate undertakings	7	**-**	(1,660)
Loss on deemed disposal of associated undertakings		**-**	(150)
Net gain on disposal of investments	7	**548,328**	-
PROFIT/(LOSS) BEFORE TAXTION		**547,585**	(16,820)
Tax expense	5	**(9)**	-
PROFIT/(LOSS) FOR THE YEAR		**547,576**	(16,820)
OTHER COMPREHENSIVE INCOME			
Exchange gains and losses arising on translation of foreign operations		**(10,746)**	(709)
Share of associates other comprehensive profit/(loss)		**3,842**	(261)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT		**540,672**	(17,790)

All results related to continuing operations.
The notes on pages 17 to 37 form an integral part of these financial statements.

KALAHARI MINERALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	6	**168**	220
Investments in associated undertakings	7	-	95,042
Other receiveables	9	**20,808**	-
Total non-current assets		**20,976**	95,262
CURRENT ASSETS			
Trade and other receivables	9	**143**	92
Cash and cash equivalents	10	**3,851**	25,155
Total current assets		**3,994**	25,247
TOTAL ASSETS		**24,970**	120,509
CURRENT LIABILITIES			
Trade and other payables	11	**(55)**	(67)
TOTAL LIABILITIES		**(55)**	(67)
NET ASSETS		**24,915**	120,442
CAPITAL AND EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	12,13	**472**	2,672
Share premium	13	**24,664**	130,920
Other reserves	13	-	(3,842)
Foreign exchange reserve	13	**(95)**	10,651
Merger reserves	13	-	29,440
Retained (deficit)	13	**(126)**	(49,399)
TOTAL EQUITY		**24,915**	120,442

The financial statements were approved by the Board and authorised for issue on 31 October 2014 and were signed on its behalf by:

Chen De Shao - Director

Date 19 December 2014

The notes on pages 17 to 37 form an integral part of these financial statements.

KALAHARI MINERALS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	6	-	2
Investments	8	-	-
Amounts owed by other CGN Group companies	9	21,165	357
Total non-current assets		21,165	359
CURRENT ASSETS			
Other receivables	9	140	80
Cash and cash equivalents	10	3,810	25,124
Total current assets		3,950	25,204
TOTAL ASSETS		25,115	25,563
CURRENT LIABILITIES			
Trade and other payables	11	(46)	(50)
TOTAL LIABILITIES		(46)	(50)
NET ASSETS		25,069	25,513
CAPITAL AND EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	12,13	472	2,672
Share premium	13	24,664	130,920
Merger reserves	13	-	29,440
Retained (deficit)	13	(67)	(137,519)
TOTAL EQUITY		25,069	25,513

The financial statements of Kalahari Minerals Limited (Company number 5294388) were approved by the Board and authorised for issue on 31 October 2014 and were signed on its behalf by:

....

Chen De Shao

Date 19 December 2014

The notes on pages 17 to 37 form an integral part of these financial statements.

KALAHARI MINERALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £'000	Share premium £'000	Share option & warrant reserve £'000	Other reserve** £'000	Foreign exchange reserve £'000	Merger reserve £'000	Retained deficit £'000	Total £'000
PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013								
As at 1 January 2013	2,672	130,920	-	(3,842)	10,651	29,440	(49,399)	120,442
Total comprehensive income for the year	-	-	-	3,842	(10,746)	-	547,576	540,672
Restructuring (Note 7)	(2,200)	(106,256)	-	-	-	(29,440)	137,896	-
Distribution (Note 7b and 7c)	-	-	-	-	-	-	(636,199)	(636,199)
As at 31 December 2013	472	24,664	-	-	(95)	-	(126)	24,915
PERIOD FROM 1 JANUARY 2012 TO 31 DECEMBER 2012								
As at 1 January 2012	2,508	112,114	6,088	(3,581)	11,360	29,440	(38,667)	119,262
Total comprehensive income for the year	-	-	-	(261)	(709)	-	(16,820)	(17,790)
Transfer of reserve on exercise of remaining options	-	-	(6,088)	-	-	-	6,088	-
Shares issued	164	18,806	-	-	-	-	-	18,970
As at 31 December 2012	2,672	130,920	-	(3,842)	10,651	29,440	(49,399)	120,442

**The other reserve is the Group's share of movements in other comprehensive income in associates.

The notes on pages 17 to 37 form an integral part of these financial statements.

