

Beacon Hill Resources Plc

Annual report

Year ended

31 December 2013

Company number: 5696680

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Beacon Hill Resources Plc

Annual report
for the year ended 31 December 2013

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Beacon Hill Resources Plc

Officers and advisers

Directors

Justin Farr-Jones	Chairman
Rowan Karstel	Chief Executive Officer
Murray D'Almeida	Non-executive Director
Cristian Ramirez	Non-executive Director

Company Secretary

Esher Management Services

Registered number

5696680

Registered office

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Head office (Mauritius)

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Nominated adviser and broker

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Solicitors (UK)

Memery Crystal LLP, 44 Southampton Buildings, London, WC2A 1AP

Solicitors (Australia)

Mcabes, Level 14, 130 Elizabeth St, Sydney NSW 2000 Australia

Solicitors (Mozambique)

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Solicitors (South Africa)

Webber Wentzel, 15th Floor, Convention Tower, Heerengracht, Foreshore, Cape Town, 8001

Share registry (UK)

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Telephone: +44 (0) 20 8639 3399

Stock exchange

London AIM Market (code BHR)

Main countries of operation

UK, Mozambique, South Africa and Mauritius

Website

www.bhrplc.com

Beacon Hill Resources Plc

Chairman's statement for the year ended 31 December 2013

Despite a challenging global environment for coal producers, the year under review was transformational for Beacon Hill Resources' main project, the Minas Moatize Coal Mine (Minas Moatize), operated by its wholly owned subsidiary Minas Moatize Limitada (MML). The new executive management team made an immediate impact delivering both key strategic and operational milestones and a substantial improvement in financial performance compared to the 2012 reporting period. Some of the most notable achievements included:

- MML securing its end-to-end rail export logistics infrastructure as it secured a long-term rail allocation on the Sena railway line and concluded a US\$21 million rolling stock transaction for five locomotives and 90 wagons.
- MML increasing production capacity 300% to 1.8 million tonnes per annum (Mtpa) capacity with the successful commissioning of the Phase 2A wash plant and with the production of the first export-grade coking coal and thermal coal.
- An updated Joint Ore Reserves Committee (JORC) reserve statement released in the third quarter indicating a 31% increase in the JORC resource on the previous statement and confirming the economic viability of the mine (life of mine) for 15 years even at reduced market prices.

The signing of a 25 year mining contract with the Government of Mozambique including participation rights for EMEM, the Mozambican state-owned mining company Empresa Moçambicana de Exploração Mineira.


The year also presented a number of macroeconomic challenges beyond the control of management or the Board, most notably the price of seaborne hard coking coal. The Australian Platts Low Volatility Hard Coking Coal benchmark fell to a low of US\$133 per tonne in June 2013 and remained in this range throughout the second half of 2013. With prices in Q1 2014 falling further, the Board does not anticipate any meaningful recovery in demand or price until 2015. With this in mind, and due to the late delivery of the rolling stock, the Board took the decision to delay the ramp-up of the mine and delay export operations until Phases 2B and 2C of the expansion project is completed in late 2014/early 2015. The expansion project will ensure that Minas Moatize becomes a globally competitive tier 1 producer even at current depressed prices. With hindsight, and observing coal prices since this decision, this action has now been proven to be the correct course of action for all stakeholders.

In summary, the progress the Company has made in logistics and mining operations this year has not been reflected in our share price or valuation. The challenging environment for coal prices and coal demand globally has unfortunately overshadowed our strategic and operational achievements.

Nonetheless, we are fortunate to have a world-class coking coal deposit which is expected to have some of the lowest mining costs per tonne globally after the completion of the expansion project. The key to demonstrating the value of our Company is to continue executing our growth plan and to become one of the lowest cost coking coal producers. Our management team is therefore focused on achieving increased volume as well as operating and logistics efficiencies as our expansion project progresses.

The Board is working on various funding options to commit a further US\$30 million in capital expenditure to achieve this vision. This is expected to include the US\$20m debt facility mentioned above and/or a sale of a minority stake in the project to a strategic investor during 2014. The commodity business is cyclical and sometimes tough, but I am confident our management team, employees and stakeholders remain focused on our objective to create long-term shareholder value in Beacon Hill.

I would like to take the opportunity to thank our management, employees and shareholders for their continued hard work and support. I look forward to progressing further in 2014.



Justin Farr-Jones
Chairman
27 March 2014

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Beacon Hill Resources Plc ('Beacon Hill' or 'the Company') continues to make steady progress against the key milestones set out as part of its five-year 'lean and mean' growth strategy. This review details these developments that mainly centre on further operations at the Company's Minas Moatize Coal Mine (Minas Moatize). Minas Moatize is the flagship project in the Company's portfolio of the near term projects relating to the production of commodities in the steel production industry.

Minas Moatize Coal Mine

Beacon Hill operates Minas Moatize in the Tete Province of Mozambique through its wholly owned subsidiary Minas Moatize Limitada (MML). The mine is one of three operating in Mozambique's Moatize Coal Basin, which is one of the largest developing coking coal regions in the world.

Sustainable development

Beacon Hill is committed to sustainable development and conducting its business ethically. Given that the Company operates in the mining industry, Beacon Hill focuses on health and safety, being environmentally responsible, and supporting communities close to its operations as illustrated by the operational team taking responsibility for upgrading a local school within close proximity to Minas Moatize.

Management is in the process of developing and implementing a health safety and environment (HSE) management system that complies with the requirements of ISO 14001 and OHSAS 18001. Two internal and one external HSE audit will be conducted per year to determine levels of compliance and identify improvement opportunities.

Safety performance

Beacon Hill is committed to being an organisation without fatalities, serious work-related injuries or occupational illness. Minas Moatize had zero fatalities, no lost-time injuries and no reportable accidents during the year; however there were two medical treatment injuries, one dressing station case, one high potential risk incident and seven first aid injuries reported during 2013. The Company is resolute that it can only consider itself successful if its workers return home safe and healthy each day.

Safety achievements as at end December 2013:

Fatality-free man shifts	742,235
Reportable injury-free man shifts	413,023
Lost-time injury free	518

The technical safety and health plan as required by legislation was revised and approved during the year. This plan will be implemented over the next 24 months and will be revised and amended as necessary. Risk management training, based on the industry standard TAKE 5 approach for continuous hazard identification and risk assessment, commenced during the year and all employees, including contractors, will undergo training. Refresher training will be provided during future induction sessions.

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Occupational health and hygiene

No occupational illnesses were reported during the year. HIV/Aids remains a major concern and continuous education and awareness programmes are run on the mine during monthly meetings and as part of the induction programme.

Environment

The overarching goal of environmental management is to minimise, and where possible eliminate, the impact of the Company's operations on the environment. Unfortunately the open pit was flooded during the first months of 2013, following significant rainfall. To prevent this reoccurring, the Company constructed a diversion canal, which has performed effectively throughout current 2014 wet season. No significant environmental incidents were reported subsequent to the flooding incident.

Golder Associates was appointed during Q4 2013 to review the November 2011 environmental management programme, which will be submitted to the Mozambique Government for approval. An application for the issue of a new environmental licence for the next five years was submitted to Mozambican Government authorities during the last quarter of 2013.

Resources and reserves

JORC reserve statement

An updated Joint Ore Reserves Committee (JORC) coal reserve statement for Minas Moatize was published in September 2013. The statement:

- demonstrated that the mineable reserve remains economically viable and robust despite current depressed coking and thermal coal prices; thus the project is expected to be able to weather downturns in the resources cycle;
- indicated a total run of mine (ROM) proven and probable reserve (air dried basis) of 39.38 million tonnes (Mt);
- indicated a proven and probable saleable reserve of 16.16Mt, of which at least 8.3Mt is coking coal; and
- confirmed that Minas Moatize has a mine life of up to 15 years.

Together with the current and planned development work at Minas Moatize and access to an economically efficient logistics solution discussed elsewhere in this report, the reserve statement contributes to demonstrating Beacon Hill's advancement in achieving its intention of developing Minas Moatize into a tier 1 mining asset.

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Mining contract

On 3 April 2013, MML and the Mozambican Government signed a mining contract in Maputo. The initial phase of the mining contract allows the government a 5% equity stake in MML that aligns the Government's interests with that of the Company. In addition, Mozambican national interests can acquire a further 10% stake in MML at fair market price, of which: i.) 5% can be acquired at fair market price by the Mozambique Sovereign Fund, EMEM; and ii.) the Mozambique Government can exercise its option to acquire a 5% stake in MML at fair market price for the purposes of listing on the Mozambique Stock Exchange.

The signing represented a significant milestone in the process of stabilising the fiscal and legal framework of MML by providing the following advantages:

- Security of tenure through this 25 year contract and a predictable long-term legal framework of investment.
- The ability to transfer the attained contractual position to third parties.
- The granting of fiscal incentives and exemption from custom duties.
- The ability to employ sufficient skilled foreign professionals required to implement planned development and, if required, hire international contractors for the term of the contract.

Production

Production commenced in Q1 2013 to build a sufficient stockpile for the wash plant that commenced processing operations in May 2013. Operations and production expansion in 2013 remained focused on the lower Upper Chipanga with a total of approximately 108 181 tonnes ROM coal mined and some 40 926 tonnes of saleable coal produced from the mine's existing wash plant (Phase 2A CHPP). The strip ratio at Minas Moatize is 0.55 block cubic metres (BCM) per tonne, supporting the Company's expectation that it will be one of the lowest mining cash cost coking coal producers in the world.

Production was increased in Q3 2013 to cater for the increased processing capacity at the wash plant; however the Board decided to suspend operations in mid-November 2013 due to record-low coking coal prices and the delay in the delivery of rolling stock for export operations. MML currently operates at a "tier 2/3" production cost with existing 1.8 million tonnes per annum (Mtpa) capacity, and by upgrading the wash plant (Phases 2B and 2C) to 2.8Mtpa the mine should become a "tier 1" cost producer which is capable of generating a return to shareholders even at current coal prices. The Company is currently negotiating a senior debt facility to fund these upgrades in 2014 and has since received a non-binding offer for a \$20 million debt facility for the expansion of the wash plant to 2.8Mt per annum ROM capacity.

Production (tonnes)	2013	2012
Run of mine	108,181	194,343
Saleable coal	40,926	54,432

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Wash plant

During 2013, the Phase 2A upgrade to the wash plant at Minas Moatize resulted in the 80 tonnes per hour (tph) single-stage pilot plant that produced only local thermal coal being upgraded to a 215tph two-stage plant producing both a coking coal and thermal coal.

The commissioning of the plant progressed well with plant throughput reaching a peak of 205tph for limited phases. A number of standard commissioning challenges arose and our mine management team set about systematically addressing them into the last quarter of 2013. The purpose of the commissioning period is to identify with the plant manufacturer and equipment providers any performance issues, to balance the plant at various processing loads, and more importantly to learn of any improvements to be added to the scope of work for the Phase 2B/2C expansion project.

Phase 2A	Increase plant capacity to 1.8Mtpa ROM coal and enable production of coking coal at a consistent and economic yield
Phase 2B	Increase coking coal yield by installing flotation cells
Phase 2C	Increase plant capacity to 2.8Mtpa ROM coal

Plant commissioning

The cold commissioning of the plant proceeded well with all flows of water being balanced, and the clarification circuit was extended to include the slimes dams and water recovery back from that point.

Hot commissioning (coal feed) commenced the last week of May 2013. The overall Phase 2A commissioning was completed during Q3, demonstrating that the plant can produce a good coking coal product in tandem with an export-grade thermal coal product. In addition, Phases 2B and 2C are required to be completed to ensure that the plant can operate optimally in relation to increased processing volume, improved fine coal beneficiation/recovery and power supply contingency.

The standard commissioning issues experienced either were or will be addressed as outlined below:

Run of mine

Feed to plant size distribution

Plant performance improved significantly, as expected, as the run of mine feedstock comprising more Lower Chipanga and less fine fraction material improved from our mining operations. The initial commissioning feed stock to the plant was predominantly middle Chipanga and the upper portion of the lower Chipanga from TP2. This initial run of mine stockpile was not our standard specification, given that it contained a higher percentage of fine fraction in the order of 40% whereas the fine coal circuit was designed to handle in the order of 25% -1.0mm fraction.

Feed size reduction – triple roll crusher

The triple roll crusher initially installed will be replaced in the next phase of the wash plant upgrade with a more robust, new primary double roll crusher from Schumar. This crusher was ordered and successfully delivered to site during the latter part of November 2013.

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Coal beneficiation

Raw magnetite

Dense media separation magnetite is used to assist in the separation of waste and coal in the water circuits of the wash plant and the mine holds a standard amount of inventory on mine to operate the plant.

Mine management have made a new purpose-built storage space available onsite for the supplier to import a large volume of raw magnetite for stock keeping, to ensure availability at all times to both the mine as well as the immediate area. This arrangement translates into numerous benefits for Minas Moatize and the delivery of the consignments will commence in August 2015.

During the commissioning period (July to October 2013), the supply of raw magnetite to Mozambique was severely disrupted due to supply chain issues within the entire Africa region which affected the operations of all local producers. During this period, the wash plant operated at very low medium levels which had a detrimental effect on product yield and restricted throughput. The purpose-built storage space for stockpiling will ensure that a critical supply of raw magnetite remains on hand.

