



Galileo Resources PLC - GLR

# Audited Results and Notice of AGM

Released 17:14 07-Sep-2015

RNS Number : 3356Y  
Galileo Resources PLC  
07 September 2015

## Galileo Resources Plc ("Galileo" or the "Company" or the "Group")

7 September 2015

### Audited Results for the year ended 31 March 2015 Notice of AGM

Galileo (AIM: GLR), the exploration and development mining company, announces its audited results for the year ended 31 March 2015.

#### Highlights

- Completed acquisition of St Vincent Minerals Inc. ("SVM"), whose subsidiary SVM US holds several properties in Nevada USA, including the 1 million oz gold inferred resource-level estimate Gabbs (gold-copper) and Silverton (gold-silver) in Nye County, Ferber (gold copper) in Elko County and Crow Springs (copper molybdenum gold silver) in Esmeralda County
- Ferber land position consolidated by way of execution of two exploration Lease and Option to Purchase Agreements
- Exploration data reviewed on Ferber - geologic similarities identified with recent nearby major gold discoveries in the region at Kinsley Mountain and north at Long Canyon - Ferber a compelling target for reinterpretation of geology and exploration
- Commenced development of near-term exploration programmes on its US properties focussing on mapping, soil sampling and digitizing of historical data
- Granted our joint venture partner Fer-Min-Ore the option to work with more specialized potential industry partners and entered into a conditional sale agreement of its position in the Project to Fer-Min-Ore; option period extended to 28 February 2016
- Colin Bird Chairman assumed the role of CEO following the sudden death of CEO Brain Gavin, Founder President and CEO of SVM.
- The Group reported a loss of £10,726,785 of which £10,166,000 relates to an impairment of the Company's exploration and evaluation assets. The loss represents 9.4p per share against the loss in 2014 of 4.7p per share.

A copy of this announcement is available on the Company's website [www.galileoresources.com](http://www.galileoresources.com) and is being posted to shareholders today. You can also follow Galileo on Twitter: [@GalileoResource](https://twitter.com/GalileoResource).

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## Chairman's Report

The key event during the year under review was the completion of the acquisition of St Vincent Minerals Inc. ("SVM"), the owner of the Gabbs copper/gold project in Nye County, Nevada. The property has a regulatory compliant inferred resource and is open ended in all directions for resource expansion.

In addition to Gabbs, the SVM acquisition has an emerging portfolio of properties whose potential is of significant interest and justifies further exploration. The key portfolio project is Ferber, which is in north eastern Nevada and is close by Mount Kinsley, which is showing major potential as a gold exploration site. Mount Kinsley is majority owned by PilotGold who are conducting extensive drill programmes and other work to advance the project. There is an emerging belief that a new Carlin Trend may exist with a possible continuity to the Newmont Mining Long Canyon developing mine.

Our Crow Springs project is very interesting and is the site of many different mineralisation types. There is a strong geological argument for a concealed gold copper porphyry system and significant molybdenum shows have also been found. The area has not benefitted from significant investigation and as such the potential for discovery of current day mineralisation models is high. A considerable area of the property contains high potential monzonite, which has been minimally explored.

Our Silverton project is intriguing with large areas of elevated gold anomalies and a minimally tested highly prospective shear zone.

The Nevada positions represent a potential world-class holding in an environment which has been prolific in gold and copper production but has not been extensively explored for mineral sources. In many instances throughout Nevada the source of the original mines may well provide tomorrow's new mine impetus.

On 29 October 2014, Brian Gavin our Chief Executive Officer suddenly passed away. Brian came as part of St Vincent Minerals Inc. and Galileo looked forward to working with him to develop the SVM portfolio and other acquisitions. The Company extends deepest sympathies to his St Vincent Minerals Inc. colleagues and to his family.

We have elected to dispose of our position in the Glenover Rare-Earth Project because of the current and future forecasted low rare-earth prices. The extended low price forecast together with the processing and marketing complexities make the Glenover project more suitable for a company specialising in the rare-earth business. The Glenover project, from a technical and commercial prospective, remains potentially attractive and our partners Fer-Min-Ore combined with other potential industry players are more suited to advance the project. We therefore granted Fer-Min-Ore an option to work with our potential industry partners, agreeing to sell our interest should they find an acceptable offer.