KALAHARI MINERALS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £'000	Share premium £'000	Share option & warrant reserve £'000	Merger Reserve £'000	Retained deficit £'000	Total £'000
PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013						
As at 1 January 2013	2,672	130,920	-	29,440	(137,519)	25,513
Total comprehensive loss for the year	-	-	-	-	635,756	635,756
Restructuring (Note 7)	(2,200)	(106,256)	-	(29,440)	137,896	-
Distribution (Note 7b)	-	-	-	-	(636,199)	(636,199)
As at 31 December 2013	472	24,664	-	-	(67)	25,069
PERIOD FROM 1 JANUARY 2012 TO 31 DECEMBER 2012						
As at 1 January 2012	2,508	112,114	6,088	29,440	(30,419)	119,731
Total comprehensive loss for the year	-	-	-	-	(113,188)	(113,188)
Transfer of reserve on exercise of remaining options	-	-	(6,088)	-	6,088	-
Shares issued	164	18,806	-	-	-	18,970
As at 31 December 2012	2,672	130,920	-	29,440	(137,519)	25,513

The notes on pages 17 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Profit/(Loss) for the year before tax		547,585	(16,820)
Adjustments:			
Finance income	3	(246)	(261)
Foreign exchange losses		123	15
Depreciation charges	4	4	5
Share of operating loss of associated undertakings	7	467	12,735
Impairment on investment in associate undertakings*		-	1,660
Net gain on disposal of investments		(548,328)	-
Loss on deemed disposal of associate undertakings		-	150
Cash flows from operating activities before changes in working capital and provisions		(395)	(2,516)
Movement in working capital			
(Increase/decrease in trade and other receivables		(55)	214
Decrease in trade and other payables		(15)	(11,967)
Cash flows from working capital		(70)	(11,753)
Net cash flows from operating activities		(466)	(14,269)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	-	(2)
Disposal of Associate *			
Loans advanced to other GCN Group companies	9	(20,904)	-
		-	-
Interest received		68	254
Net cash flows from investing activities		(20,836)	252
Cash flow from financing activities		-	-
Dividends paid*			
Issue of ordinary share capital via exercise of share options		-	18,970
Net cash flows from financing activities		-	18,970
(Decrease)/increase in cash and cash equivalents		(21,301)	4,953
Cash and cash equivalents at beginning of the year		25,155	20,205
Exchange losses on cash and cash equivalents		(3)	(3)
Cash and cash equivalents at end of the year		3,851	25,155

*Non-cash investment and financing activities are the disposal of associate companies and dividends in settlement to the holding company, detailed in Note 7

The notes on pages 17 to 37 form an integral part of these financial statements.

KALAHARI MINERALS LIMITED

COMPANY STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Profit/(Loss) for the year before tax		635,756	(113,188)
Adjustments:			
Finance income		(246)	(257)
Foreign exchange losses		275	4
Depreciation charges		1	3
Impairment of loans and investments		-	-
Net gain on disposal of investments		(1,873)	110,967
Dividend received		(634,327)	-
Cash flows from operating activities before changes in working capital and provisions		(414)	(2,471)
Movement in working capital			
(Increase)/decrease in trade and other receivables		(60)	219
Decrease in trade and other payables		(4)	(11,929)
Cash flows from working capital		(64)	(11,710)
Net cash from operating activities		(478)	(14,181)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(2)
Disposal of investments*			
Interest received		68	-
Loans advanced to other GCN Group companies		(20,904)	-
Net cash flow from investing activities		(20,836)	248
Cash flow used in financing activities			
Issue of ordinary share capital via exercise of share options		-	18,970
Dividends paid*			
Interest paid		-	-
Net cash flows from financing activities		-	18,970
Increase/(decrease) in cash and cash equivalents		(21,314)	5,037
Cash and cash equivalents at beginning of the year		25,124	20,087
Exchange gains on cash and cash equivalents		-	-
Cash and cash equivalents at end of the year		3,810	25,124

*Non-cash investment and financing activities are the disposal of investments and dividends in settlement to the holding company, detailed in Note 7

The notes on pages 17 to 37 form an integral part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

General information

Kalahari Minerals Limited is a private company and domiciled in the UK. The address of the registered office is Level 1B, 38 Jermyn Street, London SW1Y 6DN. The registered number of the Company is 5294388.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Both the Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards IFRS's and IFRIC interpretations, issued by the International Accounting Standards Board (IASB) as endorsed for use in the EU ("Endorsed IFRSs") and those parts of the Companies Act 2006 that are applicable to companies that prepare their financial statements under IFRS.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company recorded a profit in the year of £635,756,000 (2012: Loss £113,188,000).