Power supply

The contingency planning for power supply to the mine will be substantially upgraded as part of Phases 2B and 2C of the expansion project, with the electrical reticulation to include sufficient standby power generation capability.

Minas Moatize has a capacity agreement in place with Electricidade de Moçambique (EDM) as a commercial user; however the supply of power during the commissioning period and second half of 2013 was poor. A number of unplanned outages occurred, and at times the supply voltage was irregular or a voltage phase was absent. A number of commercial users in Mozambique are experiencing similar issues with power. With the frequent loss in power, plant operation was interrupted. The remedial actions as part of the contingency planning will provide improved backup power supply to the plant and ensure that plant availability and performance is not compromised.

Fine coal and water clarification circuit

As part of Phases 2B and 2C, a conventional rake thickener will be installed to ensure that the clarified water circuit is completed. This will provide the plant with clean recycled water, ensuring that the fines can be removed from the system and that the large volumes of water required to operate the plant and reflux classifier can be managed.

Logistics

Rail and port

After entering into an interim rail access agreement with the Mozambican national rail authority Portos e Caminhos de Ferro de Moçambique (CFM), to transport coal via the Sena Line, MML approached JPSSL Mozambique Minerais Limitada (JPSSL) to jointly develop the Carbomoc coal loading Sste (CCLS) in the Moatize province. The key terms of the Co-Development Agreement for the CCLS include the following:

- Land will be jointly owned by MML and JPSSL.
- JPSSL will oversee and carry out construction work.
- The development will allow for the storing, loading and transporting of coal.
- Three storage sites will be developed, of which MML will utilise one.
- The facility will be able to house 42 wagons on dead-end tracks.

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Strategic report for the year ended 31 December 2013 (*continued*)

The CCLS is functional and JPSSL is taking loaded coal trains from the CCLS to Beira. MML has made good progress to comply with all the conditions laid down by CFM for the development of its own coal off-loading facility in the Port of Beira. The key conditions for the development of the Warehouse No 4 development, which have all been met, included:

- A memorandum of understanding (MOU) with the Beira Municipality to undertake the upgrading of the port community road (Kruss Gomes Road);
- Environmental approvals for the off-loading facility and the port community road; and
- Approval by CFM of the layout of the rail siding including the provision of new materials for the construction of the rail siding.

It is anticipated that CFM will issue the licence for the Warehouse No 4 development to MML before June 2014 with construction expected to take 16 weeks.

The Sena Line is currently being upgraded to handle 12Mtpa of coal exports. In terms of the interim rail access agreement entered into with CFM, MML has received a capacity allocation on the Sena Line based on the greater of 0.5Mtpa or 7.7% of the rail line capacity. On completion of the Sena Line upgrade to the final target of 20Mtpa, MML's contractual allocation will be 1.54Mtpa.

Rolling stock

In terms of the lease agreement that was entered into with Thelo Rolling Stock in January 2013, the five Grindrod RL30SCC-3 diesel locomotives and the 90 Gondola-type rail wagons were completed during the current financial year.

The diesel locomotives were taken to Mozambique during the last week of March 2014 via the existing rail networks in South Africa, Zimbabwe and Mozambique. The delivery of the rail wagons was delayed due to component shortages, with delivery taking place on 7 March 2014.

In accordance with the services agreement that was entered into between MML and RRLGrindrod all the train crews and other personnel are already on the ground in Mozambique. All train crews have been certified by CFM after undergoing the necessary theoretical and practical training.

Marketing

Inland sales

The upgrade of the wash plant delayed the production and thus the sale of product. However, once production resumed the team immediately started to market coal to existing and new customers.

The tobacco and cement industry were our biggest users, and the bulk of thermal coal was sold to these customers. The thermal coal markets of neighbouring countries were also assessed and visits to these users proved positive. Minas Moatize has offered material into Malawi, Zimbabwe and Zambia and has even had enquiries from South Africa and Tanzania. The production rate and available product to date have placed a limit on what could be offered. Domestic coal sales continued from inventory despite the decision to delay the ramp-up of coal production and suspend mining operations in November 2013. This is expected to continue into 2014 as the Company seeks to maintain marketing relationships via its coal inventory.

Minas Moatize have secured letters of intent (LOIs) for thermal coal for 1.5Mtpa with additional 0.5Mtpa awaiting final signatures.

Export sales

Coking coal production has always been earmarked for export via Beira. The delay in the acquisition of the rolling stock together with the high rate of road deliveries to Beira was the deciding factor in keeping the coking coal produced on stock at the mine for the time being.

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Strategic report for the year ended 31 December 2013 (*continued*)

Once Phases 2B and 2C of the wash plant are completed in Q3 2015, coking coal will be supplied to our off-take partner, Global Coke, which has signed an off-take agreement for 0.6Mtpa.

Current depressed markets for prime low volatile hard coking coal with 7% to 8% ash content is keeping prices low at around US\$135/140 FOB (free on board) Australia/USA. Demand from China and India has decreased over the last few months resulting in prices falling even further. The Board is of the opinion that 2014 will be a difficult year for coking coal and that prices will remain depressed until 2015.

Changara Coal project

In December 2011, Beacon Hill acquired majority ownership to explore and develop the Changara Coal project in the Tete Province of Mozambique. The Changara Coal project covers a licence area of 184km², which is 70 times the size of Minas Moatize. It is located in the heart of the highly prospective coal basin of the Songo Area of the Tete Province. The Changara Coal project is a further step in Beacon Hill's wider expansion strategy in the Tete Province of Mozambique.

Further exploration

Beacon Hill will only look to explore further at Changara once the Minas Moatize operation is profitable and cash flow positive. The provision for impairment of US\$2.0 million against the Changara Coal project was made following a review by the Directors of the carrying values of the assets, from which it was concluded that the global decline in mineral prices had brought about an impairment in this value. The asset impairment was based on the fair value rather than value in use as a result of the current stage of the assets.

Arthur River Magnesite project

The reporting period was primarily a year of consolidating market and metallurgy data to allow the Tasmania Magnesite Board to plan the next stage of the project's development after a detailed scoping study indicated a commercially viable mining operation could be developed based on the ore situated in the approved mining lease.

The Board approved further metallurgy and chemical reactivity testing focused on caustic calcined magnesite (CCM) after taking into account:

1. A detailed market report commissioned by the Company which illustrated that demand is driven by the industrial sector based on the increasing role of CCM in water, waste and flue gas environmental treatment. CCM is also an important additive in animal feed and in Asian palm oil production. High value speciality CCM is increasingly being used in hydrometallurgy for the production of nickel/cobalt. There is also a growing market for Sorrels (magnesia-based) cement.
2. Discussions were held with potential investors at the 2013 MagMin conference, who advised the need for more detailed metallurgy data as a platform for further negotiations. The advice from key market players was to focus on CCM rather than dead burnt magnesite (DBM) with its higher cost of production and current market saturation for DBM products.

The test programme was finalised late in 2013 and the final report is now with the Board for consideration.

Additionally, the Company commissioned a report to ensure that changes to Tasmanian legislation affecting forest operations does not impact on current and proposed mining operations. The report indicates that existing mining tenements, whether in production or in the process of development, are safeguarded under the legislation with all existing mining rights preserved.

The Company is encouraged by the outcome of the Federal Election with a majority government replacing minority government. Indications are the new government is very supportive of the mining industry and is moving quickly to remove State/Federal duplication of environmental approval processes. There are also positive signs that the Federal Government is seeking to implement changes to improve coastal and international shipping services from Tasmania.

After a review, based on the before-mentioned reports, the Directors concluded that no impairment is required on the current carrying value (US\$9.2m) of the Tasmag asset. This valuation was based on the fair value rather than value in use as a result of the current stage of the assets.

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Pig iron project

The Company currently does not have an equity interest in the project but entered into an agreement in December 2013 to acquire, in stages, up to a 70% interest in the pig iron opportunity, known as Licence 3788L, located in the Tete Province of Mozambique. The agreement is between BHR Investments Mauritius Ltd (BHRIM), a wholly owned Group subsidiary, and Acácia Mineração, Lda (Acacia).

BHRIM has entered a farm-in strategy and under the terms of the agreement BHRIM will commence sampling work to determine the prospectivity of the licence area and to define its exploration programme. BHRIM will be entitled to a 20% share in the project after an initial investment of US\$0.2 million.

BHRIM thereafter can increase its ownership (at its sole discretion) as follows:

- a 51% stake in the project if a maiden JORC resource is completed within 36 months; or
- a 70% stake in the project if a definitive feasibility study (DFS) is completed within 48 months.

Initial due diligence conducted by Beacon Hill, based on several exploration studies completed between 1960 and 1980 over Licence 3788L, indicates the potential suitability for a pig iron project. The farm-in transaction provides a low-cost opportunity to implement the Company's strategy to vertically integrate its operations, thus reducing costs and providing a platform for Beacon Hill to expand in steel-related commodities around its critical infrastructure at Minal Moatize.

Licence 3788L has the potential to be a source of magnetite, which is used by Beacon Hill in its coal washing process. The Company is ideally positioned to implement a low cost work programme to develop the project that will benefit the Group as follows:

- Utilise Minas Moatize's existing infrastructure;
- Reduced power costs provided by Beacon Hill's proposed greenfield metallurgical coke plant and co-generation project currently under review;
- Utilise existing Sena railway access to Beira port.

The Company expects that the trends towards stability in the European and United States markets along with growing industrial and domestic markets in Asia will result in increasing demand for magnesite-based products with attendant increases in magnesia commodity prices.

Principal risks and uncertainties

There are numerous risks associated with the mineral industry. The Board regularly reviews the risks to which the Group is exposed and endeavours to minimise them as far as possible. The following summary, which is not exhaustive, outlines some of the risks and uncertainties facing the Group at its present stage of development:

- The Group currently mines one product, coal. The Group is thus vulnerable to fluctuations in the prevailing market price of coal and to variations in the value of the US dollar, in which sales are denominated.
- The exploration for and development of mineral resources involves technical risks, infrastructure risks and logistical challenges, which even a combination of careful evaluation and knowledge may not eliminate.
- There can be no assurance that the Group's projects will be fully developed in accordance with current plans. Future development work and subsequent financial returns arising may be adversely affected by factors outside the control of the Group.
- The availability and access to future funding within the global economic environment.
- The Group operates in multiple national jurisdictions and is therefore vulnerable to changes in government policies which are outside its control.
- The global economic environment may lead to further decreases in commodity demand and prolonged downward pressure on pricing.

Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Some of the mitigation strategies the Group applies in its present stage of development include, among others:

- Reducing fixed costs and rationalising capital expenditure.
- Maintaining strong relationships with government (employing local staff and partial government ownership), which improves the Group's position as a preferred small miner.
- Alternative and continued funding activities with a number of options to secure future funding to continue as a going concern.

The Directors regularly monitor such risks and will take actions as appropriate to mitigate them. The Group manages its risks by seeking to ensure that it complies with the terms of its agreements, and through the application of appropriate policies and procedures, and via the recruitment and retention of a team of skilled and experienced professionals.

Key performance indicators

The Group's current key performance indicators (KPIs) are volumes of coal mined and sold. Success is also measured through the identification and acquisition of suitable supplementary projects together with the associated financing arrangements, as detailed in the Chairman's statement and the strategic review.

The key milestones for the achievement of the above KPIs is as follows:

Key Performance Indicators	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Funding								
Building phase 2B and C plant								
Saleable Coking Coal								
Saleable Thermal Coal								
Inland Market sales								
Number of trains railed to Beira								
Numer of Handimax ships loaded								

Financial results

The financial statements for the year ended 31 December 2012 were presented in pounds sterling. The Directors have decided to present the financial statements for the year ended 31 December 2013 in US dollars as it is the currency most relevant to our investors given the nature of what is currently the Group's core activity, the operation of the Minas Moatize coal mine. Coal is an internationally traded commodity with a pricing structure universally expressed in US dollars. Many of the Group's costs are denominated in US dollars as are the majority of the Group's borrowings. It is therefore considered the most appropriate currency for presenting the Group's financial statements is the US dollar.

Beacon Hill is reporting a significantly reduced loss before tax of US\$18.9m on a turnover of US\$2.4 million (2012: loss of US\$45.1 million on turnover of US\$1.1 million) for the 2013 financial year, compared to 2012.

Revenue represents proceeds from the sale of coal to African markets.

Direct costs include mining and processing costs associated with the open pit mining operation, including wages, haulage and handling costs, fuel and depreciation of plant. As a result of lowered production during the first half of 2013 and the construction of Phase 2A, coupled with an aggressive restructuring plan, reduced operational costs significantly which narrowed the gross loss to US\$4.2 million (2012: US\$14.2 million). The gross loss of US\$4.2 million reflects the low volume of sales for the year relative to the productive capacity.

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Strategic report for the year ended 31 December 2013 (*continued*)

The loss includes exceptional write-downs of US\$2.0 million in respect of the carrying values of the Changara Coal project (2012: US\$6.08 million). The Board is obliged periodically to review the Company's projects to determine if there has been any impairment in their values. Following such a review, and in respect of the Changara Coal project, it is the Board's opinion that the prevailing value of coal exploration licences has been adversely impacted by the decline in coal prices over the past 12 months. The Board has accordingly evaluated the degree to which the values of these projects have been impaired and made appropriate provisions in the financial statements.

