

ANDIAMO EXPLORATION LIMITED
(registered in England & Wales with company number 06515287)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2013



TUESDAY



L36DDBTC

LD3

22/04/2014

#19

COMPANIES HOUSE

ANDIAMO EXPLORATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2013

Contents

Page:

3	Officers and advisers
4	Chairman's statement
6	Report of the Directors
9	Strategic report
13	Independent auditor's report
15	Consolidated statement of comprehensive income
16	Consolidated statements of changes in equity
17	Consolidated statement of financial position
18	Consolidated statement of cash flows
19	Company statements of changes in equity
20	Company statement of financial position
21	Company statement of cash flows
22	Notes forming part of the financial statements

ANDIAMO EXPLORATION LIMITED

OFFICERS AND ADVISERS

Directors

Dr CTP Williams
Dr S Berhe
WJ Fisher
M Parker

Registered Office

Wax Chandlers Hall
6, Gresham Street
London
EC2V 7AD
UK

Company Secretary

Cripps Secretaries Ltd

Company Registration Number

06515287

Auditor

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Legal Advisers

Cripps Harries Hall LLP
Wallside House
12 Mount Ephraim Road
Tunbridge Wells TN1 1EG

ANDIAMO EXPLORATION LIMITED

Chairman's Statement

2013 was a year of volatile commodity prices, falling share prices for junior mining companies and scarce availability of capital for exploration projects. Whilst Andiamo Exploration Limited has not been immune from these challenges, the Company raised gross proceeds of US\$ 1.4 million at US\$0.50 per share in the first six months of the financial year enabling the completion of a drilling campaign across multiple prospects in the Haykota Licence in Eritrea.

Nine drill holes were completed at Yacob Dewar for a total of 527m. This program was carried out entirely at the larger PQ size of diamond drill core, and using the "triple-tube" method of recovering the drill core to enable the maximum amount of material to be recovered. This approach was very successful, with far higher core recoveries (>90%) being attained than previously, even in the very friable lithologies of the mineralised zone. The drilling at Yacob Dewar also closed the gap between the main zone and the northern zone, and brought the drill hole spacing along strike to 50m throughout.

It is particularly encouraging that high gold grades over good widths (intercepts include 9m at 22.5g/t and 19.9m at 6.2g/t) were encountered at the north end of the known mineralisation, an area without a surface gold-in-soil geochemical anomaly. This indicates that the mineralisation may continue under the alluvial cover to the north east towards the Ber Gebey mineralised outcrop, where a substantial gold-in-soil anomaly is seen.

However, Andiamo believes that sufficient information exists already to justify moving towards a technical and economic assessment, and based on that study then towards an application for a mining licence.

Andiamo applied to renew the Haykota Exploration Licence in July 2013. In accordance with the Exploration Licence Agreement and the Mineral Proclamation of Eritrea, Andiamo has relinquished more than 65% of the original licence area and retains 253 square kilometres. The map on the following page shows the residual area that has been retained.

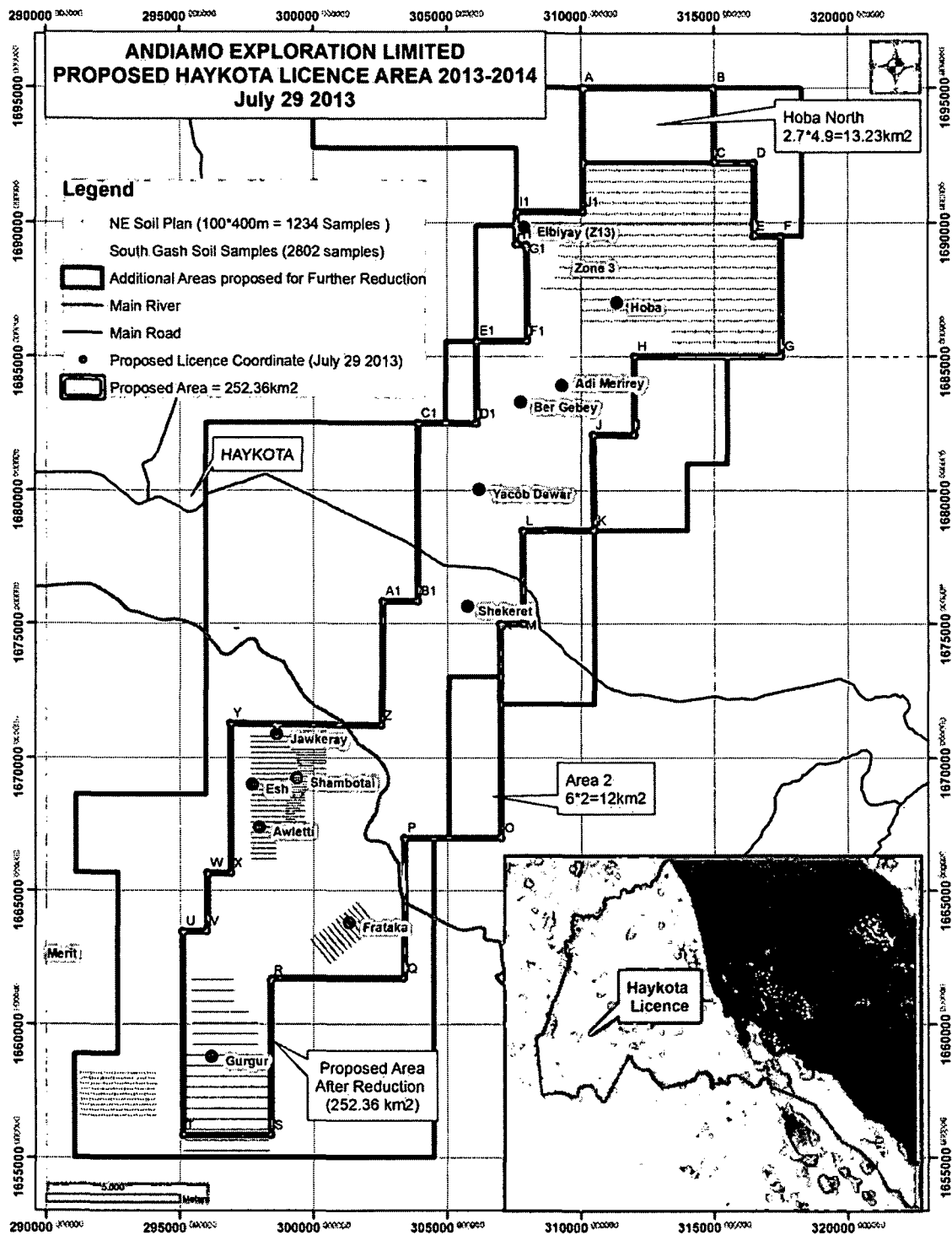
Andiamo has received confirmation in January 2014 from the Department of Mines of the Eritrean Ministry of Energy and Mines, confirming that the Haykota Licence is in good standing.