Adoption of New and Revised Standards

In the current year, the following new and revised standards and interpretations have been adopted by the Group, none of which had a material impact on the current or prior year reported results and the financial position:

- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters;
- IAS 24 (2009) Related Party Disclosures;
- Amendment to IAS 32 Classification of Rights Issues;
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;
- IFRS 13 Fair Value Measurement;
- IAS 1 (amended)Presentation of Items of Other Comprehensive Income;
- IAS 19 (revised) Employee Benefits;
- IFRIC 18, Transfer of Assets from Customers; and
- Improvements to IFRSs 2010.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 1 (amended) Amendments to Government Loans;
- IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Financial Liabilities;
- IFRS 9 Financial Instruments;
- IFRS 9 (amended) Mandatory Effective Date of IFRS 9 and Transition Disclosures
- IFRS 10 Consolidated Financial Statements; (effective from 01/01/2014)
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IFRS 10,11&12 Transition Guidance (amended)
- IAS 27 (revised) Separate Financial Statements; (effective from 01/01/2014)
- IAS 28 (revised) Investments in Associates and Joint Ventures;
- IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities;
- IAS 36 (amended) Recoverable Amount Disclosures for Non-Financial Assets; (effective from 01/01/2014) and
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

(a) *Subsidiaries*
Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred until the date that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Inter-company transactions, balances and unrealised gains on transactions between Group entities are eliminated.

(b) *Associates*
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or exert joint control over those policies.

In considering the degree, of control the contractual ability to direct use of funding provided by the Group is taken into consideration.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost plus any goodwill arising. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of investment in an associate is subject to impairment in the same way as described below.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in equity is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate no further losses are recognised.

Where annual financial statements for an associate are available which have a concurrent year end to that of the Group the information contained within the financial statements will be used to equity account for the associate. Where an associate has a financial year end which is not concurrent with that of the Group or is more than three months different to that of the Group but the associate prepares interim financial information which is publicly available this information, adjusted for any known circumstances, will be used to equity account for the associate.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable from the sale of goods and services from the Group's ordinary business activities. Revenue is stated net of discounts, sales and other taxes. There was no revenue received in the current or prior year.

Finance income

Finance income is accrued on a timely basis using the effective interest method, which exactly discounts estimated future cash flows through the expected life of the financial asset, to which the finance income derived, to its net carrying value. The only interest received in the year was on cash held at bank.

Expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

Where appropriate, the Group reviews the carrying amounts of its tangible assets, intangible assets and investments in associates to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the depreciated carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the costs of assets, over their estimated useful lives, using the straight line method, on the following basis:

Leasehold land & buildings	50 years
Building improvements	4 years
Fixtures & fittings	4 years
Electronic equipment	3 years

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial positions when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognised and subsequently measured based on their classification as "loans and receivables" or "other" financial liabilities.

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise of "Other receivables" and "cash and cash equivalents". Other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Financial liabilities

The Group classifies its financial liabilities into categories depending on the purpose for which the liability was acquired. The Group has not classified any of its liabilities at fair value through profit and loss. All of the Group's liabilities are classified as held at amortised cost, under which trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares and unclassified ordinary shares are classed as equity instruments.

Leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle that obligation at the reporting date and are discounted to present value where the effect is material.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements..

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result. The Company translates its foreign operations using the closing rate method.

One of the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates" is that on disposal of a foreign operation, the cumulative amount of exchange differences previously recognised directly in equity for that foreign operation are to be transferred to the statement of comprehensive income as part of the profit or loss on disposal. The Company has adopted the exemption allowing these cumulative translation differences to be reset to zero at the transition date. If the Company had not taken this exemption, a different amount of net foreign exchange gains and losses would be transferred to the income statement on disposal of a foreign operation.

Monetary assets and liabilities for foreign operations are translated at the year end exchange rate and non-monetary assets are recorded at the exchange rate prevailing at the date of acquisition.

Exchange differences arising from the translation of the net assets of foreign operations are taken to the foreign exchange reserve. Other exchange differences are taken to the statement of comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Share based payments ceased following the acquisition of the Company by Taurus Mineral Ltd in March 2012. Previously the Company had granted equity-settled options and warrants. The fair value of the incentive granted was recognised as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees or third parties become unconditionally entitled to the incentives. When identifiable, the fair value is determined by the value of the services provided. When a fair value for the services provided cannot be ascertained the fair value is measured by reference to the fair value of the equity instrument granted.

Judgements made in applying accounting policies and key sources of estimation uncertainty

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were:

(a) *Impairment of assets*
In formulating accounting policies, the Directors are required to apply their judgment, and where necessary engage professional advisors, with regard to the investment in associates balance.

These associates carrying values are subject to periodic review by the Directors.

(b) *Share-based payments*
In determining the fair value of equity settled share based payments and the related charge to the statement of comprehensive income, the Group must make assumptions about future events and market conditions. Judgement is made as to the likely number of shares that will vest, and the fair value of each award granted.

Options are measured at fair value at the grant date using the Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

Cash-settled share-based payment transactions result in the recognition of a liability at its current fair value.