The restructuring plan embarked on towards the end of November 2012 resulted in administrative expenses being reduced by US\$1.3 million from US\$9.8 million in 2012 to US\$8.4 million in 2013. Included in the 2013 administrative costs are once-off restructuring costs relating to the reorganisation of the Group and streamlining of employee costs.

Finance costs increased during 2013 to US\$3.98 million (2012: US\$0.4 million) due to the following:

- Interest on convertible loan notes and other loans no longer being capitalised, which increased the finance cost by US\$1.99 million (2012: US\$ Nil).
- The accretion of convertible loan notes are no longer being capitalised, increasing the finance cost by US\$1.2 million (2012: US\$ Nil).
- An increase in the discount charge relating to the site restoration provision US\$0.7million (2012: US\$0.4 million).

The Company raised equity of US\$20.7 million during March and April 2013 that included shares to contractors of US\$6.0 million. Additional funding of US\$8.0 million was acquired in October 2013 and December 2013 from the issue of convertible loan notes. Trade receivable includes US\$4.5 million in relation to contractor shares issued in April 2013.

At 31 December 2013, the Company had cash of US\$8.7 million (2012: US\$1.97 million) and net assets of US\$60.2million (2012: US\$56.7 million).

Corporate

Australian Securities Exchange ('ASX') listing

On 23 January 2014, Beacon Hill voluntarily removed its quotation on the ASX under the code BHU. The rationale behind the delisting is due to the limited number of shareholders and poor liquidity of the Company on the ASX. The Company expects to also reduce administrative overheads that were connected to maintaining the listing.

Share capital and cash position

The Company has a total of 1,649,463,109 ordinary shares in issue, 3,625,000 warrants and 82,071,652 options. The Company had US\$8.7m in cash at 31 December 2013.

Expansion project

The primary focus for 2014 is to fund and commence Phases 2B and 2C of the Minas Moatize plant expansion project and move the mine from a "tier 2/3" to a "tier 1" production cost asset. Current spot coking coal prices are the lowest they have been in 10 years but are expected to recover by Q3 2015 when the upgraded Minas Moatize plant is anticipated to have commenced production.

The second capital focus will be to complete the off-load siding in Beira and thereby complete the logistics value chain. With the arrival of the rolling stock in Beira during March and April 2014 and the wash plant upgrade expected to be finalised towards the end of Q2 2015, management is in the process of securing a sub-lease agreement for the rolling stock for a period of between 12 and 18 months to reduce the working capital requirements of the Company during the upgrade period.

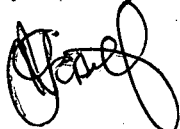
Beacon Hill Resources Plc

Strategic report for the year ended 31 December 2013 (*continued*)

Further work will be conducted on the Changara Coal and Arthur River Magnesite (Tasmag) exploration projects to move the assets up the value chain. The pig iron opportunity will be further explored with the intention of increasing the Company's stake in the asset.

To complete the expansion projects and achieve the anticipated five-year strategy of the Group, additional funding will be required. The Directors remain confident that the required funding will be obtained. No formal arrangements are currently in place.

Approved by the Board of Directors and signed on behalf of the Board



Rowan Karstel
Chief Executive Officer

27 March 2014

Beacon Hill Resources Plc

Directors' report for the year ended 31 December 2013

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

Principal activity

The principal activity of the Group is mining, including the development, through investment, of further suitable mining opportunities.

Results and dividends

The results for the year are set out from page 23.

The Directors do not recommend payment of a dividend (2012: US\$ Nil).

Business and financial review

A review of the business and future developments is given in the strategic review starting on page 3.

Revenue for the year amounted to US\$2.4 million (2012: US\$1.0 million) and the loss for the year amounted to US\$19.2 million (2012: US\$45.1 million). The loss is analysed in the strategic review under financial results on pages 11 and 12.

In April 2013 a total of 464.1 million ordinary shares were issued raising US\$20.7 million.

In October and December 2013, a total of US\$8.0 million was raised through the issue of Convertible Loan Notes.

Further details of share and loan capital are provided in notes 18, 19, 20 and 26.

At 31 December 2013, the Group had net assets of US\$60.2 million (2012: US\$56.3 million), of which cash amounted to US\$8.7 million (2012: US\$1.97 million).

Going concern

At 31 December 2013 the Group had US\$8.7 million of cash and US\$4.5 million of prepaid contractor costs. The Group will need to raise additional funds in the next 12 months to fund working capital and the Phase 2B and 2C expansion and to finance the servicing of the rolling stock lease. Management is currently involved in negotiations to sub-lease the rolling stock for up to 12 months to offset this cost, but no signed agreement is currently in place. The funds may be in the form of equity, convertible debt, bank debt or vendor funding and the Directors are considering a number of funding options. Post period end the Group has undertaken and completed a technical and legal due diligence for the purpose of securing a new project finance debt funding that would fund the Phase 2B and 2C wash plant, excluding associated rail-related capital expenditure. The due diligence reports were completed in January 2014 and the Board is pleased to announce that it has since received a non-binding offer for a \$20 million debt facility for the expansion of the wash plant to 2.8Mt per annum ROM capacity. Whilst the debt facility remains subject to a number of pre-conditions including satisfactory conclusion of due diligence, the Directors remain optimistic that it will be able to complete the required finance for the wash plant and is working towards concluding due diligence and addressing long lead items arising. In addition the Group has entered into early stage discussions with interested parties regarding the potential sale of a minority stake in the Minas Moatize project. The Directors are confident that sufficient funds will be available in due course, although no formal arrangements are currently in place to fully meet the funding requirement. As a result, there is material uncertainty regarding the Group's ability to raise further additional finance, and this may cast doubt over the Group's ability to continue as a going concern. In addition the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Beacon Hill Resources Plc

Directors' report for the year ended 31 December 2013 (continued)

Directors

The Directors of the Company received the following remuneration during the year:

	Fees/Salary 2013 US\$	Compensation 2013 US\$	Benefits 2013 US\$	Total 2013 US\$	Total 2012 US\$
Justin Farr-Jones	193,859*	-	46,653	240,512	28,455
Rowan Karstel	286,047	-	-	286,047	57,767
Murray d'Almeida	89,045**	-	-	89,045	90,124
Timothy Jones (resigned 27.6.13)	96,197	32,982	-	129,179	227,640
David Premraj (resigned 1.11.13)	20,880	-	-	20,880	39,556
Cristian Ramirez (appointed 28.5.13)	-	-	-	-	-

* Including US\$180,666 (2012: US\$ Nil) for consultancy services provided to the Group.

** Including US\$ 39,578 (2012: US\$ 23,197) for consulting services provided to the Tasmania Project

See note 24 for details of share options held by Directors at the year-end.

Financial instruments

Details regarding the Group's use of financial instruments and their associated risks are given in note 23 to the consolidated financial statements.

Post balance sheet events

[TBC]

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the board of Directors and signed on behalf of the board



Justin Farr-Jones
Director

27 March 2014

Beacon Hill Resources Plc

Corporate governance

The Board believes that good corporate governance improves corporate performance and benefits all shareholders and Beacon Hill has adopted a formal written corporate governance statement.

This section sets out the Company's approach to corporate governance:

Principle 1 - Lay solid foundations for management and oversight

The Company is managed by a Board of Directors.

The Company considers that it has an effective Board that has been structured in such a way that it:

- has a proper understanding of, and is competent to deal with, the current and emerging issues affecting the business;
- exercises independent judgement;
- encourages enhanced performance of the Company; and
- can effectively review and challenge the performance of management.

The Board meets regularly throughout the year and the Board is responsible for:

- increasing shareholder value through leadership and direction of the Company;
- formulating, reviewing and approving the Company's strategy;
- budgeting and reviewing financial performance;
- ensuring adequate capital resources are available to the Company;
- reporting to shareholders;
- compliance; and
- corporate governance.

The Board effectively delegates the day to day management of the Company to the Managing Director and the Executive Management team.

The Executive Directors are responsible for evaluating the performance of senior management. The performance of each member of the senior management team is assessed on an informal basis throughout the year and on a formal basis once a year.

Principle 2 - Structure the Board to add value

This Principle requires the Company to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Board is required to consist of Directors with an appropriate mix of skills, experience and personal attributes that allow the Directors individually and the Board collectively to supervise the operations of the Company.

The Board has 4 Directors:

- Justin Farr-Jones (Non-executive Chairman);
- Rowan Karstel (Managing Director)
- Murray d'Almeida (Independent Non-executive Director)
- Christian Ramirez (Non-executive Director)

The Board acknowledges that the Board of Directors does not currently comprise a majority of independent Directors. However, the Board believes that all of its Directors exercise due care and skill with respect to the matters which they consider and bring objective judgement to bear in decision making.

Beacon Hill Resources Plc

Corporate governance (*continued*)

Principle 2 - Structure the Board to add value (*continued*)

The Board undertakes the role of a nomination committee given the size and scale of the Company's operations. The Board's policy for nomination and appointment of Directors is to fulfil its responsibilities to shareholders by ensuring that the Board is comprised of individuals who are best able to discharge their responsibilities as Directors, having regard to the law and the highest standards of governance.

The specific responsibilities that the Board has undertaken in completing the nomination committee's role include:

- regularly reviewing the structure, size and composition of the Board
- evaluating the balance of skills, knowledge and experience on the Board;
- identifying and nominating candidates to fill Board vacancies
- making recommendations concerning the re-election by Shareholders of Directors who have retired by rotation; and
- making recommendations concerning the re-election by Shareholders of Directors to the positions of Chairman and Managing Director.

Details on each Director's relevant skills, experience and expertise, as well as their independence status and period in office can be found on www.bhrplc.com

All Directors have the right to seek independent professional advice at the Company's expense.

Principle 3 - Promote ethical and responsible decision making

Beacon Hill has established a code of conduct to provide Directors and employees' guidance on what is deemed acceptable behaviour. Specifically, the Company requires all Directors and employees to maintain the highest standards of integrity and honesty. A copy of the code of conduct for Directors and employees is available on the Company's website www.bhrplc.com

Principle 4 - Safeguard integrity in financial reporting

Beacon Hill is committed to a transparent system for auditing and reporting of the Company's financial performance. The Board has established an audit committee which performs a central function in achieving this goal.

The purpose of the audit committee is to:

- give the Board of Directors of the Company critical and independent advice on the integrity of the Company's financial statements and to provide a forum at which any employee of the Company or other interested person, such as the Company's auditors, can discuss financial matters concerning the Company;
- be available on an ad hoc basis to consider and resolve any financial problems relating to the Company;
- to ensure a thorough and detailed review is carried out by non-executive Directors of audit matters before approval by the Board; and

To investigate audit matters with full access to information and the resources to do so.

The audit committee is currently comprised of Murray d'Almeida (Chairman of the committee) and Justin Farr-Jones.

The Board notes that it is compliant with the requirements of the UK Corporate Governance Code which requires a two-member audit committee for smaller companies (defined as those note within the FTSE-350 index).

The audit committee is governed by a 'terms of reference' which are similar in nature to a committee charter.

The Audit Committee Terms of Reference is available from the Company's website www.bhrplc.com

Beacon Hill Resources Plc

Corporate governance (*continued*)

Principle 5 - Make timely and balanced disclosure

The Company has been listed on the AIM since 14 August 2006 and has at all times complied with its continuous disclosure obligations under the AIM Rules for Companies.

The Company has a continuous disclosure policy which is compliant with the AIM Rules for Companies.

Under the AIM Rules for Companies, Beacon Hill is required to issue notification without delay of any new developments which are not public knowledge concerning a change in the following factors that if made public, would be likely to lead to a substantial movement in the price of its AIM securities:

- financial condition
- sphere of activity
- performance of its business
- expectation of its performance

All disclosures to the AIM are reviewed and authorised by the Company and Beacon Hill's nominated advisor in the UK to ensure that Company announcements are timeous, factual, do not omit material information and are expressed in a clear and objective manner that allows investors to access the impact of the information when making investment decisions.

The Company's continuous disclosure policy is contained within the Company's corporate governance statement, which is available on the Company's website www.bhrplc.com

Principle 6 - Respect the rights of shareholders

Beacon Hill is focussed on communicating effectively with the Company's shareholders, giving them ready access to balanced and understandable information about the Company and corporate proposals and making it easy for these shareholders to participate in general meetings.

The Company Secretary, the Managing Director and the Chairman are responsible for:

- overseeing and co-coordinating disclosure of information to the relevant stock exchanges and shareholder; and
- providing guidance to Directors and employees on disclosure requirements and procedures.

Beacon Hill's primary means of communicating with its shareholders is via the Company's announcements on the AIM via the Company's website www.bhrplc.com.

The Company regularly updates the following information on the website:

- company announcements;
- recent presentations made to media, analysts and investors;
- notices of meetings and explanatory material;
- financial information; and
- annual reports

The Company's communication's policy is contained within the Company's corporate governance statement, which is available on the Company's website.

Beacon Hill Resources Plc

Corporate governance (*continued*)

Principle 7 - Recognise and manage risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. While the Board does not currently have a formal risk management policy in place, the Board believes that it operates a sufficiently rigorous risk framework appropriate to a Company of its size and scope.