In order to progress the preparation of studies needed for the Company to apply for a Mining Licence over the Yacob Dewar gold-copper deposit, Andiamo is actively continuing its financing efforts, including discussions with potential industry participants as well as other financing options. These discussions resulted in an announcement on the 13th January 2014 stating that Ortac Resources Limited, a company listed on the London AIM market, signed a conditional agreement to subscribe for up to 10,000,000 units at a subscription price of US\$ 0.15 per unit to raise an aggregate of up to US\$ 1,500,000.

Following the recent recapitalisation of Andiamo, the Company is about to embark on further exploration in the Haykota Licence, and drilling at the high-grade Yacob Dewar gold and copper deposits in Eritrea.

On behalf of the Board of Directors, I would like to thank our shareholders for their continued support, as well as our employees for their hard work, dedication and many contributions to this past year's accomplishments.

Mark Parker
Chairman



ANDIAMO EXPLORATION LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2013

DIRECTORS' REPORT

The directors present their report with the financial statements of Andiamo Exploration Limited ("the Company") and its subsidiary company ("the Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of exploration of gold and other metallic mining concessions in the State of Eritrea. Further information is provided within the Strategic Report on page 9.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Group's financial performance for the year was in line with directors' expectations. The loss after taxation for the year to 31 December 2013 amounted to \$114,925 (year ended 31 December 2012: \$142,279). No dividends were paid during the year and none are proposed. A review of the activity of the business and future prospects is contained in the Chairman's Statement on page 4 which accompanies these financial statements.

GOING CONCERN

These financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons given below and also in Note 3 to the financial statements.

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. Further funding will be required from time to time to finance the Company's activities. The directors have prepared cash flow projections for the next 12 months from the date of signing these financial statements. On the basis of the cash flow projections, the directors are of the opinion that the Company will require additional financial resources in the twelve months from the date of signing these financial statements to enable the Company to undertake an optimal programme of exploration activity in that period and to meet its commitments. The directors believe that they will be able to raise the required funds. As set out in note 19 to the financial statements, on 13 January 2014 the Company signed a conditional agreement to subscribe for up to 10,000,000 units at a subscription price of US\$ 0.15 per unit to raise an aggregate of up to US\$ 1,500,000.

ANDIAMO EXPLORATION LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2013 (continued)

DIRECTORS

The directors who have held office during the period and their interests in the Company's issued share capital are as follows:

Number of shares

	At 31.12.2013	At 31.12.2012
Dr CTP Williams	4,925,175	4,925,175
Dr S Berhe	4,490,790	4,490,790
WJ Fisher	1,650,000	1,500,000
M Parker	180,000	180,000

Details of the remuneration paid to the directors are disclosed in note 5 to the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the European Union ("EU") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ANDIAMO EXPLORATION LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2013 (continued)

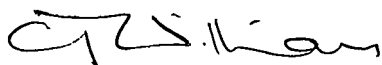
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's web-site www.andiamoexploration.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

The auditors, Crowe Clark Whitehill LLP have expressed their willingness to be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

Signed on behalf of the Board of Directors



Dr CTP Williams
Director

Date: 4th April 2014

ANDIAMO EXPLORATION LIMITED

STRATEGIC REPORT

Year ended 31 December 2013

BUSINESS REVIEW

A Review of the business is provided in the Chairman's statement on page 4 of these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with other companies operating in natural resources exploration, the Group's activities are speculative and involve a high degree of risk.

The Group's exploration work involves participation in geological work programmes. Interpretations of the results of these programmes are dependent on judgements and assessments that are speculative and these interpretations are applied in designing further work programmes to which the Group can commit significant resources.

Work programmes often involve drilling and other geological work that present significant engineering challenges that are subject to unexpected operational problems. Furthermore, activities generally take place in remote locations that can be subject to regulatory and social uncertainties, unexpected climate events, and possible acts of terrorism, criminal threats and potential environmental risks.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks that include credit risk, liquidity risk, and market risks. The Company does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

1. Liquidity Risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. In keeping with similar sized exploration companies, the Group and Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

2. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group and Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

(i) Pricing and risks

The directors consider there to be minimal price risk to the business.

(ii) Interest rate cash flow risk

ANDIAMO EXPLORATION LIMITED

STRATEGIC REPORT

Year ended 31 December 2013

FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company does not have interest-bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

(iii) Foreign exchange risk

The Group and Company principally operate in US Dollars. Amounts transferred to Eritrea to fund activities in country, and amounts payable in the local currency, the Eritrean Nakfa (ERN') can only be converted at the official rate of exchange of ERN15:\$1. The directors therefore believe that there would be no benefit gained from hedging these currency exposures contracts in the market. This situation is monitored on a regular basis.

3. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to Shareholders through the optimisation of debt and equity balances. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Company may from time to time issue new shares or raise debt. The capital structure of the Company consists of equity attributable to its shareholders, comprising issued capital, reserves and retained losses as disclosed in the Statement of Changes in Equity.

4. Credit Risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The exposure of the Group and Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Group and Company Statements of Financial Position. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group and Company defines counterparties as having similar characteristics if they are connected entities.

The Group and Company do not hold any collateral as security.

ANDIAMO EXPLORATION LIMITED

STRATEGIC REPORT

Year ended 31 December 2013

CORPORATE GOVERNANCE

Corporate Policies

Andiamo takes its health, safety, environmental and community responsibilities seriously, and has developed policies and systems to ensure that it explores in a safe, low impact and consultative manner, maximising the sustainability of its present and future operations for the benefit of all stakeholders.

Health and Safety

Andiamo takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice. To this end, a new safety management system has been implemented for its exploration operations.

Environment

Andiamo operates in strict adherence to local and governmental standards with regard to environmental impact on the local community. This procedure includes pre-exploration checks and post-exploration remediation programs. Currently, no unfulfilled commitments exist to remediate land upon which the Group and Company has conducted exploration work.

Community

The Company is committed to working consultatively and co-operatively within the communities in which it operates, which includes local subsistence farmers and pastoralists and firmly believes that future mining operations should be to the benefit of all.

To this end, the Company's personnel have forged close ties with landholders and maintain a constructive dialogue with the Ministry of Energy and Mines and local community representatives, ensuring local communities gain employment during the exploration campaigns in the Company's licence area.

Andiamo Exploration is constantly looking for practical ways to increase the local content of its projects. In addition, the Company aims to constantly train and improve the skills of its employees to ensure a sustainable future work force for the Yacob Dewar gold and copper project while creating a newly skilled generation of Eritreans to fuel the country's growing economy.

Corporate Governance Code

Although not required to comply with the requirements of the UK Corporate Governance Code ('the Code'), the Directors take note of its provisions and of the QCA Corporate Governance Guidelines for Smaller Quoted Companies and follow best practice therein to the extent that they believe it is appropriate in light of the size, stage of development and resources of the Company. At present, due to the size of the Company, audit and risk management issues will be addressed by the Board. As the Company grows, the Board will consider establishing an audit and risk management committee and will consider developing further policies and procedures which reflect the principles of good governance.

ANDIAMO EXPLORATION LIMITED

STRATEGIC REPORT

Year ended 31 December 2013

CORPORATE GOVERNANCE (continued)

The Board of directors comprises two full-time executive directors and two part-time non-executive directors who qualify as independent non-executive directors as defined by the Code. The directors are of the opinion that the recommendations of the Code have been implemented to an appropriate level.

The Board meets at least six times a year. The Board is responsible for formulating, reviewing and approving the Group and Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the country manager who is charged with consulting with the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among directors concerned where necessary and appropriate.

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the Group and Company's expense, as and when required.

KEY PERFORMANCE INDICATORS

The key indicator of performance for the Group and Company is its success in identifying, acquiring, developing and divesting investments in projects so as to create shareholder value.

Control of bank and cash balances is a priority for the Group and Company and these are budgeted and monitored closely to ensure that it maintains adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Group and Company's performance.

However, a qualitative summary of performance in the period is set out in the Chairman's Statement.

Signed on behalf of the Board of Directors



Dr CTP Williams
Director

Date: 4th April 2014

ANDIAMO EXPLORATION LIMITED

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Andiamo Exploration Limited

We have audited the financial statements of Andiamo Exploration Limited for the year ended 31 December 2013 which the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes numbered 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and Chairman's Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's and the parent company's loss for the year then ended;

ANDIAMO EXPLORATION LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statement, which is not modified, we have considered the adequacy of the disclosure made in note 3 regarding the Group and Company's ability to continue as a going concern. The future operations of the Group and Company are dependent on raising the additional funding required to cover both working capital and the operational needs of the Company's exploration activities. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were not to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

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.



Stephen Bullock
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

4th April 2014

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

ANDIAMO EXPLORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

		Year ended 31 December 2013	Year ended 31 December 2012
	Note	\$	\$
Revenue	4	59,600	-
Administrative expenses	4	(174,525)	(142,279)
Loss on ordinary activities before taxation		(114,925)	(142,279)
Taxation	7	-	-
Loss for the period		<u>(114,925)</u>	<u>(142,279)</u>
Other comprehensive income		=	=
Total comprehensive loss for the period		<u>(114,925)</u>	<u>(142,279)</u>
Loss for the period and Total comprehensive loss attributable to:			
Ordinary shareholders		(114,925)	(142,279)
Non-controlling interest		-	-
Loss per ordinary share (cents)			
From continuing operations: basic and diluted	8	<u>(0.4)</u>	<u>(0.6)</u>

The notes on pages 22 to 41 form an integral part of these financial statements.