(c) *Associates*
The Directors believe, after careful consideration, that the Group did, as a matter of fact, exercise significant influence over the activities and operations of Extract Resources Proprietary Limited and North River Resources plc. Therefore, the associates were accounted for on an equity basis up until their disposal.

2 DIRECTORS AND EMPLOYEES

	Group 2013	Group 2012	**Company 2013**	Company 2012
Average number of employees are as follows:				
Directors	**4.5**	16	**4.5**	11
Administration and operations	**1**	3	**1**	3
	5.5	19	**5.5**	14

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Employees salaries	**21**	209	**21**	209
Director fees	**159**	1,000	**159**	991
	180	1,209	**180**	1,200

2 DIRECTORS AND EMPLOYEES (continued)

The highest paid Director was paid £143,952 in the year (2012: £598,907). No share options were exercised during the year by the highest paid Director (2012: 2,050,000).

The Company terminated the limited Directors and Officers Liability Insurance in the previous year (2012: approximately £40,000). This cost is not included in the table above.

3 FINANCE INCOME AND EXPENSE

	2013 £'000	2012 £'000
Finance income received on bank deposits	68	261
Loan to Swakop Uranium Pty Ltd *	178	-
	246	261

* Accrued interest

4 OPERATING PROFIT/LOSS

The operating profit/loss before tax is stated after charging:

	2013 £'000	2012 £'000
Depreciation	4	5
Foreign exchange loss	131	15
Fees payable to the Company's Auditor for the audit of the Group's annual accounts: Deloitte	15	35
Fees payable to Namibian subsidiary auditors (Deloitte)	1	-
Operating lease rentals	80	78
Directors' emoluments	159	1,000

5. Tax

	2013	2012
	£'000	£'000
UK Corporation tax at 23.25%		
Overseas Tax	9	
Overseas Tax - prior years	-	
	9	-
Deferred Tax	-	
Total Tax Charge	9	-

Factors affecting the tax charge

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

	2013	2012
	£'000	£'000
Profit/(loss) on ordinary activities before tax	547,585	(16,820)
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25 % (2012 – 24.5%)	127,314	(4,121)
Effects of:		
Non deductible expenditure	6	61
Overseas rates differences	3	(3)
(Profits) / Losses arising in Associates	109	3,564
Losses available to carry forward	97	517
Share based payments		-
Non-taxable gains on disposal of investments	(127,486)	(18)
Non-taxable income	(34)	-
Prior Year Tax Charges	-	
Total tax	9	-

The Group has a potential deferred tax asset of £21,000,000 (2012: £14,200,000) arising from the availability of tax losses but this has not been recognised as there is no certainty that sufficient profits will arise in future accounting periods of which these losses could be offset against.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

6 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land & buildings £'000	Fixtures & fittings £'000	Total £'000
COST			
At 1 January 2012	249	6	255
Foreign exchange movements	(22)	-	(22)
At 1 January 2013	227	8	235
Additions	-	-	-
Disposals	-	(8)	(8)
Foreign exchange movements	(49)	-	(49)
At 31 December 2013	**178**	**-**	**178**
DEPRECIATION			
At 1 January 2012	7	3	10
Charge for the year	2	3	5
At 1 January 2013	9	6	15
Charge for the year	3	1	4
Disposals	-	(7)	(7)
Foreign exchange movements	(2)	-	(2)
At 31 December 2013	**10**	**-**	**10**
NET BOOK VALUE			
At 31 December 2013	**168**	**-**	**168**
At 31 December 2012	218	2	220

6 PROPERTY, PLANT AND EQUIPMENT – continued

COMPANY	Furniture & fittings £'000
COST	
At 1 January 2012	8
Additions	-
At 1 January 2013	8
Disposals	(8)
At 31 December 2013	-
DEPRECIATION	
At 1 January 2012	3
Charge for the year	3
At 1 January 2013	6
Charge for the year	1
Disposals	(7)
At 31 December 2013	-
NET BOOK VALUE	
At 31 December 2013	-
At 31 December 2012	2

7 INVESTMENT IN ASSOCIATED UNDERTAKINGS

The Group's significant investments in associated companies which had been accounted for using the equity method were disposed of during the year in pursuance of a group restructuring and reorganisation strategy.

In March 2013 after careful consideration of a proposal to restructure the Company's immediate parent company Taurus Mineral Limited and its subsidiaries, in particular the commercial and corporate benefit, it was decided by the Board of Kalahari Minerals Limited that the reorganisation would be in the best interest of the Company. The following restructuring changes occurred:

(a) Kalahari Minerals Limited reduced its share capital from £2,672,158.94 (267,215,894 shares of £0.01 each) to £472,158.94 (therefore cancelling 220 000 000 ordinary shares) and its share premium account by £106,256,000 (reduced from £130,920,000 to £24,664,000). The merger reserve of £29,440,000 related to a previously impaired investment and was transferred to retained deficit.