Duties in relation to risk management that are conducted by the Board of Directors include but are not limited to:

- identifying, assessing, monitoring and managing risks in an effective and efficient manner;
- using risk management to assist the business with decision making
- identifying and evaluating opportunities based on their risk/reward balance;
- communicating and consulting internally and externally as appropriate; and
- informing investors of material changes to the Company's risk profile.

Ongoing review of the overall risk management program is conducted by external parties where appropriate. The Board ensures that recommendations made by external parties are investigated and where deemed necessary appropriate action is taken to ensure that the Company has a suitable internal control environment in place to manage the key risks identified.

Risk management duties that are undertaken by the Board of Directors are available from the corporate governance statement, which is available on the Company's website www.bhrplc.com.

Principle 8 - Remunerate fairly and responsibly

Beacon Hill has a remuneration committee. The purpose of the remuneration committee is to determine and review the remuneration of executives on behalf of the Board of Directors and to ensure that the remuneration policies and packages attract, retain and motivate quality Directors while not exceeding market rates.

The remuneration committee is comprised of Murray d'Almeida (Chairman of the committee) and Justin Farr-Jones. The remuneration committee reviews the performance of executive Directors and sets their remuneration, determines the payment of bonuses to executive Directors and considers the future allocation of share options to Directors and employees.

The Company distinguishes between the remuneration structure of non-executive Directors' and that of executive Directors and senior executives. Executive Directors' and senior executives' remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

The remuneration committee is governed by a 'Terms of Reference' which is available from the Company's website www.bhrplc.com.

Beacon Hill Resources Plc

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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 Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group accounts have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the parent Company accounts have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Beacon Hill Resources Plc

Independent auditor's report

To the shareholders of Beacon Hill Resources Plc

We have audited the financial statements of Beacon Hill Resources PLC for the year ended 31 December 2013 which comprise the Group income statement, the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of financial position and Company balance sheet, the Group statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. Further funds will be required to finance the Group's planned work programme and working capital requirements. While the Directors are confident of being able to acquire the finance necessary to meet both capital and administrative obligation and liabilities as they fall due, a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern given that sufficient facilities are not currently in place.

Beacon Hill Resources Plc

Independent auditor's report (*continued*)

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
27 March 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Beacon Hill Resources Plc

Consolidated income statement for the year ended 31 December 2013

	Note	2013 US\$'000	2012 Restated US\$'000
Revenue	4	2,380	1,071
Direct costs		(6,557)	(15,294)
Gross loss		(4,177)	(14,223)
Other administrative expenses		(8,437)	(9,769)
Impairment of intangible assets	11	(2,000)	(20,500)
Share-based payment charge	24	(376)	(327)
Total administrative expenses		(10,813)	(30,596)
Operating loss	5	(14,990)	(44,819)
Finance income – bank interest		30	38
Finance costs	8	(3,981)	(360)
Loss before tax		(18,941)	(45,141)
Tax expense	9	(304)	-
Loss for the year attributable to equity holders of the parent		(19,245)	(45,141)
Loss per share attributable to equity holders of the parent Company			
Basic and diluted	10	(1.306)cents	(4.244)cents

Beacon Hill Resources Plc

Consolidated statement of comprehensive income for the year ended 31 December 2013

	2013 US\$'000	2012 US\$'000
Loss for the year	(19,245)	(45,141)
Other comprehensive income:		
<i>Items that will or may be reclassified to profit or loss:</i>		
Currency translation differences on overseas operations	(156)	(177)
Other comprehensive income for the year	(156)	(177)
Total comprehensive income	(19,401)	(45,318)
Total comprehensive income attributable to owners of the parent	(19,401)	(45,318)

Beacon Hill Resources Plc

Consolidated statement of changes in equity for the year ended 31 December 2013

	Share capital	Share premium account	Merger reserve	Foreign exchange reserve	Warrant reserve	Loan note reserve	Minority acquisition reserve	EBT reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2012	5,723	126,558	29,432	2,454	75	-	(47,817)	(2,950)	(19,358)	94,117
Comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	-	-	(45,141)	(45,141)
Other comprehensive income	-	-	-	(177)	-	-	-	-	-	(177)
Total comprehensive income for the year	-	-	-	(177)	-	-	-	-	(45,141)	(45,318)
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	-	-	335	335
Issue of shares	240	4,057	-	-	-	-	-	-	-	4,297
Issue of loan notes	-	-	-	-	-	2,838	-	-	-	2,838
Total contributions by and distributions to owners	240	4,057	-	-	-	2,838	-	-	335	7,470
At 1 January 2013	5,963	130,615	29,432	2,277	75	2,838	(47,817)	(2,950)	(64,164)	56,269
Comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	-	-	(19,245)	(19,245)
Other comprehensive income	-	-	-	(156)	-	-	-	-	-	(156)
Total comprehensive income for the year	-	-	-	(156)	-	-	-	-	(19,245)	(19,401)

Beacon Hill Resources Plc

Consolidated statement of changes in equity (*continued*) for the year ended 31 December 2013

Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	-	-	376	376
Issue of shares	2,047	20,582	-	-	-	-	-	-	-	22,629
Expenses at issue	-	(813)	-	-	-	-	-	-	-	(813)
Issue of loan notes	-	-	-	-	-	1,190	-	-	-	1,190
Total contributions by and distributions to owners	2,047	19,769	-	-	-	1,190	-	-	376	23,382
At 31 December 2013	8,010	150,384	29,432	2,121	75	4,028	(47,817)	(2,950)	(83,033)	60,250

Beacon Hill Resources Plc

Consolidated balance sheet at 31 December 2013

Company number: 5696680

	Note	2013 US\$'000	Restated 2012 US\$'000	2011 US\$'000
Assets				
Non-current assets				
Exploration and evaluation assets	11	9,861	12,328	32,073
Mineral properties	12	66,673	66,765	65,671
Mine works, plant and equipment	13	25,104	21,834	12,245
		101,638	100,927	109,989
Current assets				
Inventories	15	1,887	1,374	4,165
Trade and other receivables	16	6,267	1,146	2,184
Cash and cash equivalents		8,736	1,977	6,770
		16,890	4,497	13,099
Total assets		118,528	105,424	123,088
Liabilities				
Current liabilities				
Trade and other payables	17	10,240	8,610	8,881
Other loan notes	17	1,700	-	-
Loan note derivative	18	276	-	-
		12,216	8,610	8,881
Non-current liabilities				
Convertible loan notes	19	13,615	6,912	-
Other loan	20	8,300	10,000	-
Provision for site rehabilitation	21	5,841	5,631	2,088
Deferred tax	22	18,306	18,002	18,002
		46,062	40,545	28,971
Total liabilities		58,278	49,155	28,971
Net assets		60,250	56,269	94,117

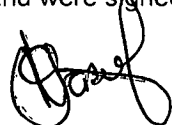
Beacon Hill Resources Plc

Consolidated balance sheet at 31 December 2013 (*continued*)

Equity attributable to equity holders of parent

Share capital	26	8,010	5,963	5,723
Share premium	26	150,384	130,615	126,558
Merger reserve	27	29,432	29,432	29,432
Foreign exchange reserve	27	2,121	2,277	2,454
Warrant reserve	27	75	75	75
Loan note reserve	27	4,028	2,838	-
Minority acquisition reserve	27	(47,817)	(47,817)	(47,817)
EBT reserve	27	(2,950)	(2,950)	(2,950)
Retained earnings	27	(83,033)	(64,164)	(19,358)
Total equity attributable to equity holders of the parent		60,250	56,269	94,117

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2014 and were signed on its behalf by:



Rowan Karstel
Director



Justin Farr-Jones
Director

Beacon Hill Resources Plc

Consolidated cash flow statement for the year ended 31 December 2013

	Note	2013 US\$'000	2012 US\$'000
Net cash flow from operating activities			
Loss for the year		(19,245)	(45,141)
Depreciation and amortisation	5	650	770
Impairment of intangible assets		2,000	20,500
Deferred tax		304	-
Profit on revaluation of derivative		(55)	-
Loss on scrapping of tangible assets		26	1,543
Loan note accretion		1,233	-
Share-based payment expense	24	376	335
Discount charge on site rehabilitation provision	21	739	359
Accrued Interest		657	-
Interest received		(30)	(38)
Foreign exchange (loss)/gain		111	(281)
Movement in working capital:			
- trade and other receivables		(615)	1,046
- trade and other payables		1,630	(246)
- inventories		(513)	2,791
Cash flow used in operations		(12,732)	(18,362)
Cash flow from investing activities			
Additions to exploration and evaluation costs	11	(25)	(706)
Purchase of mine works, plant, equipment and mineral properties		(4,757)	(9,532)
Interest received		30	38
Net cash flow used in investing activities		(4,752)	(10,200)
Cash flow from financing activities			
Issue of shares	26	17,022	4,297
Share issue costs		(813)	-
Issue of convertible loan notes	19	8,034	9,472
Other loan proceeds	20	-	10,000
Net cash flow from financing activities		24,243	23,769
Net increase /(decrease) in cash and cash equivalents		6,759	(4,793)
Cash and cash equivalents at 1 January		1,977	6,770
Cash and cash equivalents at 31 December	23	8,736	1,977
Cash and cash equivalents comprise:			
Cash available on demand		8,736	1,977

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013

1 Accounting policies

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.

These financial statements have been prepared on the historical cost basis, subject to the fair value of certain financial liabilities at fair value through profit and loss, on the basis of going concern and in line with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union and in accordance with applicable UK law.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

Going concern

At 31 December 2013 the Group had US\$8.7 million of cash and US\$4.5 million of prepaid contractor costs. The Group will need to raise additional funds in the next 12 months to fund working capital and the Phase 2B and 2C expansion and to finance the servicing of the rolling stock lease. Management is currently involved in negotiations to sub-lease the rolling stock for up to 12 months to offset this cost, but no signed agreement is currently in place. The funds may be in the form of equity, convertible debt, bank debt or vendor funding and the Directors are considering a number of funding options. Post period end the Group has undertaken and completed a technical and legal due diligence for the purpose of securing a new project finance debt funding that would fund the Phase 2B and 2C wash plant, excluding associated rail related capital expenditure. The due diligence reports were completed in January 2014 and the Board is pleased to announce that it has since received a non-binding offer for a \$20 million debt facility for the expansion of the wash plant to 2.8Mt per annum ROM capacity. Whilst the debt facility remains subject to a number of pre-conditions including satisfactory conclusion of due diligence, the Directors remain optimistic that it will be able to complete the required finance for the wash plant and is working towards concluding due diligence and addressing long lead items arising. In addition the Group has entered into early stage discussions with interested parties regarding the potential sale of a minority stake in the Minas Moatize project. The Directors are confident that sufficient funds will be available in due course, although no formal arrangements are currently in place to fully meet the funding requirement. As a result, there is material uncertainty regarding the Group's ability to raise further additional finance, and this may cast doubt over the Group's ability to continue as a going concern. In addition the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Revenue

Revenue comprises sales of coal to third parties (excluding VAT and similar taxes). Revenue is recognised on despatch from the mine gate or, if later under the terms of the sale contract, when the risks and rewards of ownership pass to the buyer.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Where the Group increases its holding in an existing subsidiary undertaking, any premium arising on the acquisition is charged to the minority acquisition reserve.

Acquisitions of entities with no active business do not represent business combinations. In such cases the fair value of the consideration paid is allocated between the identifiable assets and liabilities at the acquisition date. No goodwill arises.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the consolidated income statement. Exchange differences arising on translating the opening net assets at closing rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Exchange differences recognised in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

On consolidation, the results of overseas operations are translated into US Dollar at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Functional and presentational currency

The Group financial statements are presented in US dollars, and all values are rounded to the nearest thousand dollars ('000) except where otherwise indicated.

The financial statements for the year ended 31 December 2012 were presented in pounds sterling. The Directors have decided to present the financial statements for the year ended 31 December 2013 in US dollars as it is the currency most relevant to our investors given the nature of what is currently the Group's core activity, the operation of the Minas Moatize coal mine. Coal is an internationally traded commodity with a pricing structure universally expressed in US dollars and many of the Group's costs are denominated in US dollars. The majority of the Group's borrowings are denominated in US dollars. It is therefore considered that the most appropriate presentational currency for the Group financial statements is the US dollar.

The comparative financial statements for the year ended 31 December 2012 and for the year ended 31 December 2011 have been restated using exchange rates for the statement of financial position of £1: US\$1.6260 and £1: US\$1.5528, being the closing rates at 31 December 2012 and 31 December 2011 respectively and for the income statement and cash flow statement of £1: US\$1.5893 being the average rates for the year ended 31 December 2012.

The functional currency of the parent Company remains unchanged and continues to be pounds sterling. The presentational currency of the parent company-only figures has thus remained pound sterling to continue to reflect this.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Any resulting translation differences were included in the cumulative foreign exchange reserve

Exploration and evaluation assets

The Group applies the full-cost method of accounting under which all expenditure relating to the acquisition, exploration, appraisal and development of mineral interests, including exploration licences and an appropriate share of directly attributable overheads, is capitalised. Capitalised costs are amortised on a unit of production basis from the date production commences. The Board regularly reviews the carrying values of exploration and evaluation assets and writes down capitalised expenditure to levels it considers to be appropriate. Amortisation commences once production has started and, along with any charges for impairment, is recognised as part of administrative expenses in the consolidated income statement.