ANDIAMO EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share Capital	Share Premium	Profit & Loss Account	Total
	\$	\$	\$	\$
Balance at 1 January 2013	<u>36,265</u>	<u>8,741,987</u>	<u>(444,354)</u>	<u>8,333,898</u>
Loss for the year	-	-	(114,925)	(114,925)
Issue of shares, net of share issue costs	5,190	1,361,259	-	1,366,449
Balance at 31 December 2013	<u>41,455</u>	<u>10,103,246</u>	<u>(559,279)</u>	<u>9,585,422</u>

Year ended 31 December 2012

	Share Capital	Share Premium	Profit & Loss Account	Total
	\$	\$	\$	\$
Balance at 1 January 2012	<u>36,265</u>	<u>8,741,987</u>	<u>(302,075)</u>	<u>8,476,177</u>
Loss for the year	-	-	(142,279)	(142,279)
Balance at 31 December 2012	<u>36,265</u>	<u>8,741,987</u>	<u>(444,354)</u>	<u>8,333,898</u>


ANDIAMO EXPLORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		31 December 2013	31 December 2012
	Note	\$	\$
NON CURRENT ASSETS			
Intangible assets	10	8,968,545	7,459,624
Plant and equipment	11	372,642	481,786
CURRENT ASSETS			
Cash at bank	15	49,206	111,905
Trade and other receivables	13	22,583	32,075
Inventories		210,818	234,252
Advances to Directors	17	1,252	49,727
TOTAL ASSETS		<u>9,625,046</u>	<u>8,369,369</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	33,464	35,471
Loans from Directors		6,160	-
TOTAL LIABILITIES		<u>39,623</u>	<u>35,471</u>
NET ASSETS		<u>9,585,422</u>	<u>8,333,898</u>
SHAREHOLDERS EQUITY			
Share capital	16	41,455	36,265
Share premium account	16	10,103,246	8,741,987
Profit and loss account		<u>(559,279)</u>	<u>(444,354)</u>
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>9,585,422</u>	<u>8,333,898</u>

The financial statements were approved and authorised for issue by the Board of Directors on 4th April 2014.



CTP Williams

Director



S Francavilla

Chief Financial Officer

The notes on pages 22 to 41 form an integral part of these financial statements.

ANDIAMO EXPLORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Cash flows from operating activities		
Loss before taxation	(114,925)	(142,279)
Add Depreciation	128,426	104,248
Decrease / (Increase) in trade and other receivables	9,496	337,239
(Decrease) / Increase in trade and other payables	(2,008)	(144,489)
Decrease / (Increase) in inventories	23,434	(72,272)
Net cash flows used in operating activities	<u>44,423</u>	<u>82,448</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,508,921)	(3,260,379)
Purchase of tangible fixed assets	(19,284)	(212,012)
Net cash used in investing activities	<u>(1,528,205)</u>	<u>(3,472,391)</u>
Cash flows from financing activities		
Decrease / (Increase) in advances to Directors	48,475	11,857
Increase in loans from Directors	6,160	
Net proceeds from issue of ordinary shares	1,366,449	-
Net cash used in financing activities	<u>1,421,084</u>	<u>11,857</u>
(Decrease) / Increase in cash and cash equivalents	<u>(62,699)</u>	<u>(3,378,087)</u>
Cash and cash equivalents at beginning of period	<u>111,905</u>	<u>3,489,992</u>
Cash and cash equivalents at end of period	<u>49,206</u>	<u>111,905</u>

The notes on pages 22 to 41 form an integral part of these financial statements.

ANDIAMO EXPLORATION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share Capital	Share Premium	Profit & Loss Account	Total
	\$	\$	\$	\$
Balance at 1 January 2013	<u>36,265</u>	<u>8,741,987</u>	<u>(444,354)</u>	<u>8,333,898</u>
Loss for the year	-	-	(174,525)	(174,525)
Issue of shares, net of share issue costs	5,190	1,361,259	-	1,366,449
Balance at 31 December 2013	<u>41,455</u>	<u>10,103,246</u>	<u>(618,879)</u>	<u>9,525,822</u>

Year ended 31 December 2012

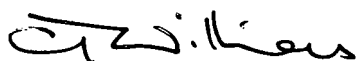
	Share Capital	Share Premium	Profit & Loss Account	Total
	\$	\$	\$	\$
Balance at 1 January 2012	<u>36,265</u>	<u>8,741,987</u>	<u>(302,075)</u>	<u>8,476,177</u>
Loss for the year	-	-	(142,279)	(142,279)
Balance at 31 December 2012	<u>36,265</u>	<u>8,741,987</u>	<u>(444,354)</u>	<u>8,333,898</u>

ANDIAMO EXPLORATION LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION

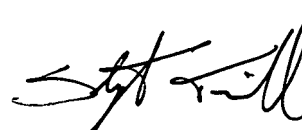
As at 31 December 2013

		31 December 2013	31 December 2012
	Note	\$	\$
NON CURRENT ASSETS			
Intangible assets	10	8,908,945	7,459,624
Plant and equipment	11	372,642	481,786
Investment in subsidiaries	12	1	-
CURRENT ASSETS			
Cash at bank		46,916	111,905
Trade and other receivables	13	22,583	32,075
Inventories		210,818	234,252
Advances to Directors	17	1,252	49,727
TOTAL ASSETS		<u>9,563,157</u>	<u>8,369,369</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	31,175	35,471
Loans from Directors		6,160	-
TOTAL LIABILITIES		<u>37,334</u>	<u>35,471</u>
NET ASSETS		<u>9,525,822</u>	<u>8,333,898</u>
SHAREHOLDERS EQUITY			
Share capital	16	41,455	36,265
Share premium account	16	10,103,246	8,741,987
Profit and loss account		<u>(618,879)</u>	<u>(444,354)</u>
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>9,525,822</u>	<u>8,333,898</u>

The financial statements were approved and authorised for issue by the Board of Directors on 4th April 2014.



CTP Williams
Director



S Francavilla
Chief Financial Officer

The notes on pages 22 to 41 form an integral part of these financial statements.