(b) Kalahari Minerals Limited, who owned 42.56% in Extract Resources Proprietary Limited sold its 100% shareholding in both Kalahari Gold Limited and Kalahari Diamonds Limited with a total value of £1,873,000 to Extract Resources UK Limited in exchange for a Promissory note to this value. The consideration was based on the fair value of the investments held by Kalahari Gold Limited and Kalahari Diamonds Limited in North River Resources Plc, the companies only asset, and calculated on the basis of the average closing value of the shares over the 15 trading days prior to completion. Following this restructuring Extract Resources UK Limited had a 38.03% effective economic interest in North River Resources Plc. Kalahari Minerals Limited subsequently assigned all its rights, title, interest and benefits to the Promissory Note to Taurus Mineral Limited with effect from 8 March 2013 by way of declaring an interim dividend to Taurus Mineral Limited

7 **INVESTMENT IN ASSOCIATED UNDERTAKINGS – continued**

(c) Kalahari Uranium Limited sold its 42.56% share in Extract Resources Proprietary Limited on 8 of March 2013 to Taurus Mineral Limited in exchange for a loan note instrument to the maximum nominal value of AUD928,600,000 (£634,196,656), which represented the fair value of the investment in Extract Resources Proprietary Limited. The consideration was calculated using the transaction price per share of the 57.4% shares originally acquired by Taurus Mineral Limited in March 2012. Taurus Mineral Limited now directly owns 100% of the share capital of Extract Resources Proprietary Limited. Kalahari Uranium Limited subsequently assigned all its rights, title, interest and benefits to the AUD928,600,000 (£634,196,656) loan notes to Kalahari Minerals Limited with effect from 8 March 2013 by way of declaring an interim dividend. Kalahari Minerals Limited then declared the same dividend in specie to Taurus Mineral Limited, in effect cancelling the AUD928,600,000 (£634,326,660) loan notes.

	2013	2012
	£'000	£'000
Extract Resources Proprietary Limited, Australia	-	93,629
North River Resources plc, United Kingdom	-	1,413
	-	95,042

Net gain on disposal of associates:

	£'000	£'000
Disposals		
Disposal Proceeds	636,070	-
Less carrying amount of investments	(96,338)	
Add recycling of reserves	8,596	-
Net gain on disposal	548,328	-

The associated undertakings at 1 January 2013 were:

Extract Resources Proprietary Limited

Country of incorporation: Australia
Class of share: Ordinary
Proportion held prior to the disposal of the ordinary shares: 42.56%

Extract Resources Proprietary Limited had delisted during the year ended 31 December 2012.

	31 December 2013	31 December 2012
	£'000	£'000
Balance at beginning of year	**93,629**	106,400
Investment in the period	-	-
Loss on deemed disposal of associate	-	(150)
Share of loss of associate	**(359)**	(11,664)
Share of other reserve movements of associate	**25**	(275)
Impact of movements in exchange rates	**1,738**	(682)
Disposal during the year	**(95,033)**	-
Total carrying value at the end of the year	-	93,629

7 INVESTMENT IN ASSOCIATED UNDERTAKINGS – continued

Financial information of Extract Resources Proprietary Limited
Extract Resources Limited prepared audited financial statements for the year ended 30 June 2012 and audited financial information for the six months period ended 31 December 2012.

Summary financial information of Extract Resources Proprietary Limited prepared under IFRS in Australian dollars is set our below on a 100% basis. Extract Resources Proprietary Limited is accounted for using the equity method of accounting.

	Period 01 January 2013 to 08 March 2013 Audited AUS$'000	Period 01 July 2012 to 31 December 2012 Audited AUS$'000
Loss for the period	**(632)**	(10,419)
Non-current assets	**114,630**	77,546
Current assets	**90,524**	140,423
Total assets	**205,154**	217,969
Current liabilities	**(14,907)**	(43,082)
Non-current liabilities	**(93,677)**	(90,924)
Total liabilities	**(108,584)**	(134,006)
Total equity shareholders' funds	**96,570**	83,963

Extract Resources Proprietary Limited had changed its accounting reference date from 30 June to 31 December to align with the reporting date of its ultimate parent company, CGN.

North River Resources plc
Country of incorporation: United Kingdom
Class of share: Ordinary
Proportion held prior to dispoal of the ordinary shares: 38.03%

Please see 7b, at the beginning of this note, regarding disposal of the group's investment in North River Resources plc during the year.