Financial assets

The Group's financial assets all of which are categorised as loans and receivables comprise the following:

Trade and other receivables – these are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents – comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Financial liabilities

The Group's financial liabilities comprise convertible loan notes (see below), derivatives (see below) and other loans and trade and other payables. The latter are recognised on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

Convertible loan notes

In accordance with IAS 32, the Group has classified the convertible debt in issue as a compound financial instrument. Accordingly, the Group presents the liability and equity components separately on the balance sheet, the equity element being credited to the loan note reserve. The classification of the liability and equity component is not reversed as a result of a change in the likelihood that the conversion option will be exercised. No gain or loss arises from initially recognising the components of the instrument separately. Interest on the debt element of the loan is accreted over the term of the loan at the effective interest rate. In the event of conversion the equity component relating to the conversion rights and the shares issued will be transferred to share capital and share premium (for any amount over the nominal value of each share).

Convertible loan notes – hybrid financial instruments

Where at inception, the conversion option is such that the option will not be settled by the Group exchanging a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan does not meet the definition of a compound financial instrument. In such cases, the convertible loan (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative. Attached options (options entered into in consideration for entering into the host contract) on similar terms are also embedded derivatives.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

The embedded derivatives are separated from the host contract as their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. At each reporting date, the embedded derivatives are measured at fair value with the changes in fair value recognised in the Income Statement as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost. The embedded derivatives and host contract are presented under separate headings in the Balance Sheet.

The fair values of the embedded derivatives are calculated using appropriate valuation models depending on the characteristics of the derivatives. Interest expense is calculated using the effective interest rate method. On conversion or redemption, the embedded derivative is reflected at fair value immediately prior to redemption or conversion and the resulting change is recognised in the Income Statement. Any difference between the fair value of the host contract and the redemption or conversion value is recognised in the Income Statement.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Share based payment

The share option programme allows Directors and employees to acquire shares of the Company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the Directors and employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group Company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Borrowing costs

Borrowing costs incurred in respect of qualifying assets as defined in IAS 23 *Borrowing Costs*, including interest charges calculated in accordance with effective interest method as described in IAS 32 *Financial Instruments: Presentation*, are capitalised as part of the cost of that asset.

Impairment of non-financial assets

Impairment tests on exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognised in the statement of comprehensive income.

Mineral properties

Mineral properties are recorded at cost, including appropriate capitalised borrowing costs, and are amortised over their expected useful life on a pro rata basis of actual production for the period to expected total production.

Mine works, plant and equipment

Mine works, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the income statement during the financial periods in which they are incurred.

Fixed assets are depreciated over their estimated useful lives, as follows:

Mine works	-	pro rata to production
Fixtures, fittings, equipment and computers	-	13 - 40% straight line
Motor vehicles	-	12 - 25% straight line

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Site rehabilitation

Provisions for site rehabilitation costs are recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Provisions are recorded at the present value of the expenditures expected to be required to settle the Group's future obligations.

Provisions are reviewed at each reporting date to reflect the current best estimate of the cost at present value. The unwinding of the discount is reflected as a finance cost. A site rehabilitation asset is also established, since the future cost of site rehabilitation is regarded as part of the total investment to gain access to future economic benefits, and included as part of the cost of the relevant development and production asset. Depletion on this asset is calculated under the unit of production method based on commercial reserves.

Inventories

Material and equipment inventories are accounted for at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Employee Benefit Trust (EBT)

As the Company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position and disclosed as the EBT reserve.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the executive and the non-executive Board members.

The operating results of each of the geographical segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance. Africa has production activities, Australia has exploration activities and there are administrative cost centres in the United Kingdom, South Africa and Mauritius.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the Consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

New accounting standards adopted during the year

Whilst the Company has early adopted Amendments to IAS 19 'Employee Benefits' during the year ended 31 December 2013, it has not had a material effect on the reported results or financial position of the Company. These accounting standards were adopted during the year and include:

- Amendments to IFRS 7 and IAS 32 'Financial Instruments: Disclosures and Presentation – Offsetting Financial Assets and Financial Liabilities';
- Amendments to IAS 12 'Income Taxes – Deferred Tax: Recovery of Underlying Assets';
- IFRIC Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine';
- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements';
- IFRS 12 'Disclosure of Interests in Other Entities';
- IFRS 13 'Fair Value Measurement';
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets';
- IAS 27 'Separate Financial Statements'; and
- IAS 28 'Investments in Associates and Joint Ventures'.

New standards and interpretations not yet applied

Certain new standards and interpretations issued and endorsed by the IASB and the IFRIC during the year ended 31 December 2013 are effective for future periods and for which the Company has not early adopted. These are listed below, none of which are expected to have a material effect on the reported results or financial position of the Company.

- Amendments to IFRS 1 'First Time Adoption of International Financial Reporting Standards – Government Loans';
- Annual Improvements to IFRSs 2009-2011 Cycle;
- Amendments to IFRS 10, IFRS 12 and IFRS 27 'Investment Entities';
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting'; and
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12).

The new standards and interpretations listed under the "Status of EU Endorsement" section below, which have been issued by the IASB and the IFRIC, have yet to be endorsed by the European Union and thus have not been adopted in these financial statements. None are expected to have a material effect on the reported results or financial position of the Company.

Status of EU endorsement

Entities in the European Union (EU) member states which report in accordance with EU-endorsed IFRS can only apply IFRSs and IFRICs where the endorsement process has been completed at the date of approval of their financial statements. The following had not yet been endorsed by the European Union at the date these financial statements were authorised for issue:

- IFRS 9 'Financial Instruments';
- IFRS 14 'Regulatory Deferral Accounts';
- IFRIC Interpretation 21 'Levies';
- Amendments to IAS 19 'Defined Benefit Plans: Employee Contributions';
- Annual Improvements to IFRSs 2010-2012 Cycle; and
- Annual Improvements to IFRSs 2011-2013 Cycle.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination on Inventory Value

Inventory are valued using the unit of production method. The density and surveyors report are used to determine final quantities of inventory on hand. The use of this method requires the estimation of the density of a stockpile and reliance on the accuracy of the surveyors reports in order to calculate the present quantity of inventory on hand. Actual outcomes may vary.

Impairment of non-current assets

The Directors are required to consider whether the non-current assets comprising exploration and evaluation assets, mineral properties and mine works, plant and equipment have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

Useful lives of non-current assets

Non-current assets are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in the specific period.

Determination of fair values of exploration and evaluation assets acquired

The fair values of exploration and evaluation assets acquired are based on a valuation of the shares issued in consideration. While such valuations are based on market prices, there is inevitably a subjective element in such processes

Determination of share based payment costs

The determination of these costs is based on financial models. The inputs to these models are based on the Directors' judgements and estimates and are not capable of being determined with precision.

Convertible loan notes

The fair value of the liabilities component on initial recognition is the present value of the stream of future cash flows (including both coupon payments and redemption) discounted at the market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option.

Provision for site rehabilitation and decommissioning costs

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the Group's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 21 to the consolidated financial statements.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

3 Operating segments

The following tables present revenue, loss and certain asset and liability information regarding the Group's business segments for the year ended 31 December 2013 and for the year ended 31 December 2012.

	Africa		Australia		Total	
	2013	2012	2013	2012	2013	2012
Income statement	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from external customers	2,380	1,071	-	-	2,380	1,074
Direct costs	(6,557)	(15,294)	-	-	(6,557)	(15,294)
Gross loss	<u>(4,177)</u>	<u>(14,223)</u>	<u>-</u>	<u>-</u>	<u>(4,177)</u>	<u>(14,223)</u>
Impairment of intangible assets	(2,000)	(6,078)	-	(14,422)	(2,000)	(20,500)
Administrative expenses	(5,661)	(5,199)	(464)	-	(6,125)	(5,199)
Segment result	<u>(11,838)</u>	<u>(25,500)</u>	<u>(464)</u>	<u>(14,422)</u>	<u>(12,302)</u>	<u>(39,922)</u>
Unallocated						
Corporate expenses					(2,312)	(4,570)
Share-based payments					(376)	(327)
Operating loss					<u>(14,990)</u>	<u>(44,819)</u>
Finance income					30	38
Finance costs					(3,981)	(360)
Loss before tax					<u>(18,941)</u>	<u>(45,141)</u>

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 *(continued)*

3 Operating segments *(continued)*

	Corporate		Africa		Australia		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Other segment information	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Capital additions	-	8	4,228	15,216	25	476	4,253	13,700
Depreciation and amortisation	3	8	643	757	4	5	650	770
Site rehabilitation provision	-	-	5,841	5,631	-	-	5,841	5,631
Segment assets	7,823	1,593	101,289	94,540	9,416	9,289	118,528	105,422
Segment liabilities	23,302	17,746	34,671	31,388	305	22	58,278	49,156

Of the total non-current assets of US\$101.6 million (2012: US\$100.9 million) none were held in the United Kingdom (2012: none). All external revenues were generated in Africa.

The current year sales are split between Coking Coal and Thermal Coal on the following basis; US\$0 and US\$2.4 million (2012: US\$0 and US\$1.1 million respectively).

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

4 Revenue	2013 US\$'000	2012 US\$'000
Revenue disclosed in the income statement is as follows:		
Sales of coal to third parties	2,380	1,071
5 Operating loss	2013 US\$'000	2012 US\$'000
This is stated after charging / (crediting) the following:		
Depreciation	558	645
Amortisation	92	125
Impairment of intangible assets (note 11)	2,000	20,500
Loss on scrapping of tangible assets	26	1,543
Changes in inventory of coal	(513)	2,791
Consumables used	82	396
Operating Leases	1,194	1,110
6 Auditors' remuneration	2013 US\$'000	2012 US\$'000
Fees payable to the Company's auditors and its associates for audit of the annual accounts		
Audit of the Company	11	11
Audit of the consolidation	56	56
Audit of subsidiaries	64	67
	131	134
Fees payable to the Company's auditors and its associates for other services:		
- remuneration for tax services	13	15
- remuneration for other services	13	13
	157	162
7 Staff costs and Directors' emoluments	2013 US\$'000	2012 US\$'000
<i>Staff costs (including Directors)</i>		
<i>Group</i>		
Wages and salaries	3,944	4,161
Fees paid via third parties for services	281	-
Compensation for loss of office	31	-
Expense of share-based payments	376	327
	4,632	4,488
<i>Company</i>		
Wages and salaries	172	417
Compensation for loss of office	31	-
Expense of share-based payments	376	327
	580	744

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

7 Staff costs and Directors' emoluments (continued)

The average monthly number of employees (including Executive Directors) during the year was as follows:

Group	2013 Number	2012 Number
Production staff	178	221
Technical and administrative staff	34	19
<hr/>		
Company		
Technical and administrative staff	1	1
<hr/>		
	2013 US\$'000	2012 US\$'000
Directors' emoluments		
Group		
Fees and salaries	766	794
<hr/>		

The remuneration of the highest paid director was US\$286,047 (2012: US\$369,180). The director did not exercise any share option in the year (2012: Nil).

In addition to the amounts shown above for Directors' emoluments, share-based payment expenses of US\$376,366 (2012: US\$327,079) were recognised in respect of Directors. Details regarding share options held by Directors are set out in note 24 to the financial statements.

The key management personnel of the Group are considered to be the executive and non-executive Directors.

8 Finance costs

	2013 US\$'000	2012 US\$'000
Interest	1,986	-
Loan note accretion (note 19)	1,233	-
Unwinding of discount on site rehabilitation provision (note 21)	739	360
Exchange differences	23	-
<hr/>		
	3,981	360
<hr/>		

In the prior year interest and loan note accretion were capitalised in accordance with the Group's accounting policy. From 1 January 2013 these charges were expensed as the Group is now in the production stage.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

9	Taxation	2013 US\$'000	2012 US\$'000
	<i>UK Corporation tax</i>		
	Current tax on loss of the year	-	-
	<i>Deferred tax</i>		
	Origination and reversal of timing differences (note 22)	304	-
		<hr/>	<hr/>
	Taxation on profit on ordinary activities	304	-
		<hr/>	<hr/>

Reconciliation of the total tax charge

The tax assessed on the loss for the year is lower than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are reconciled below:

	2013 US\$'000	2012 US\$'000
Accounting loss before tax	(18,941)	(45,141)
Taxation at UK statutory income tax rate of 23.25% (2012: 24.5%)	(4,404)	(11,060)
Impairment of intangible assets	465	5,023
Share-based payments	87	80
Subsidiaries unrelieved losses	3,378	5,004
Holding company unrelieved losses	474	953
Write-off of tax loss assets as a result of expiry	304	-
	<hr/>	<hr/>
Tax on loss	304	-
	<hr/>	<hr/>

The Group has unrelieved trading losses of US\$48.6 million (2012: US\$32.1 million). Details of deferred tax assets and liabilities are shown in note 22.

10 Loss per share

The calculation of basic loss per ordinary share attributable to equity holders of the parent Company, is based on a loss of US\$19.2 million (2012: US\$45.1 million) and on 1,649,463,109 ordinary shares (2012: 1,110,834,153), being the weighted average number of ordinary shares in issue during the year.

There is no difference between diluted loss per share and the basic loss per share as the Group reported a loss for the year.