ANDIAMO EXPLORATION LIMITED
COMPANY STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Cash flows from operating activities		
Loss before taxation	(174,525)	(142,279)
Add Depreciation	128,426	104,248
Decrease / (Increase) in trade and other receivables	9,495	337,239
(Decrease) / Increase in trade and other payables	(4,297)	(144,489)
Decrease / (Increase) in inventories	23,434	(72,272)
Net cash flows used in operating activities	<u>(17,467)</u>	<u>82,448</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,449,321)	(3,260,379)
Purchase of tangible fixed assets	(19,284)	(212,012)
Purchase of subsidiary	(1)	-
Net cash used in investing activities	<u>(1,468,606)</u>	<u>(3,472,391)</u>
Cash flows from financing activities		
Decrease / (Increase) in advances to Directors	48,475	11,857
Increase in loans from Directors	6,160	
Net proceeds from issue of ordinary shares	1,366,448	-
Net cash used in financing activities	<u>1,421,084</u>	<u>11,857</u>
(Decrease) / Increase in cash and cash equivalents	<u>(64,989)</u>	<u>(3,378,087)</u>
Cash and cash equivalents at beginning of period	<u>111,905</u>	<u>3,489,992</u>
Cash and cash equivalents at end of period	<u>46,916</u>	<u>111,905</u>

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

1. NATURE OF OPERATIONS

These financial statements are for Andiamo Exploration Limited ("the Company"). The Company is a holding company for a subsidiary (together, "the Group"). The Group's financial statements are presented in US Dollars (\$) which is also the functional currency of the Company.

The registered office of the Company is Wax Chandlers Hall, 6 Gresham Street, London EC2V 7AD. The Company is domiciled in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 6. The principal place of business of the Company is in Eritrea.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of the United Kingdom and are subject to the risks of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at 31st December 2013 the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and / or through raising equity.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

2. GENERAL INFORMATION ON THE COMPANY

Andiamo Exploration Limited prepares its financial statements in accordance with applicable International Financial Reporting Standards (IFRS) and interpretations issued by the IASB as adopted by the European Union.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue, but not yet effective:

Issued and EU adopted

IAS 32
IFRS 10, 12 and IAS 27
IAS36
IFRIC 21
IFRS 9

Amendments
Amendments for investment entities
Amendments
Levies
Financial instruments

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group and Company's reported results. The financial statements are rounded to the nearest US\$.

3. ACCOUNTING POLICIES

The accounting policies, applied on a consistent basis in the preparation of the financial statements, are as follows:

Basis of preparation

The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Group and Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted, will have a material impact on the financial statements

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3. ACCOUNTING POLICIES (continued)

The financial statements comprise the financial statements of the Group and Company and incorporate the results and balances of the Company's branch in Eritrea. The results and balances of the Eritrean branch are prepared using the same accounting policies as those of the Company and to the same reporting date.

All balances, transactions, income and expenses and profit and losses resulting from transactions between the Company and its Eritrean branch that are recognised in assets are eliminated in full.

Basis of consolidation

The Group financial statements consolidate the financial information of Andiamo Exploration Limited and its subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Entities that the group has significant influence over but are not subsidiaries or joint ventures are accounted for as associates. The results and assets and liabilities of the associate were included in the consolidated accounts using the equity method of accounting.

All the Group's companies have 31 December as their year end. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Going Concern

The financial statements have been prepared assuming the Group and Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the necessity of liquidation, nor ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, management takes into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. Further funding will be required from time to time to finance the Company's activities. The directors have prepared cash flow projections for the next 12 months from the date of signing these financial statements. On the basis of the cash flow projections, the directors are of the opinion that the Company will require additional financial resources in the twelve months from the date of signing these financial statements to enable the Company to undertake an optimal programme of exploration activity in that period and to meet its commitments. The directors believe that they will be able to raise the required funds.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3 ACCOUNTING POLICIES (continued)

As set out in note 19 to the financial statements, on 13th January 2014 Andiamo announced that Ortac Resources Limited, a company listed on the London AIM market, signed a conditional agreement to subscribe for up to 10,000,000 units at a subscription price of US\$ 0.15 per unit to raise an aggregate of up to US\$ 1,500,000. Each unit consists of one ordinary share and one warrant to subscribe for an additional ordinary share at US\$ 0.20 on or before 31 December 2015. In addition, Andiamo is in the process of raising further finance by offering units of a share and a share purchase warrant to existing shareholders on the same basis as the subscription agreement with Ortac Resources Limited.

Plant and equipment

Plant and equipment are recorded at cost. Plant and equipment associated with mining operations will be depreciated over the estimated useful lives of the assets upon commencement of commercial production. All other equipment are depreciated over the estimated useful lives of the assets using the straight line method at the following rates per annum.

Motor Vehicles	20%
Office & Field Furniture & Equipment	10%
Field Machinery & Camp equipment	20%
Computer and accessories	33.33%

Inventories

Inventories comprise fuel, consumables and spares and are stated at the lower of cost and net realisable value. The cost of inventories is calculated on a first in first out basis. Net realisable value is determined with reference to current market prices.

Exploration and evaluation and development costs

Exploration and evaluation costs related to an area of geological interest are carried forward as an intangible asset in the statement of financial position where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale. This expenditure will be carried at cost less accumulated amortisation and impairment. Where these conditions are not met, such costs will be written off as incurred.

Development expenditure incurred by or on behalf of the Company or acquired from a third party is also classified as an intangible asset and is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises acquisition costs and other incurred costs directly attributable to the construction of the mine and the related infrastructure. This expenditure is carried at cost less accumulated amortisation and impairment.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3 ACCOUNTING POLICIES (continued)

Exploration, evaluation and development expenditure are categorised under deferred exploration and development costs, exploration data and prospecting rights and mining licences in the statement of financial position according to the nature of the expenditure. Exploration and development costs will include all directly attributable expenditure.

Once a development decision has been taken, the carrying amount of the exploration, evaluation and development expenditure in respect of the area of interest will be aggregated with the development expenditure and classified under non-current assets as “exploration and development and mining property” within property, plant and equipment.

No amortisation will be recognised in respect of exploration, evaluation and development expenditure until it is reclassified as a development property and production commences.