	2013 £'000	2012 £'000
Balance at beginning of year	**1,413**	4,130
Profit on deemed disposal of associate	**-**	-
Share of loss of associate	**(109)**	(1,071)
Impairment	**-**	(1,660)
Share of other reserve movements of associate	**-**	14
Disposal	**(1,304)**	-
Total carrying value at the end of the year	**-**	1,413

7. INVESTMENT IN ASSOCIATED UNDERTAKINGS – continued

Financial information of North River Resources plc
Summary financial information of North River Resources plc prepared under IFRS, for the comparative year, is set our below on a 100% basis. North River Resources plc is accounted for using the equity method of accounting.

	01 January 2013 to 08 March 2013 Estimated £'000	31 December 2012 Audited £'000
Loss for the period	**(286)**	(2,817)
Non-current assets	**8,233**	8,257
Current assets	**908**	1,184
Total assets	**9,140**	9,441
Current liabilities	**(373)**	(374)
Total liabilities	**(313)**	(374)
Total equity shareholders' funds	**8,767**	9,067

8 INVESTMENTS

Company	**2013 Shares in group undertakings £'000**	**2012 Shares in group undertakings £'000**
COST		
At 1 January	-	262
Enhancement/ (impairment) of investment	-	(262)
	-	-
Disposal of Kalahari Gold Ltd and Kalahari Diamonds Ltd to Extract Resources UK Ltd – see restructuring note	-	-
Kalahari Minerals Pty Ltd & Coronet Resources Pty Ltd, voluntarily deregistered effective August 2013	-	-
Note – costs of investments disposed are less than £1,000		
At 31 December	-	-

	£'000	**£'000**
Disposals		
Disposal Proceeds	1,873	-
Less historic cost of investment	-	
Gain on disposal	1,873	-

The Company's investments at the reporting date in the ordinary share capital of companies are as below.

8 INVESTMENTS - continued

Kalahari Diamonds Limited
Country of incorporation: Isle of Man
Nature of business: Intermediary holding company
Sold to Extract Resources UK Limited on 8 March 2013

Kalahari Gold Limited
Country of incorporation: Isle of Man
Nature of business: Intermediary holding company
Sold to Extract Resources UK Limited on 8 March 2013

Kalahari Uranium Limited
Country of incorporation: Isle of Man
Nature of business: Intermediary holding company
In Members Vountary liquidation, final liquidators report issued in July 2014

Kalahari Energy (Namibia) (Proprietary) Limited *
Country of incorporation: Namibia
Nature of business: Minerals exploration and development
Dissolved in July 2012

TLP Investments 105 (Proprietary) Limited
Country of incorporation: Namibia
Nature of business: Property
In November 2013 contracts had been exchanged to sell the shareholding to the Chamber of Mines of Namibia, the tenants of the property owned by TLP
At the date of this report the sale had not been completed

Kalahari Minerals Proprietary Limited
Country of incorporation: Australia
Nature of business: Intermediary holding company
Voluntary deregistration August 2013

Coronet Resources Proprietary Limited *
Country of incorporation: Australia
Nature of business: Intermediary holding company
Voluntary deregistration August 2013

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Current:				
Trade receivables	**99**	17	**99**	10
Other receivables	**4**	12	**-**	7
Prepayments	**41**	63	**41**	63
Total current	**143**	92	**140**	80
Non-current:				
Taurus Minerals Ltd *	**17,000**	-	**17,000**	-
Swakop Uranium Pty Ltd **	**3,808**	-	**3,808**	-
Amounts owed by subsidiaries	**-**	-	**357**	357
Total non-current	**20,808**	-	**21,165**	357
Total trade and other receivables	**20,952**	92	**21,305**	437

*Holding company – the loan is interest free

** Subsidiary of Extract Resources Pty Ltd -the loan is US$ denominated, unsecured and bears interest at LIBOR +6%. The loan was advanced in April 2013, interest receivable is rolled over at six monthly intervals. It is repayable on or before 30 April 2016. The Group's exposure to credit and currency risk is disclosed in Note 14.

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Cash at bank and in hand	**3,851**	25,155	**3,810**	25,124

11 TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
Trade payables	**4**	10	**3**	10
Other payables	**34**	6	**27**	5
Accruals	**17**	51	**16**	35
	55	67	**46**	50

The Group's trade and other payables are either due for repayment upon demand or within 30 days (2012): upon demand or within
30 days).
The Group's exposure to risk related to trade and other payables is disclosed in Note 14.