The Company has issued share options and warrants over ordinary shares and convertible loan notes, all of which could potentially dilute basic earnings per share in the future. Further details are given in notes 18, 19 and 24.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

11 Exploration and evaluation assets

	Changara Coal Project US\$'000	Tasmania Magnesite US\$'000	Total US\$'000
<i>Cost</i>			
At 1 January 2012	8,928	23,145	
32,073			
Exchange movement		49	49
Additions	230	476	706
At 31 December 2012 and 1 January 2013	9,158	23,670	
32,828			
Exchange movement	-	(492)	(492)
Additions	-	25	25
At 31 December 2013	9,158	23,203	
32,361			
<i>Impairment</i>			
At 1 January 2012			-
Charge for the year	6,078	14,422	
20,500			
At 31 December 2012 and 1 January 2013	6,078	14,422	
20,500			
Charge for the year	2,000	-	2,000
At 31 December 2013	8,078	14,422	
(22,500)			
<i>Net book value</i>			
At 31 December 2013	1,080	8,781	
9,861			
At 31 December 2012	3,080	9,248	
12,328			

More details on the exact activity undertaken in relation to both of these assets is provided in the strategic report.

The provision for impairment of US\$2.0 million, against the Changara Coal Project, was made following a review by the Directors, of the carrying values of the assets from which it was concluded that the global decline in mineral prices had brought about an impairment in this value. The asset impairment was based on the fair value rather than value in use as a result of the current stage of the assets

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

11 Exploration and evaluation assets (*continued*)

- The provision for impairment in the prior year of US\$20.5 million (Changara Coal Project: US\$6.1 million and Tasmania Magnesite Project: US\$14.4 million) was made following a review by the Directors of the carrying values of the assets from which it was concluded that the global decline in mineral prices had brought about an impairment of those values.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

12 Mineral properties

	US\$'000
<i>Cost</i>	
At 1 January 2012	65,848
Capitalised borrowing costs	1,219
	<hr/>
At 31 December 2012, 1 January 2013 and 31 December 2013	67,067
<i>Amortisation</i>	
At 1 January 2012	177
Charge for the year	125
	<hr/>
At 31 December 2012 and 1 January 2013	302
Charge for the year	92
	<hr/>
At 31 December 2013	394
	<hr/>
<i>Net book value</i>	
At 31 December 2013	66,673
	<hr/>
At 31 December 2012	66,765
	<hr/>

The mineral property arose in 28 April 2010 on the acquisition of Minas Moatize LDA. The cost recognised in mineral assets was the difference between the fair value of the identifiable asset and liabilities of the Company at that date.

In line with the accounting policies as laid out in note 1 this asset is amortised by reference to the production from the mine to which it relates.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

13 Mine works, plant and equipment

	Mine works US\$'000	Motor vehicles US\$'000	Fixtures fittings and office equipment US\$'000	Total US\$'000
<i>Cost</i>				
At 1 January 2012	12,011	284	182	12,477
Exchange movement	-	1	1	2
Additions	11,619	64	92	11,775
Disposals	(1,863)	(27)	(1)	(1,891)
At 31 December 2012 and 1 January 2013	21,767	322	274	22,363
Exchange movement	(263)	(8)	(118)	(389)
Additions	3,751	-	477	4,228
Disposals	-	-	(26)	(26)
At 31 December 2013	25,255	314	607	26,176
<i>Depreciation</i>				
At 1 January 2012	153	45	34	232
Charge for the year	581	35	29	645
On disposals	(325)	(22)	(1)	(348)
At 31 December 2012 and 1 January 2013	409	58	62	529
Exchange movement	(7)	(3)	(5)	(15)
Charge for the year	435	74	49	558
At 31 December 2013	837	129	106	1,072
<i>Net book value</i>				
At 31 December 2013	24,418	185	501	25,104
At 31 December 2012	21,358	264	212	21,834

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

14 Subsidiaries

The consolidated financial statements include the financial statements of Beacon Hill Resources Plc and the following subsidiaries:

		Proportion of voting rights and of equity interest	
		2013	2012
Minas Moatize Limitada	Mozambique	100%*	100%
Midwest 2001 Limitada (formerly Nongo, Limitada)	Mozambique	99%	99%
Baetica Limitada	Mozambique	100%	100%
Tasmania Magnesite NL	Australia	100%	100%
BHR Mining Limited	Isle of Man	100%	100%
Beacon Hill Resources Pty Limited (formerly Carnegie Services Australia Pty Limited)	Australia	100%	100%
BHR Mining Limited	United Kingdom	100%	100%
BHR Mining Mauritius Limited	Mauritius	100%	100%
Cambridge Investments BV	Mauritius	100%	100%
BHR Ventures Mauritius Limited	Mauritius	100%	100%
BHR Coal Mauritius Limited	Mauritius	100%	100%
BHR Investments Mauritius Limited	Mauritius	100%	100%
BHR Projects Mauritius Limited	Mauritius	100%	100%
Minas Moatize SA (Pty) Ltd	Mauritius	100%	100%

* The mining contract signed on 3 April 2013 with the Mozambique Government includes a term meaning they have a 5% free carry in the shareholding of Minas Moatize Limitada. As at 31 December 2013 none of this shareholding has been taken up.

Nature of business

The principal activity of Minas Moatize Limitada is coal mining.

The principal activity of Tasmania Magnesite NL and Midwest 2001 Limitada is mineral exploration.

The principal activity of the other subsidiaries is the provision of management services and investment holding.

15 Inventories

	2013 US\$'000	2012 US\$'000
Coal	1,770	1,260
Consumable supplies	117	114
	<u>1,887</u>	<u>1,374</u>

All finished product inventory held at the year-end has been valued at the net realisable value on the .The Run of mine inventory has been valued at the actual cost of extraction.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

16 Trade and other receivables (current)

	2013 US\$'000	2012 US\$'000
Trade receivables	169	16
Prepayments	4,531	52
Other receivables	208	1,078
VAT and equivalent tax receivable	1,359	-
	<u>6,267</u>	<u>1,146</u>

Within prepayments there is a balance of US\$4,505,870 relating to prepaid contractor costs.

17 Trade and other payables (current)

	2013 US\$'000	2012 US\$'000
Trade payables	2,988	2,454
Other payables	6,113	5,484
Accruals	1,139	649
GST payable	-	23
Other loans (note 20)	1,700	-
	<u>11,940</u>	<u>8,610</u>

Other payables include a deposit of US\$5.0 million (2012: US\$5.0 million, from Global Minerals & Metals PTE Limited, for the future supply of coking coal as set out in the off-take agreement signed in November 2011.

18 Convertible loan notes (current) –derivative

	2013 US\$'000	2012 US\$'000
Opening balance	-	-
Transferred from non-current loan notes	435	-
Converted in year	(104)	-
Revaluation	(55)	-
	<u>276</u>	<u>-</u>

The terms of the loan note from which this embedded derivate derived are provided in note 19. The fair value of the derivative is derived from the value gained by the loan note holder as a result of holding the loan note conversion options compared to the acquisition of shares in the open market.

Under the IFRS13, fair value hierarchy the inputs of the valuation technique are considered to be 'level 1'. The significant inputs being the active share price of Group as well as the volume weighted average prices for the period as stipulated in note 19.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

19 Convertible loan notes (non-current)	2012 Loan Notes US\$'000	2013 Loan Notes US\$'000	Darwin Loan Notes US\$'000	Total US\$'000
Balance at 1 January 2012	-	-	-	-
Issued in year	9,472	-	-	9,472
Classified as equity	(2,838)	-	-	(2,838)
Accrued interest	278	-	-	278
At 31 December 2012 and 1 January 2012	6,912	-	-	6,912
Exchange movements	(599)	-	-	(599)
Issued in year	-	4,021	4,013	8,034
Classified as equity	-	(1,190)	-	(1,190)
Classified as derivatives	-	-	(435)	(435)
Converted in year	-	-	(997)	(997)
Accrued interest	582	75	-	657
Accretion on loan notes	1,024	103	106	1,233
At 31 December 2013	7,919	3,009	2,687	13,615

The 2012 loan notes were issued in August and November 2012 expiring on 30 June 2015 and bear interest at an annual rate of 10% over 3 month LIBOR. These loan notes are convertible, into ordinary shares of the Company at a price of 5.5p per share at the option of the note holders. The Directors considered that the notes represented a compound instrument. Accordingly, the liability component was valued in accordance with the accounting policy set out in note 1 using an interest rate of 25%.

The 2013 loan notes were issued in February and December 2013.

The February 2013 loan notes (US\$0.776 million) expiring on 30 June 2015, bear interest at an annual rate of 10.5% over 3 month LIBOR and are convertible, into ordinary shares of the Company at a price of 5.5p per share at the option of the note holders. The Directors considered that the notes represented a compound instrument. Accordingly, the liability component was valued in accordance with the accounting policy set out in note 1 using an interest rate of 25%.

The December 2013 loan notes (US\$3.245 million) expiring in December 2016, bear interest at an annual rate of 12% per annum and are convertible, into ordinary shares of the Company at a price of 1.75p per share at the option of the note holders. The Directors considered that the notes represented a compound instrument. Accordingly, the liability component was valued in accordance with the accounting policy set out in note 1 using an interest rate of 25%.

Darwin loan note

The October 2013 Darwin Convertible Loan notes (US\$4.0 million) expiring in July 2015 contain an embedded derivative due to an Option contained in the agreement, as laid out below. The share conversion price of the loan notes is one of the following options:

- Firstly, 130% of the volume weighted average prices of the Ordinary Shares in the previous 20 trading days immediately prior to the date of Darwin's election to convert;
- Alternatively, 94% of the average of the five volume weighted average prices of the Ordinary Shares as selected by Darwin during the 20 consecutive trading days immediately prior to the date of Darwin's election to convert

The embedded derivative element was fair valued on initiation (see note 18) with the remaining host contract treated as a liability and amortised at the effective interest rate, in accordance with the accounting policy set out in note 1.

On 29 October 2013 Darwin converted a portion of the loan notes and 23,332,037 ordinary shares were issued at 1.436p per share.

On 26 November 2013 Darwin converted a portion of the loan notes and 34,482,758 ordinary shares were issued at 1.001p per share.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

20 Other loans (non-current)	2013 US\$'000	2012 US\$'000
Opening balance	10,000	-
Transferred to current liabilities	(1,700)	
Drawdown during the year	-	10,000
	<u>8,300</u>	<u>10,000</u>

The loan was drawn down in April 2012 under a facility made available by Vitol SA as part of its marketing partnership with the Company. The loan is secured over the Minas Moatize Limitada coal mine, bears interest at 8.75% over LIBOR and is repayable from coal sales proceeds by 31 December 2016.

21 Provision for site rehabilitation	2013 US\$'000	2012 US\$'000
Opening balance	5,631	2,088
Additional provision	(529)	3,184
Unwinding of discount	739	359
	<u>5,841</u>	<u>5,631</u>

In respect of the provision, a corresponding asset of US\$4.6 million (2012: US\$3.0 million) was recognised within the mine works asset. The costs associated with the provision are expected to be realised over a 15 year period. The asset is being amortised as part of the cost of mine works in line with the accounting policy set out in note 1 to the financial statements.

The amount relating to the unwinding of the discount amounting to US\$739,390 (2012: US\$359,477) has been charged as a finance cost to the consolidated income statement. The assessment of total cost has reduced and despite some additional land disturbed the result was a negative adjustment to the provision for site rehabilitation.

22 Deferred tax	2013 US\$'000	2012 US\$'000
<i>Recognised liability</i>		
Liability arising on unrealised value of mineral properties	18,306	18,306
<i>Recognised asset</i>		
Available tax losses of subsidiary at acquisition	-	(304)
	<u>18,306</u>	<u>18,002</u>

In accordance with the accounting policy set out in note 1, no deferred tax asset has been recognised on these unused losses owing to the uncertainty of future profit streams against which they could be utilised.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

23 Financial instruments

The Group's principal financial instruments are trade and other receivables, trade and other payables and cash. The main purpose of these financial instruments is to finance the Group's ongoing operational requirements.

The major financial risks faced by the Group which remained unchanged throughout the year are interest rate risk, credit risk, foreign exchange risk and liquidity risk.

Policies for the management of these risks are shown below and have been consistently applied.

Market risks

Interest rate risk

The Group is exposed to interest rate risk as cash balances in excess of immediate needs are placed on short-term deposits in the money markets at variable rates of interest. The Group seeks to optimise the rates received by continuously monitoring those available.

Foreign exchange risk

The Group's activities expose it to fluctuations in the exchange rate for Sterling, Australian dollar, South African Rand, Mozambique Metical and Mauritian Rupees..

Funds are maintained in sterling and US Dollars, with other foreign currency acquired on the basis of committed expenditure.

The Group's results are not considered to be materially sensitive to the above risks and therefore no sensitivity analysis has been provided.

Non-market risks

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

It is the policy of the Group, and regulated by the Mozambique government, that coal cannot be exported from the country prior to payment being received. All customers are required to pay on delivery or in advance.

The Group's policy is to deal only with credit worthy counterparties.

Prepayments and the resultant share issues, in relation to services to be delivered, are held in Escrow for release to sub-contractors based on deliverables in terms of the agreements.