The small-cap mining industry, in my experience, has suffered many ups and downs but none as drastic and prolonged as the one currently being experienced. It is little consolation that the major mining companies have also suffered extreme changes of fortune for the worse. Commodity prices are being driven down by an almost unstoppable force, which is relentless and quite alarming. It is in these times that the brave prosper and as such the Board continues to search out opportunities, which current conditions have presented like never before.

During the period under review, the Company lost £10,726,785, of which £10,166,000 relates to a downward adjustment to exploration and evaluation assets; the loss represents 9.4p per share against the loss in 2014 of 4.7p per share.

I would like to thank my colleagues for their support hoping that the fundamentals of our industry will change and that our efforts will deliver considerable enhanced shareholder value for our shareholders in the coming year.

Colin Bird  
Chairman

7 September 2015

## Operations Summary

- The Company completed the acquisition of Toronto incorporated SVM, with its highly prospective copper/gold projects in Nevada, USA. The transaction, which was by way of share exchange, resulted in SVM shareholders holding approximately 22.88% of the enlarged issued share capital of Galileo.
- The Company is currently focusing on these Nevada copper/gold projects.
- The Company's Glenover Rare-Earth Phosphate Project ("Glenover Project"), at the beginning of the year under review had advanced in association with the Company's partner Fer-Min-Ore Proprietary Limited ("Fer-Min-Ore") to a status where significant new funds together with specific industry expertise were required to progress to feasibility study and development.
- The Company and Fer-Min-Ore commenced seeking a strategic partner to advance the Glenover Project to feasibility study level.
- The Company entered into an exclusive Sale Agreement, with Fer-Min-Ore, whereby the Company has offered to sell and Fer-Min-Ore (the "Purchaser") has offered to purchase all the Company's rights, title, interest and shares in the capital of Glenover Phosphate Proprietary Limited, the owner of the Glenover Rare-Earth Phosphate Project ("Provisional Offer") for a purchase consideration of US\$4 million (£2.6 million at an exchange rate of £1 to US\$1.55) ("Funding").
- The Provisional Offer is subject to meeting certain conditions including the Purchaser obtaining such Funding which will enable it to implement the proposed transaction by 28 February 2016, unless extended by mutual agreement.

### CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS 31 MARCH 2015

Figures in Pound Sterling	Note(s)	2015	2014
<b>Assets</b>			
Non-current assets			
Property, plant and equipment		-	282
Intangible assets		2,487,111	6,635,128
Investments in subsidiaries		-	-
Investment in joint ventures		2,257,137	2,313,663
Loans to joint ventures		94,412	79,804
Other financial assets		369,543	328,202
		5,208,203	9,357,079
Current assets			
Other financial assets		-	399,926
Trade and other receivables		20,321	568
Cash and cash equivalents		180,871	324,819
		201,192	725,313
<b>Total assets</b>		<b>5,409,395</b>	<b>10,082,392</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		23,153,707	21,603,932
Reserves		520,256	(3,736,063)
Accumulated loss		(18,557,622)	(7,830,837)
		5,116,341	10,037,032
<b>Liabilities</b>			
Non-current liabilities			
Other financial liabilities		2,675	6
Current liabilities			
Trade and other payables		290,379	45,354
<b>Total liabilities</b>		<b>293,054</b>	<b>45,360</b>
<b>Total equity and liabilities</b>		<b>5,409,395</b>	<b>10,082,392</b>

These financial statements were approved by the directors and authorised for issue on 4 September 2014 and are signed on their behalf by:

**Colin Bird**

**Andrew Sarosi**

Company number: 05679987

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015  
FOR THE YEAR ENDED 31 MARCH 2015

Figures in Pound Sterling	2015	2014
Revenue	-	-
Operating expenses	(10,772,494)	(2,991,626)
Operating loss	(10,772,494)	(2,991,626)
Investment revenue	1,420	55,975
Fair value adjustments	56,092	(1,190,000)
Loss from equity accounted investments	(11,803)	(38,843)
Loss for the year	(10,726,785)	(4,164,494)
Other comprehensive income:		
Foreign exchange movements for the year	3,208,498	(2,331,109)
Total comprehensive loss for the year	(7,518,287)	(6,495,603)
Loss per share in pence (basic)	(9.4)	(4.7)

All operating expenses and operating losses relate to continuing activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2015