12 ORDINARY SHARES

Authorised:			**2013 £'000**	2012 £'000
Number	**Class**	Nominal Value		
1,000,000,000	Ordinary	£0.01	**10,000**	10,000

			2013 £'000	2012 £'000
Allotted,issued and fully paid	**Class**	Nominal Value		
47,215,894 see note 13 (2012:267,215,894)	Ordinary	£0.01	**472**	2,672

(i) 2012 Share capital reconciliation

Date	**Description**	**Share price**	**Number of shares**
01/01/12	Opening Balance		250,765,894
13/01/12	Exercise of employee options	£0.35	4,000,000
03/02/12	Exercise of employee options	£1.41	12,450,000
	Closing Balance		**267,215,894**

(ii) *2013 Share capital reconciliation*

Date	**Description**	**Number of shares**
01/01/2013	Opening Balance	267,215,894
08/03/2013	Capital reduction – see note 13	(220,000,000)
	Closing Balance	**47,215,894**

13 EQUITY

Share capital relates to the nominal value of the shares issued. The share premium relates to the excess of consideration paid over the nominal value of the shares after deducting related expenses.

In March 2013 after careful consideration of a proposal to restructure the Company's immediate parent company Taurus Mineral Limited and its subsidiaries, in particular the commercial and corporate benefit, it was decided by the Board of Kalahari Minerals Limited that the reorganisation would be in the best interest of the Company. Kalahari Minerals Limited resolved to reduce its share capital from £2,672,158.94 (267,215,894 shares of £0.01 each) to £472,158.94 (therefore cancelling 220 000 000 ordinary shares) and its share premium account by £106,256,000. A reserve of £108,256,000 arising upon the Share Capital Reduction consititutes a realised profit of the Company pursuant to article 3(2) of the Companies (Reduction of Share Capital) Order 2008. The amount has been applied to retained reserves. A merger reserve of £29,440,000 related to a previously impaired investment and was transferred to retained reserves.

The retained reserve is the cumulative net gains and losses recognised in the statement of comprehensive income. In addition for 2013 it includes t he transfer of the reserve detailed in the foregoing paragraph.

The foreign exchange reserve relates to the foreign exchange effect of the retranslation of the Group's overseas subsidiaries on consolidation into the Group's financial statements.

The other reserve is the Group's share (2012 only) of movements in other comprehensive income in associates.

14 FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: in particular market risk (including currency risk, fair value interest rate risk and price risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's performance. The Board carries out risk management.

The financial instruments of the Group are:

	Year ended 31 December 2013		Year ended 31 December 2012	
	Financial Assets £'000	**Financial liabilities £'000**	Financial Assets £'000	Financial liabilities £'000
Financial assets				
Loan – Taurus Minerals Ltd	**17,000**	-	-	-
Loan – Swakop Uranium Pty Ltd	**3,808**	-	-	-
Trade and other receivables	**99**	-	29	-
Cash and cash equivalents	**3,851**	-	25,155	-
	24,758	-	25,184	-
Financial liabilities				
Trade payables	-	**3**	-	10
Other payables	-	**30**	-	6
Accruals	-	**18**	-	51
	-	**51**	-	67

14 FINANCIAL INSTRUMENTS (continued)

The financial instruments of the Company are:

	Year ended 31 December 2013 Financial Assets £'000	Year ended 31 December 2013 Financial liabilities £'000	Year ended 31 December 2012 Financial Assets £'000	Year ended 31 December 2012 Financial liabilities £'000
Financial assets				
Loan – Taurus Minerals Ltd	17,000	-	-	-
Loan – Swakop Uranium Pty Ltd	3,808	-	-	-
Amounts owed by subsidiaries	357	-	357	-
Trade and other receivables	99	-	17	-
Cash and cash equivalents	3,810	-	25,124	-
	25,074	-	25,124	-
Financial liabilities				
Trade payables	-	3	-	10
Other payables	-	27	-	5
Accruals	-	16	-	35
	-	46	-	50

Fair value of group and company's financial assets and financial liabilities is not considered to be materially different to the book value disclosed above.

a) Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while optimising the debt and equity balance. The capital structure of the Group consists of equity comprising issued capital, equity and retained deficit.

The Group does not enter into derivative or hedging transactions and it is the Group's policy that no trading in financial instruments will be undertaken.

Where future investment in the interest in associates or other Group projects is required the Board will assess the structure of whether it can be funded from existing resources or financing arrangements as appropriate.

The Group substantially finances its operations through equity.

b) Market risk

(i) Foreign exchange risk

The foreign exchange loss during the period is attributable to the depreciation of the US dollar on the loan to Swarkop Uranium Pty Ltd. This was the only material exposure at 31 December 2013 to the Group of foreign exchange risk on its financial assets and liabilities. As the Group and Swarkop are ultimately owned by CGN, the exchange loss in the group should be compensated by an exchange gain in resuths of Swarkop

(ii) Price risk

Following the restructuring the Group has no direct involvement in projects and therefore is no longer exposed to price risks of prices received for minerals and project costs.