Liquidity risk

Group management has responsibility for reducing exposure to liquidity risk and for ensuring that adequate funds are available to meet anticipated requirements from existing operations. Furthermore, it has responsibility for ensuring adequate funding is available for potential new ventures before entering into investment commitments. It operates according to the policies and guidelines established by the Board. Cash management is carried out centrally.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

23 Financial instruments (*continued*)

Fair and book values

	<u>Carrying amount</u>	
	2013	2012
	US\$'000	US\$'000
<i>Financial assets – classified as loans and receivables</i>		
- cash and short-term deposits	8,736	1,977
- other receivables (current)	6,098	1,130
- trade debtors	169	16
<i>Financial liabilities – measured at amortised cost</i>		
- trade and other payables (current)	10,240	8,610
- convertible loan notes	13,615	6,912
- other loans	10,000	10,000

Interest rate risk

	2013	2012
	US\$'000	US\$'000
Floating rate financial assets maturing within 1 year		
Cash and short-term deposits	8,736	1,977

	2013	2012
	US\$'000	US\$'000
Interest free financial liabilities maturing within 1 year		
Trade and other payables	10,240	8,610

	2013	2012
	US\$'000	US\$'000
Floating rate financial liabilities maturing within 1 year		
Convertible loan notes and other loans	1,700	-

	2013	2012
	US\$'000	US\$'000
Floating rate financial liabilities maturing greater than 1 year		
Convertible loan notes and other loans	21,915	16,912

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

23 Financial instruments (continued)

Liquidity table

The following table details the remaining contractual maturity for financial liabilities based on undiscounted cash flows.

	Less than six months US\$'000	One to two years US\$'000	Two to five years US\$'000
2013			
Trade payables	5,240	5,000	-
Convertible loan notes	-	10,606	3,009
Derivative liabilities	-	276	-
Other loans	1,700	4,800	3,500
	Less than six months US\$'000	One to two years US\$'000	Two to five years US\$'000
2012			
Trade payables	3,610	5,000	-
Convertible loan notes	-	-	6,853
Derivative liabilities	-	-	-
Other loans	-	4,100	5,900

Cash balance analysis by currency

	2013 US\$'000	2012 US\$'000
Sterling	3,801	61
United States dollar	4,655	1,492
Australian dollar	5	278
South African rand	110	145
Mozambique metical	168	-
	8,738	1,977

Significant non cash transactions

	2013 US\$'000	2012 US\$'000
Debt converted into equity	1,097	-

Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern. In order to achieve this objective, the Group seeks to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The capital structure of the Group consists of equity, comprising issued share capital and reserves and cash and cash equivalents. There have been no changes in objectives, policies and processes for managing capital from the prior year.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

24 Share options and warrants

The Company has equity-settled share based payment schemes for Directors and employees. (In respect of schemes pre-dating the share capital consolidation, numbers of options and exercise prices have been appropriately adjusted.)

2009 Scheme

Under the 2009 scheme, the vesting period is set at the time of grant. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the Directors or employees leave the Group before the options vest, although the board has the discretion to overrule this condition and to allow the options to remain in place.

12,000,000 options were granted under this scheme on 14 October 2009 exercisable at 6.25p with a vesting period of 3 years and were outstanding at 31 December 2013 and 31 December 2012. The estimated total fair value of these options was US\$390,000, or 3.25p per option (calculated with the Black-Scholes model).

8,000,000 options were granted under this scheme on 16 April 2010 exercisable at between 7p and 12.5p with a vesting period of two years and were outstanding at 31 December 2012 and December 2010. The estimated total fair value of these options was US\$311,000 or 2.15p to 3.33p per option (calculated with the Black-Scholes model).

2,500,000 options were granted under this scheme on 10 August 2010 exercisable at between 8p and 16p. The vesting period was one to two years. They were outstanding at 31 December 2013 and 31 December 2012. The estimated total fair value of these options was US\$58,150 or 1.82p to 3.23p per option (calculated with the Black-Scholes model).

16,050,000 options were granted under this scheme on 29 December 2010 exercisable at 14p. Some vested immediately and some had a vesting period of two years. They were outstanding at 31 December 2013 and 31 December 2012. The estimated total fair value of these options was US\$1,011,150 or 6.3p per option (calculated with the Black-Scholes model).

14,150,000 options were granted under this scheme on 21 December 2011 exercisable at 9.5p. Some vested immediately and some have a vesting period of two years and all were outstanding at 31 December 2013 and 31 December 2012. The estimated total fair value of these options was US\$757,025 or 5.35p per option (calculated with the Black-Scholes model).

3,138,493 options were granted under this scheme on 11 December 2012 exercisable at 3.0p. The options vested immediately and all were outstanding at 31 December 2013. The estimated total fair value of these options was US\$53,041 or 1.69p per option (calculated with the Black-Scholes model).

The inputs to the Black-Scholes model for the above were as follows:

Share price	3.0p
Exercise price	3.0p
Expected volatility	70%
Risk free rate of interest	1.2%
Expected dividend yield	0%
Expected life	5 years

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

24 Share options and warrants (*continued*)

22,257,284 options were granted under this scheme in April 2013 exercisable at 0.25p. Some vested immediately and some had a vesting period of two years. They were outstanding at 31 December 2013. The estimated total fair value of these options was US\$1,825,097 or 0.82p per option (calculated with the Black-Scholes model).

The inputs to the Black-Scholes model were as follows:

Share price	0.82p
Exercise price	0.25p
Expected volatility	70%
Risk free rate of interest	1.2%
Expected dividend yield	0%
Expected life	5 years

Expected volatility was determined by reference to the historical volatility of similar listed entities.

The Company recognised an expense of US\$376,366 in respect of 2009 Scheme options in the year ended 31 December 2013 (2012: US\$327,079).

The board has exercised its discretion in respect of 16,400,000 options granted under the 2009 scheme to three former Directors such that these options were not forfeited upon the resignation of those Directors, but remain in place and exercisable until their original expiry date. The expenses associated with those options were recognised in full in prior periods.

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (*continued*)

24 Share options and warrants (*continued*)

A summary of these schemes is as follows:

	Exercise price	Held at 1 January 2013	Granted	Exercised	Forfeited	Held at 31 December 2013
<i>2006 Scheme</i>						
Director	200p	10,000	-	-	(10,000)	-
<i>2009 Scheme</i>						
Director	6.25p	1,200,000	-	-	-	1,200,000
Former Directors	6.25p	7,600,000	-	-	-	7,600,000
Others	6.25p	1,200,000	-	-	-	1,200,000
<i>April 2010 scheme</i>						
Director	7p	1,000,000	-	-	-	1,000,000
Former Director	8p	1,000,000	-	-	-	1,000,000
Former Director	10p	1,000,000	-	-	-	1,000,000
Former Director	12.5p	1,000,000	-	-	-	1,000,000
Former Directors	7p	4,000,000	-	-	-	2,000,000
<i>August 2010 scheme</i>						
Former Director	12p	500,000	-	-	-	500,000
Former Director	16p	500,000	-	-	-	500,000
Other	8p	500,000	-	-	-	500,000
Others	12p	500,000	-	-	-	500,000
Others	16p	500,000	-	-	-	500,000
<i>December 2010 scheme</i>						
Directors	14p	4,000,000	-	-	-	4,000,000
Former Directors	14p	8,000,000	-	-	-	8,000,000
Others	14p	2,300,000	-	-	-	2,300,000
<i>December 2011 scheme</i>						
Directors	9.5p	5,000,000	-	-	-	5,000,000
Former Directors	9.5p	7,000,000	-	-	-	7,000,000
Others	9.5p	1,200,000	-	-	-	1,200,000
<i>December 2012 scheme</i>						
Other	3p	3,138,493	-	-	-	3,138,493
<i>December 2013 scheme</i>						
Directors	0.25p	-	11,459,271	-	-	11,459,271
Others	0.25p	-	15,098,888	-	-	15,098,888
		<u>51,148,493</u>	<u>26,558,159</u>	<u>-</u>	<u>(10,000)</u>	<u>77,696,652</u>
<i>Weighted average</i>						
Exercise price		9.68p	0.25p	-	-	6.46p

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

24 Share options and warrants (continued)

Summary of share options awarded to Directors

	Held at 1 January 2013	Granted	Exercised	Forfeited	Held at 31 December 2013
Murray d'Almeida	11,200,000	4,301,075	-	-	15,501,075
Rowan Karstel	-	7,158,196	-	-	7,158,196
	<u>11,200,000</u>	<u>11,459,271</u>	<u>-</u>	<u>-</u>	<u>22,659,271</u>

Of the share options shown above, 75,835,244 (2012: 44,910,000) are currently exercisable at a weighted average exercise price of 6.46p (2012: 10.22p).

Other options

As at 31 December 2013, the Company had the following outstanding options.

Option holder	Pursuit Capital Ltd
Date of grant	28 September 2009
Number of options	2,000,000
Option	The option to acquire a fully paid ordinary share in the Company at the subscription price during the exercise period
Subscription price	6.25 pence per share
Exercise period	At any time prior to 28 September 2014

Option holder	Fortrend Small Cap Investors Limited
Date of grant	25 January 2011
Security type	Standby subscription agreement dated 2 March 2010
Number of options	1,250,000
Option	The option to acquire a fully paid ordinary share in the Company at the subscription price during the exercise period
Subscription price	20.94 pence per share
Exercise period	At any time prior to 25 January 2014

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 *(continued)*

24 Share options and warrants *(continued)*

Other options

Option holder	Fortrend Small Cap Investors Limited
Date of grant	10 October 2012
Security type	Standby subscription agreement dated 2 March 2010
Number of options	1,125,000
Option	The option to acquire a fully paid ordinary share in the Company at the subscription price during the exercise period
Subscription price	4.68 pence per share
Exercise period	11 October 2015

Warrants

As at 31 December 2013, the Company had the following outstanding warrants.

Warrant holder	Global Au Mining Pty Ltd
Date of grant	15 February 2013
Number of warrants	625,000
Warrant	The right to acquire a fully paid ordinary share in the Company at the subscription price during the exercise period
Subscription Price	4.00 pence per share
Expiry date	30 June 2015

Warrant Holder	Latitude Zero Financial Investment Fund
Date of grant	13 November 2012
Number of warrants	1,500,000
Warrant	The right to acquire a fully paid ordinary share in the Company at the subscription price during the exercise period
Subscription price	4.00 pence per share
Expiry date	30 June 2015

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

24 Share options and warrants (continued)

Warrants

Warrant holder	Latitude Zero Financial Investment Fund
Date of grant	10 December 2012
Number of warrants	1,500,000
Warrant	The right to acquire a fully paid ordinary share in the Company at the subscription price during the exercise period
Subscription price	4.00 pence per share
Expiry date	30 June 2015

25 Partly Paid Share Scheme ("PPSS")

A PPSS for Directors and employees was established in December 2011 to provide Directors and senior management with the opportunity to purchase shares in the Company. Under the plan, shares are issued by the Company and acquired beneficially by the director/employee and held by the BHR Trust. The Company makes a non-recourse loan to the BHR Trust to allow it to purchase or subscribe for ordinary shares in the Company. Pursuant to the rules of the PPSS, an employee can acquire ordinary shares at full market value from the BHR Trust but the full amount of the consideration will be deferred. The balance is payable to the Trust on demand by the Trust, on cessation of employment or when the relevant ordinary shares are sold.

No shares were awarded and acquired under this scheme during the year. At 31 December 2013, 20,000,000 shares were held by the BHR Trust. Of these, 17,500,000 previously allocated to Justin Lewis, a former director, was forfeited on his resignation and is currently held by the BHR Trust. The remaining 2,500,000 remains allocated to members of senior management. Title to the shares transferred to these individuals in January 2012.

26 Share capital

	Ordinary shares		Deferred shares	
	Number	US\$'000	Number	US\$'000
<i>Issued</i>				
At 31 December 2011 and 1 January 2012	1,501,442,137	4,087	83,000,000	1,636
Issue of shares	59,392,016	240	-	-
	<hr/>		<hr/>	
At 31 December 2012 and 1 January 2013	1,110,834,153	4,327	83,000,000	1,636
	<hr/>		<hr/>	
Issue of shares	538,628,956	2,047	-	-
	<hr/>		<hr/>	
At 31 December 2013	1,649,463,109	6,374	83,000,000	1,636
	<hr/>		<hr/>	

Beacon Hill Resources Plc

Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

26 Share capital (continued)

	Ordinary shares		Deferred shares	
	Number	£'000	Number	£'000
<i>Issued</i>				
At 31 December 2011 and 1 January 2012	1,501,442,137	2,629	83,000,000	822
Issue of shares	59,392,016	148	-	-
	1,110,834,153	2,777	83,000,000	822
At 31 December 2012 and 1 January 2013				
Issue of shares	538,628,956	1,347	-	-
At 31 December 2013	1,649,463,109	4,124	83,000,000	822

The deferred shares carry no rights to dividends or other distributions and no voting rights. Upon a return of assets on a winding up, the deferred shares only entitle the holder to amounts paid up on such shares after the repayment of £10,000,000 per Ordinary share.

Issue of shares

On 15 January 2013, 3,636,364 ordinary shares of 0.25p (0.41c) were issued at 0.25p (0.41c) per share

On 18 March 2013, 108,781,226 ordinary shares of 0.25p were issued at 3.0p (4.16c) per share.

On 4 April 2013, 355,341,741 ordinary shares of 0.25p were issued at 3.0p (4.18c) per share.