Exploration, evaluation and development expenditure and mining property is tested for impairment annually if facts and circumstances indicate that impairment may exist.

Exploration, evaluation and development expenditure will also be tested for impairment once commercial reserves are found, before the assets are transferred to “mining property”

Licences

Payments to acquire licence rights acquired will be amortised over the period of the licence to exploit such rights, typically three to thirty years. Provision will be made for any impairment in value, and the provision will be reviewed on an annual basis.

The carrying value of tangible fixed assets will be assessed annually and any impairment will be charged to the statement of comprehensive income. The expected useful economic life of tangible fixed assets will be reviewed annually.

Impairment of non-financial assets

The Directors assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount will be the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset will be considered impaired and will be written down to its recoverable amount. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model will be used.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3 ACCOUNTING POLICIES (continued)

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Directors make an estimate of the recoverable amount. A previously recognised impairment loss will be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Trade and other receivables

Trade and other receivables will arise from normal commercial transactions may be classified as "loans and receivables". These will be recognised at invoice value adjusted for any allowance for impairment. Impairment and any reversal will be recognised in the income statement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group and Company's loans and receivables include cash and cash equivalents. These include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

Financial liabilities

The Group and Company had no financial liabilities in the year ended 31 December 2013 (31 December 2012 – nil).

Trade and other payables

These are initially recognised at invoiced value. These will arise principally from the receipt of goods and services. There will be no material difference between the invoiced value and the value calculated on an amortised cost basis.

Foreign currency

The individual financial information of the Group and Company will be presented in the currency of the primary economic environment in which the entity operates (its functional currency). The US Dollar is both the functional currency and presentation currency for the Company and the Company's financial information.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3 ACCOUNTING POLICIES (continued)

The functional currency of the Company's branch in Eritrea is the Eritrean Nakfa ('ERN') which is translated into US Dollars for presentational purposes at the fixed official rate of exchange of 15 ERN : 1 USD.

In preparing the financial statements, transactions in currencies other than the Company's functional currency ("foreign currencies") will be recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies will be retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items will be included in the statement of comprehensive income for the period.

For the purpose of presenting combined financial information, the assets and liabilities of the Company's Eritrean branch operations (including comparatives) will be expressed in US Dollars at the official exchange rate prevailing at the balance sheet date. Income and expense items will be translated at the average exchange rates for the period. Exchange differences arising, if any, will be held in equity and where material will be transferred to the translation reserve.

Operating profit or loss

Operating profit or loss comprises revenues less operating costs. Operating costs comprise adjustments for raw materials and consumables used, employee costs, amortisation, depreciation and impairment and other operating expenses where applicable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Revenue from the sale of geophysical services to other exploration companies is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific geophysical survey and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3 ACCOUNTING POLICIES (continued)

Taxation

Income tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it will no longer be probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when the Company 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.

Critical accounting estimates and judgments

The Directors make estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of exploration, evaluation and development expenditure, mining property and mining equipment

The value of the Company's exploration, evaluation and development expenditure, mining property and mining equipment will be dependent upon the success of the Company in discovering economic and recoverable mineral resources, especially in the countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors. The estimation of future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates between the US Dollar, the UK £ Sterling and the ERN, and potential new legislation and related environmental requirements.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

3 ACCOUNTING POLICIES (continued)

The Company's ability to continue its exploration programs and develop its projects is dependent on future fundraisings the outcome of which is uncertain.

The ability of the Company to continue operating within Eritrea is dependent on a stable geopolitical environment which is uncertain based on the history of the country. This may also affect the Company's legal title to assets held which would also impact on the Company.

There have been no changes made to any past assumptions.

Impairment testing

The recoverable amounts of cash generating units and individual assets will be determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may impact the Directors' estimates and may then require a material adjustment to the carrying value of goodwill, tangible assets and intangible assets.

The Directors review and test the carrying value of tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets will be grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates will be prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible and intangible assets will be inherently uncertain and could materially change over time.

There has been no impairment charge for the year ended 31 December 2013 (2012: Nil).

Events after the balance sheet date

Post period-end events that provide additional information about the Group and Company's position are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes when material.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

4. OPERATING SEGMENTS

The Group undertakes only one business activity as described in the Director's Report and the operating segments have been determined based on geographical areas.

The Group generated revenue of US\$ 59,600 during the either the year ended 31 December 2013 through the provision of geophysical services by its whole owned subsidiary Africa Geophysics Consultants Ltd (2012: Nil).

The Group's results by reportable segment were as follows:

Year ended 31 December 2013

	UK \$	Eritrea \$	Total \$
RESULTS			
Operating loss	(114,925)	-	(114,925)

Year ended 31 December 2012

	UK \$	Eritrea \$	Total \$
RESULTS			
Operating loss	(142,279)	-	(142,279)

All transactions between each reportable segment are accounted for using the same accounting policies, as set out in note 3. The Group's assets and liabilities by reportable segment are as follows:

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

4. OPERATING SEGMENTS (Continued)

At 31 December 2013

	UK \$	Eritrea \$	Total \$
ASSETS			
Intangible Assets	1,708,541	7,260,004	8,968,545
Plant and equipment	0	372,642	372,642
Inventories	0	210,818	210,818
Trade Receivables	12,909	9,674	22,583
Advances to Directors	1,252	0	1,252
Cash	<u>39,902</u>	<u>9,304</u>	<u>49,206</u>
Total assets	<u>1,762,604</u>	<u>7,862,442</u>	<u>9,625,046</u>

	UK \$	Eritrea \$	Total \$
LIABILITIES			
Creditors	16,499	16,965	33,464
Loans From Directors	<u>0</u>	<u>6,160</u>	<u>6,160</u>
Total liabilities	<u>16,499</u>	<u>23,125</u>	<u>39,624</u>