14 FINANCIAL INSTRUMENTS (continued)

(iii) Interest rates on financial assets and liabilities

The Group and Company's financial assets consist of cash and cash equivalents, loans, and other receivables. The Group and Company earn interest on its cash and cash equivalents, consequently the Group and Company are exposed to cash flow interest rate risk on its financial assets which earn interest based on variable interest rates. Cash balances maintained by the Group and Company are managed in order to ensure that the maximum level of interest is received for the available funds without affecting the working capital flexibility the Group and Company require.

If interest rates had increased or decreased by 1% on cash and cash equivalents the Group's interest received would have been £169,200 increase/decrease (2012: £226,797 increase/decrease).

The Group and Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2013 Group	**Floating interest rate £'000**	**Fixed interest maturing within one year £'000**	**Non-interest bearing £'000**	**Total £'000**
Financial assets				
Great British Pound	**3,805**	**-**	**46**	**3,851**
Weighted average interest rate	**0.47%**	**-**	**-**	**0.47%**
US Dollar	**3,808**	**-**	**-**	**3,808**
Weighted average interest rate	**7.29%**	**-**	**-**	**7.29%**
Financial liabilities				
Great British Pound	**-**	**-**	**51**	**51**
Weighted average interest rate	**-**	**-**	**-**	**-**

2012 Group	Floating interest rate £'000	Fixed interest maturing in more than one year £'000	Non-interest bearing £'000	Total £'000
Financial assets				
Great British Pound	25,155	-	29	25,184
Weighted average interest rate	1.15%	-	-	1.15%
Financial liabilities				
Great British Pound	-	-	67	67
Weighted average interest rate	-	-	-	-

14 FINANCIAL INSTRUMENTS (continued)

2013 **Company**	**Floating interest rate** **£'000**	**Fixed interest maturing within one year** **£'000**	**Non-interest bearing loan** **£'000**	**Total** **£'000**
Financial assets				
Great British Pound	3,805	-	5	3,810
Weighted average interest rate	0.47%	-	-	0.47%
US Dollar	3,808	-	-	3,808
Weighted average interest rate	7.29%	-	-	0.00%
Financial liabilities				
Great British Pound	-	-	46	46
Weighted average interest rate	-	-	-	-

2012 **Company**	Floating interest rate £'000	Fixed interest maturing in more than one year £'000	Non-interest bearing loan £'000	Total £'000
Financial assets				
Great British Pound	25,124	-	374	25,498
Weighted average interest rate	1.14%	-	-	1.14%
Financial liabilities				
Great British Pound	-	-	50	50
Weighted average interest rate	-	-	-	-

d) Credit risk

The carrying amount of the Group's financial assets represents its maximum exposure to credit risk.

The Group is exposed to credit risk on cash deposits however it does not consider that it has significant exposure because it banks with multiple institutions, including HSBC Bank plc and Bank of China.

e) Liquidity risk

Following the restructuring of the group the Board maintains adequate liquidity to meet overhead expenditure. Project finance and raising of capital is directly managed by Swarkop Uranium Pty Ltd.

15 SHARE BASED PAYMENT TRANSACTIONS

Since the acquisition of the Group by CGN in March 2012 the Company's share based scheme ceased to exist, with zall the outstading share options being exercised prior to and as part of the acquisition.

	Options As at 31 December 2013	**Options** As at 31 December 2012
Outstanding at start of year	-	16,450,000
Weighted average exercise price	-	£1.13
Granted	-	-
Weighted average exercise price	-	-
Exercised	-	(16,450,000)
Weighted average exercise price	-	£1,15
Outstanding at end of year	-	-

16 RELATED PARTY DISCLOSURES

Management consider compensation paid to key management includes only the Directors. For details please refer to note 4. No amounts were due from directors at 31 December 2013 (2012 £Nil)

	31 December 2013 £	**31 December 2012 £**
Share of office services	91,772	13,898
Sale of assets at net book value	1;397	-
Amount due by Extract Resources Pty Ltd at 31 December 2013 (inclusive of VAT)	99,157	9,712
Swakop Uranium Pty Ltd (wholly owned subsidiary of Extract Resources Pty Ltd)		
Interest on unsecured loan	178,101	-
Amount due by Swakop Uranium Pty Ltd at 31 December 2013 (inclusive of capitallised interest)	3,807,956	-
Taurus Minerals Ltd		
Short term loan		
Amount due by Taurus Minerals Ltd at 31 December 2013	17,000;000	-

17 OPERATING LEASE COMMITMENTS

Group	**Land & buildings 2013 £'000**	Land & buildings 2012 £'000
Within one year	-	79
After one year	-	17
	-	96

The Group leased a property in London under a cancellable operating leas which was transferred to Extract Resources UK Ltd during the year.

18 EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporing date.