On 29 October 2013, 23,332,037 ordinary shares of 0.25p were issued at 1.436p (1.91c) per share.

On 29 October 2013, 13,054,830 ordinary shares of 0.25p were issued at 1.915p (2.67c) per share.

On 26 November 2013, 34,482,758 ordinary shares of 0.25p were issued at 1.001p (1.21c) per share.

27 Reserves

Reserve	Description and purpose
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Premium on shares issued in consideration for the acquisition of subsidiaries where a holding in excess of 90 per cent is acquired via the issue of equity shares.
Foreign exchange reserve	Gains/losses arising on re-translating the net assets of overseas operations into sterling.
Warrant reserve	Fair value of warrants issued in connection with share placing.
Loan note reserve	Equity component of convertible loan notes
Minority acquisition reserve	Premium on acquisition of non-controlling interest in existing subsidiary
EBT reserve	Shares in the Company purchased by the BHR Trust under the Partly Paid Share Scheme
Retained earnings	Cumulative net gains and losses recognised in the consolidated balance sheet.

Details of movements in each reserve are set out in the consolidated statement of changes in equity on pages 25 and 26.

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Notes to the consolidated financial statements for the year ended 31 December 2013 (continued)

28 Related party transactions

Disclosure regarding remuneration of the Directors is given in note 7, and the Director's Report. Details of the Group's subsidiaries, which are considered to be related parties, are given in note 14.

29 Operating leases

The Group has a number of rental operating leases in existence at the year-end due to the operations in South Africa, Australia and Mauritius. The Group also have an operating lease in place regarding a coal storage unit at the port of Beira.

The total future value of minimum lease payments regarding these is due as follows:

	2013 US\$'000	2012 US\$'000
Not later than a year	219	995
One year to 5 years	72	290
Longer than 5 years	-	-
	<hr/>	<hr/>
	291	1,285
	<hr/>	<hr/>

30 Commitments

A Lease Agreement that was entered into with Thelo Rolling Stock in January 2013 for five Grindrod RL30SCC-3 diesel locomotives and ninety Gondola-type rail wagons. At 31 December 2013 the locomotives and wagons had yet to be received and accepted meaning that although committed the leases had not yet commenced. Upon commencement the leases will result in the following payment profile as disclosed below.

	2013 US\$'000
Not later than a year	5,601
One year to 5 years	27,261
Longer than 5 years	22,718
	<hr/>
	55,580
	<hr/>

Management are currently in negotiations to enter into a sub-lease of the aforementioned locomotives and wagons so that the Group is not exposed.

The Group has also entered into an Interim Rail Access Agreement with Portos e Caminhos de Ferro de Moçambique (CFM), the parastatal authority that oversees the railway system of the Republic of Mozambique and its connected ports, to rail coal on the Sena Line Minas Moatize Limitada (MML) approached JPSL Mozambique Minerais Limitada (JPSL) to jointly develop the Carbomoc Coal Loading Site (CCLS) in the province of Moatize. The key terms of this agreement is as follows:

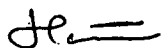
- a fixed line access fee paid on a per tonne basis
- an initial period of two years after which it may revert to a take or pay agreement period

Beacon Hill Resources Plc

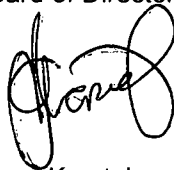
Parent Company balance sheet for the year ended 31 December 2013

<i>Company number: 5696680</i>			2013 £'000	2012 £'000
	Notes			
Fixed assets				
Investments in subsidiaries	5		33,894	33,894
Current assets				
Debtors	6		54,335	46,134
Cash and short-term deposits			4,790	336
			59,125	46,470
Creditors: amounts falling due within one year	7		582	427
Net current assets			58,543	46,043
Net assets			92,437	79,938
Capital and reserves				
Issued capital	8		4,945	3,599
Share premium	9		95,796	82,816
Merger reserve	10		18,389	18,389
EBT Reserve	11		(1,900)	(1,900)
Profit and loss account	12		(24,793)	(22,966)
Shareholders' funds			92,437	79,938

The financial statements were approved by the board of Directors and authorised for issue on 27 March 2014 and were signed on its behalf by:



Justin Farr-Jones
Director



Rowan Karstel
Director

Beacon Hill Resources Plc

Notes to the parent Company financial statements for the year ended 31 December 2013

The separate financial statements of the Company are presented as required by the Companies Act 2006

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Going concern

At 31 December 2013 the Group had US\$8.7 million of cash and US\$4.5 million of prepaid contractor costs. The Group will need to raise additional funds in the next 12 months to fund working capital and the Phase 2B and 2C expansion and to finance the servicing of the rolling stock lease. Management is currently involved in negotiations to sub-lease the rolling stock for up to 12 months to offset this cost, but no signed agreement is currently in place. The funds may be in the form of equity, convertible debt, bank debt or vendor funding and the Directors are considering a number of funding options. Post period end the Group has undertaken and completed a technical and legal due diligence for the purpose of securing a new project finance debt funding that would fund the Phase 2B and 2C wash plant, excluding associated rail-related capital expenditure. The due diligence reports were completed in January 2014 and the Board is pleased to announce that it has since received a non-binding offer for a \$20 million debt facility for the expansion of the wash plant to 2.8Mt per annum ROM capacity. Whilst the debt facility remains subject to a number of pre-conditions including satisfactory conclusion of due diligence, the Directors remain optimistic that it will be able to complete the required finance for the wash plant and is working towards concluding due diligence and addressing long lead items arising. In addition the Group has entered into early stage discussions with interested parties regarding the potential sale of a minority stake in the Minas Moatize project. The Directors are confident that sufficient funds will be available in due course, although no formal arrangements are currently in place to fully meet the funding requirement. As a result, there is material uncertainty regarding the Group's ability to raise further additional finance, and this may cast doubt over the Group's ability to continue as a going concern. In addition the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

Share based payment

The share option programme allows Directors and employees to acquire shares of the Company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the Directors and employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Employee Benefit Trust (EBT)

As the Company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position and disclosed as the EBT reserve.

Foreign Currencies

Transactions denominated in foreign currencies are converted at rates ruling at the date of the transaction. Monetary assets and liabilities at the period end are translated at the period end rate. Differences in exchange rates are dealt with in the profit and loss account.

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Notes to the parent Company financial statements for the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

-Financial assets

Financial assets are measured initially and subsequently at amortised cost. Provisions are made such that the financial assets are stated at the lower of amortised cost and net realisable value.

2 Loss attributable to members of the parent Company

The loss dealt with in the financial statements of the parent Company is £2.1 million (2012: £11.9 million). As permitted by s408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period.

3 Staff costs and Directors' emoluments

	2013 £'000	2012 £'000
Wages and salaries	110	262
Compensation for loss of office	20	-
Expense of share-based payments	241	206
	<u>371</u>	<u>468</u>

4 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its 100% subsidiaries. On the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in those consolidated financial statements.

5 Investments

	£'000
<i>Cost</i>	
Original cost at 1 January 2013 and 31 December 2013	42,764
<i>Provision for Impairment</i>	
At 1 January 2013	(8,870)
Charge for the year	-
At 31 December 2013	(8,870)
<i>Net book value</i>	
At 31 December 2013	33,894
At 31 December 2012	33,894

Details of holdings in subsidiary companies are set out in note 14 to the consolidated financial statements.

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Notes to the parent Company financial statements for the year ended 31 December 2013 (*continued*)

6 Debtors	2013 £'000	2012 £'000
<i>Current</i>		
Amount owing by Group undertaking	54,305	45,664
Other debtors	20	457
Prepayments	10	12
	<hr/>	<hr/>
	54,335	46,133
	<hr/>	<hr/>
7 Creditors: amounts falling due within one year	2013 £'000	2012 £'000
Amount owed to Group undertaking	92	92
Trade creditors	306	213
Accruals	162	114
Other creditors	22	7
	<hr/>	<hr/>
	582	426
	<hr/>	<hr/>
8 Share capital		
Details of share capital and movements for the year are set out in note 26 to the consolidated financial statements.		
9 Share premium	2013 £'000	2012 £'000
At 1 January	82,816	80,301
Premium on issue of shares	13,517	2,515
Expenses of issue	(537)	-
	<hr/>	<hr/>
At 31 December	95,796	82,816
	<hr/>	<hr/>
10 Merger reserve	2013 £'000	2012 £'000
At 1 January	18,389	18,839
Arising on issue of shares to acquire subsidiary	-	-
	<hr/>	<hr/>
At 31 December	18,389	18,839
	<hr/>	<hr/>

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Notes to the parent Company financial statements for the year ended 31 December 2013 (*continued*)

11 EBT Reserve	2013 £'000	2012 £'000
At 1 January	(1,900)	(1,900)
Purchase of shares during the year	-	-
	<hr/>	<hr/>
At 31 December	(1,900)	(1,900)
	<hr/>	<hr/>
12 Profit and loss account	2013 £'000	2012 £'000
At 1 January	(22,966)	(11,247)
Loss for the year	(2,068)	(11,925)
Share based payment charge	241	206
	<hr/>	<hr/>
At 31 December	(24,793)	(22,966)
	<hr/>	<hr/>
13 Reconciliation of movements in shareholders' funds	2013 £'000	2012 £'000
Opening shareholders' funds	79,938	88,993
Issue of shares	14,863	2,664
Expenses of issue	(537)	-
Share based payment charge	241	206
Loss for the year	(2,068)	(11,925)
	<hr/>	<hr/>
Closing shareholders' funds	92,437	79,938
	<hr/>	<hr/>

Beacon Hill Resources Plc

Shareholder information

The shareholder information set out below was applicable as at the dates specified.

1. Capital structure (as at 13 March 2014)

<i>Equity class</i>	<i>Number of securities</i>	<i>Voting rights</i>
Ordinary shares	1,708,530,591	Yes (one vote per share)
Deferred shares ¹	83,000,000	No
Warrants	3,625,000	No
Options	82,071,652	No
Fully diluted	1,877,227,243	

¹ The deferred shares were issued following a capital reorganisation by the Company in 2008. The deferred shares are not quoted on the AIM and have no voting or income rights. The deferred shares are not convertible into ordinary shares. Holders of deferred shares are only entitled to a capital distribution after repayment of capital paid up on the shares together with a payment of £10,000,000 on each share.

2. Distribution of equity securities (as at 13 March 2014)

<i>Range</i>	<i>No. of shareholders</i>	<i>Shares</i>	<i>Percentage</i>
0 - 1,000	65	44,631	0.00%
1,001 - 5,000	169	546,584	0.03%
5,001 - 10,000	135	1,071,884	0.07%
10,001 - 100,000	307	12,520,014	0.73%
100,001 and Over	236	1,694,347,178	99.17%
Total	912	1,708,530,291	100.00%

3. Top 20 shareholders (as at 13 March 2014)

	Shareholder	Class	Holding	Percentage
1	LYNCHWOOD NOMINEES LIMITED	Ordinary Shares	263,709,103	15.43%
2	AURORA NOMINEES LIMITED	Ordinary Shares	242,885,514	14.22%
3	BARCLAYSHARE NOMINEES LIMITED	Ordinary Shares	119,812,182	7.01%
4	HSDL NOMINEES LIMITED	Ordinary Shares	111,354,356	6.52%
5	TD DIRECT INVESTING NOMINEES	Ordinary Shares	106,948,596	6.26%
6	CANACCORD NOMINEES LIMITED	Ordinary Shares	105,735,974	6.19%
7	HARGREAVES LANSDOWN (NOMINEES)	Ordinary Shares	92,882,001	5.44%
8	PLATFORM SECURITIES NOMINEES	Ordinary Shares	78,213,030	4.58%
9	HSBC GLOBAL CUSTODY NOMINEE (UK)	Ordinary Shares	57,199,942	3.35%
10	L R NOMINEES LIMITED	Ordinary Shares	46,969,008	2.75%
11	HSBC CLIENT HOLDINGS NOMINEE (UK)	Ordinary Shares	46,862,283	2.74%
12	INVESTOR NOMINEES LIMITED	Ordinary Shares	40,394,931	2.36%
13	SHARE NOMINEES LTD	Ordinary Shares	33,386,975	1.95%
14	VIDACOS NOMINEES LIMITED	Ordinary Shares	28,430,286	1.66%
15	INVESTEC BANK PLC	Ordinary Shares	28,368,794	1.66%
16	FOREST NOMINEES LIMITED	Ordinary Shares	26,262,270	1.54%
17	JIM NOMINEES LIMITED	Ordinary Shares	23,586,276	1.38%
18	MR JUSTIN LLEWELLYN GARETH LEWIS	Ordinary Shares	17,500,000	1.02%
19	JAMES CAPEL (NOMINEES) LIMITED	Ordinary Shares	17,177,662	1.01%
20	PERSHING NOMINEES LIMITED	Ordinary Shares	15,137,195	0.89%

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Shareholder information (*continued*)

4. Substantial shareholders (as at 13 March 2014)

	Shareholder	Holding	Percentage
1	Latitude Zero Financial	242,885,514	14.22%
2	Pelham Investments Limited	226,740,596	13.27 %
3	Barclays Wealth	119,812,182	7.01%
4	Halifax Share Dealing	111,354,356	6.52%
5	TD Direct Investing	106,948,596	6.26%