At 31 December 2012

	UK \$	Eritrea \$	Total \$
ASSETS			
Intangible Assets	1,301,480	6,158,144	7,459,624
Plant and equipment	-	481,786	481,786
Inventories	-	234,252	234,252
Trade Receivables	22,750	9,325	32,075
Advances to Directors	49,727	-	49,727
Cash	<u>90,678</u>	<u>21,227</u>	<u>111,905</u>
Total assets	<u>1,464,635</u>	<u>6,904,734</u>	<u>8,369,369</u>

	UK \$	Eritrea \$	Total \$
LIABILITIES			
Creditors	<u>30,198</u>	<u>5,273</u>	<u>35,471</u>
Total liabilities	<u>30,198</u>	<u>5,273</u>	<u>35,471</u>

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

5. STAFF COSTS

	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Wages and salaries (Eritrea)	229,575	289,401
Wages and salaries (UK)	168,462	179,521
Employer's National Insurance (UK)	21,955	12,298
Directors' fees	<u>153,046</u>	<u>74,569</u>
Total	<u>573,038</u>	<u>555,789</u>

The average monthly number of employees during the year was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
Directors	4	4
Employees	<u>56</u>	<u>52</u>
	<u>60</u>	<u>56</u>

The above total for directors' fees in the year to 31 December 2013 includes \$60,000 for Dr S. Berhe, \$93,046 for Dr C.T.P. Williams. Details of transactions with related parties are set out in note 16 to the financial statements.

6. OPERATING LOSS IS STATED AFTER CHARGING:

	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Fees payable to the company's auditor for the audit of the company's annual accounts:	17,500	15,000
Fees payable to the company's auditor and its associates for other services:	-	-
Fees payable to the company's branch auditor for the audit of the company's branch accounts:	<u>2,200</u>	<u>8,800</u>
	<u>19,700</u>	<u>23,800</u>

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

7. TAXATION

Analysis of the tax charge

	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Current tax:		
Tax	_____ -	_____ -
Total tax charge in income statement	===== -	===== -

Reconciliation of the tax charge

	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Loss before tax	<u>(114,925)</u>	<u>(142,279)</u>
Deferred tax asset: loss before tax multiplied by standard rate of corporation tax in the UK of 23% (2012: 24%)	26,432	34,147
Effects of: Deferred tax not provided	<u>(26,432)</u>	<u>(34,147)</u>
Total tax charge in income statement	===== -	===== -

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised. The cumulative amount of the asset not recognised for the year ended 31 December 2013 is \$125,741 (2012: \$99,308). The asset may be recovered if the Company made taxable profits in future years.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

8. LOSS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Year ended 31 December 2013	Year ended 31 December 2012
Weighted average number of ordinary shares in issue	26,577,198	24,175,765
Loss after taxation	\$(114,925)	\$(142,279)
Loss per share (cents)	0.4	0.6

Due to there being a loss during the year there are no dilutive transactions and therefore no diluted loss per share has been presented.

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was \$174,525 (2012: \$142,279).

10. INTANGIBLE ASSETS

	Group	Company
	Exploration costs \$	Exploration costs \$
Cost:		
At 1 January 2013	7,459,624	7,459,624
Additions	<u>1,508,921</u>	<u>1,449,321</u>
At 31 December 2013	<u>8,968,545</u>	<u>8,908,945</u>
Net Book Value:		
At 31 December 2012	<u>7,459,624</u>	<u>7,459,624</u>
At 31 December 2013	<u>8,968,545</u>	<u>8,908,945</u>

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

10. INTANGIBLE ASSETS (continued)

Exploration activities are deferred until a reasonable assessment can be made of the existence or otherwise of economically recoverable reserves. No amortisation has been charged in the period.

The directors have reviewed the carrying value of the exploration assets and consider them to be fairly stated and not impaired at 31 December 2013. The recoverability of the intangible assets is dependent upon the future realisation or disposal of gold, base metals or other mineral resources.

11. PLANT AND EQUIPMENT

Group and Company	Field machinery & equipment \$	Motor vehicles \$	Computer and accessories \$	Furniture and equipment \$	Total \$
COST					
Balance at 1 January 2013	367,217	203,148	38,355	44,369	653,089
Additions	<u>17,716</u>	<u>0</u>	<u>235</u>	<u>1,333</u>	<u>19,284</u>
Balance at 31 December 2013	<u>384,933</u>	<u>203,148</u>	<u>38,590</u>	<u>45,702</u>	<u>672,373</u>
DEPRECIATION					
Balance at 1 January 2013	85,769	57,723	18,264	9,549	171,305
Charge for the year	69,089	40,630	12,818	5,889	128,426
Balance at 31 December 2013	<u>154,858</u>	<u>98,353</u>	<u>31,082</u>	<u>15,438</u>	<u>299,731</u>
Book value at 31 December 2013	<u>230,075</u>	<u>104,795</u>	<u>7,508</u>	<u>30,264</u>	<u>372,642</u>

12. INVESTMENTS

Company	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
Cost and net book value:		
Additions	<u>1</u>	<u>-</u>
31 December	<u>1</u>	<u>-</u>

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

12. INVESTMENTS (continued)

The Company's investments at the balance sheet date in the share capital of companies include the following:

Name	Country of incorporation	Interest %	Class of shares	Nature of the business	Share capital and reserves	Loss for the year
					£	£
Africa Geophysics Consultants Ltd	UK	100	Ordinary	Mining Support Activities	1	-

13. TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
Group and Company		
Prepayments	1,325	28,145
Other receivables	10,463	3,930
Loan to Equator Gold Limited	<u>10,795</u>	=
Total	<u>22,583</u>	<u>32,075</u>

14. TRADE AND OTHER PAYABLES

	Group 2013 \$	Company 2013 \$	Group 2012 \$	Company 2012 \$
Group				
Accrued expenses	15,671	15,671	20,376	20,376
Other payables	1,947	1,947	3,282	3,282
Trade payables	<u>15,846</u>	<u>13,556</u>	<u>11,813</u>	<u>11,813</u>
Total	<u>33,464</u>	<u>31,174</u>	<u>35,471</u>	<u>35,471</u>

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

15. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group and Company's financial instruments, which are recognised in the balance sheet, comprise financial assets at fair value recognised through profit and loss, cash and cash equivalents, receivables and payables. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

The Group and Company do not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the period under review, the Group and Company's policy is that no trading in financial instruments shall be undertaken.

Financial instruments by category

Assets per balance sheet	2013 \$	2012 \$
Cash and cash equivalents	49,206	111,905
Advances to Directors	<u>1,252</u>	<u>49,727</u>
Total	<u>50,458</u>	<u>161,632</u>

Liabilities per balance sheet	2013 \$	2012 \$
Accrued expenses	15,670	20,376
Other payables	1,947	3,282
Trade payables	<u>15,846</u>	<u>11,813</u>
Total	<u>33,463</u>	<u>35,471</u>

The directors consider the carrying value of the financial assets and liabilities to approximate their fair values.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

15. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest-rate risk. These risks are limited by the Company's financial management policies and practices described below:

(a) Foreign currency exchange risks

The Group and Company does not hedge its foreign currencies. Amounts transferred to Eritrea to fund activities in country, and amounts payable in the local currency, the Eritrean Nakfa (ERN), can only be converted at the official rate of exchange of ERN15:US\$1. The directors therefore believe that there would be no benefit gained from hedging these currency exposures contracts in the market. This situation is monitored on a regular basis.

(b) Credit risk

There is no significant concentration of credit risk. The Company does not have written credit risk management policies or guidelines.

The Company's cash is held in reputable banks. The carrying amount of these financial assets represent the maximum credit exposure.

(c) Liquidity risks

Operational cash flow principally represents the ongoing exploration and administration costs. The Group and Company manages its liquidity requirements by the use of long and short term cash flow forecasts. The Group and Company's policy is to ensure facilities are available as required and to issue share capital in accordance with long and short term cash flow forecasts. The Group and Company currently has no undrawn facilities. The Group and Company actively manages its working finance to ensure the group has sufficient funds for operations and planned expansion.

The Group and Company's financial liabilities are primarily accruals. All amounts are due for payment in accordance with agreed settlement terms with suppliers or stating deadlines within one year.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

15. FINANCIAL INSTRUMENTS (continued)

(d) *Cash flow and fair value interest rate risks*

The Group and Company have no interest-bearing liabilities. Interest rates on bank deposits are based on the relevant national inter bank offered rates. The Group and Company has no fixed interest rate assets.

The main financial risks for the Group and Company are set out on page 9 in the Strategic Report.

At 31 December 2013, the currency and interest rate profile of the financial assets and liabilities of the Group were as follows:

	2013	2012
	\$	\$
Financial assets:		
GBP – cash and cash equivalents	7,654	22,068
USD – cash and cash equivalents	33,115	69,024
ERN – cash and cash equivalents	6,147	2,234

A decrease of 1% on the interest rates offered by banks will not have any significant impact the interest receivable (2012:\$Nil).

(e) *Capital risk management*

The Company defines capital as its total equity. The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to Shareholders through the optimisation of debt and equity balances. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

To maintain or adjust its capital structure, the Company may adjust the amount of dividends to shareholders, issue new shares or return capital to shareholders, and raise debt or sell assets to reduce debt.

ANDIAMO EXPLORATION LIMITED

Notes forming part of the financial statements

Year ended 31 December 2013

16. SHARE CAPITAL

The Company has one class of ordinary shares which carry no right to fixed income nor have any preferences or restrictions attached.

	Number	Nominal \$	Share Premium \$
Ordinary shares of £0.001, issued and fully paid			
As at 01 January 2013	24,175,765	36,265	8,741,987
Issued 22 January 2013 at US\$ 0.50 per share	1,202,000	1,923	599,077
Issued 31 January 2013 at US\$ 0.50 per share	555,040	888	276,632
Issued 04 April 2013 at US\$ 0.50 per share	190,000	304	94,696
Issued 24 June 2013 at US\$ 0.50 per share	1,296,625	2,075	464,925
Total number of shares issued in 2013	3,243,665	5,190	10,177,317
Share issue costs			(74,072)
As at 31 December 2013	27,419,430	41,455	10,103,246

17. TRANSACTIONS WITH RELATED PARTIES

In normal course of its business, the Company provided interest free, unsecured advances worth US\$ 1,252 (2012: US\$ 49,727) to a director of the Company. The advances were outstanding as at 31 December 2013.

The Company agreed with Equator Gold Limited, a company of which the director Mark Parker is also a director, to loan professional staff of the Company to complete a geological survey in South Sudan throughout the month of April 2013. The total cost to the Company during the year was \$10,795.

In addition, Andiamo's Eritrean branch received services worth US\$ 82,537 from Africa Horn Testing Services, a company of which the director Seife Berhe was also a shareholder as at 31 December 2013.

18. ULTIMATE CONTROLLING PARTY

The directors consider that the Company is not controlled by any one party.

19. POST BALANCE SHEET EVENTS

Andiamo announced on the 13 January 2014 that Ortac Resources Limited, a company listed on the London AIM market, signed a conditional agreement to subscribe for up to 10,000,000 units at a subscription price of US\$ 0.15 per unit to raise an aggregate of up to US\$ 1,500,000. Each unit consists of one ordinary share and one warrant to subscribe for an additional ordinary share at US\$ 0.20 on or before 31 December 2015.