Figures in Pound Sterling	Share capital	Share premium	Total share capital	Merger reserve	Foreign currency translation reserve	Share based payment reserve	Total reserves	Accumulated loss	Total equity
Group									
Balance at 1 April 2013	4,415,359	17,188,573	21,603,932		(2,192,093)	787,139	(1,404,954)	(3,666,343)	16,532,635
Loss for the year	-	-	-		-	-	-	(4,164,494)	(4,164,494)
Other comprehensive income	-	-	-		(2,331,109)	-	(2,331,109)	-	(2,331,109)
Total comprehensive loss for the year	-	-	-		(2,331,109)	-	(2,331,109)	(4,164,494)	(6,495,603)
Balance at 1 April 2014	4,415,359	17,188,573	21,603,932		(4,523,202)	787,139	(3,736,063)	(7,830,837)	10,037,032
Loss for the year								(10,726,785)	(10,726,785)
Other comprehensive income					3,208,498		3,208,498	-	3,208,498
Total comprehensive loss for the year					3,208,498		3,208,498	(10,726,785)	(7,518,287)
Issue of shares	1,319,778	229,997	1,549,775	1,047,821	-		1,047,821	-	2,597,596
Total contributions by and distributions to owners of Company recognised directly in equity	1,319,778	229,997	1,549,775	1,047,821	-		1,047,821	-	2,597,596
Balance at 31 March 2015	5,735,137	17,418,570	23,153,707	1,047,821	(1,314,704)	787,139	520,256	(18,557,622)	5,116,341
Note(s)	12	12	12		14				

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2015

Figures in Pound Sterling	2015	2014
Cash flows from operating activities		
Cash used in operations	(622,455)	(809,433)
Interest income	1,420	6,032
Net cash from operating activities	(621,035)	(803,401)
Cash flows from investing activities		
Disposal of property, plant and equipment	-	544
Additions to intangible assets	(139,520)	-
Loans advanced	(14,608)	(79,804)
Purchase/(sale) of financial assets	366,433	(84,554)
Net cash flows from investing activities	212,305	(163,814)
Cash flows from financing activities		
Proceeds on share issue	239,997	-
Repayment of other financial liabilities	2,615	-
Net cash flows from financing activities	242,612	-
Total cash movement for the year	(166,118)	(1,853,295)
Cash acquired	22,170	(443,040)
Cash at the beginning of the year	324,819	1,735,074
Total cash at end of the year	180,871	324,819

## Statement of Directors' Responsibilities for the year ended 31 March 2015

- The directors are required in terms of the Companies Act 2006 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the applicable UK laws.
- The consolidated annual financial statements are prepared in accordance with International Financial reporting standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.
- The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.
- The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated annual financial statements support the viability of the company. The directors have reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements and they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

Colin Bird	Chairman
Andrew Francis Sarosi	Finance & Technical Director
J Richard Wollenberg	Non-Executive director
Christopher Molefe	Non-Executive Director

## NOTES TO THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS

### 1. Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards IFRIC interpretations issued by the International Accounting Standards Board and the Companies Act 2006. The consolidated annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. Cost is based on the fair values of the consideration given in exchange for assets and they are presented in Pound Sterling. The accounting policies applied are consistent with those of the previous period.

The comparative figures for the financial year ended 31 March 2015 are not the Company's statutory accounts for that financial year but the consolidated accounts. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not give any reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006, relating to the accounting records of the company.

### 2. Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition

to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

### 3. Financial review

The Group reported a net loss of £10,726,785 (2014: £4,164,494) before and after taxation. Basic and diluted loss was 9.4 pence (2014: loss of 4.7 pence) per share.

The Company's Glenover Project, at the beginning of the year under review had advanced in association with the Company's partner Fer-Min-Ore to a status where significant new funds together with specific industry expertise were required to progress to feasibility study and development. The Company elected to dispose of its position in the Glenover Rare-Earth Phosphate project due to low rare earth prices prevailing and forecasted for the future. Management assessed the carrying value of the Company's investment in Skiptons and recognised an impairment in an amount of GBP10,166,000 against the carrying value of the investment to reflect a market related value.

The ZAR stood its ground against the GBP during the period under review as did the USD. The Group tightened its cost management and a significant reduction in overheads were achieved during the period under review supporting the working capital requirements of the Group. Operating expenses before impairment losses were £0.6 million compared to £0.7 million in 2014.

### 4. Segmental analysis

The Company's investments in subsidiaries and associates, that were operational at year-end, operate in two geographical locations being South Africa and USA, and are organised into two business units from which the Group's expenses are incurred and future revenues are expected to be earned. This being the exploration for and extraction of its mineral assets through direct and indirect holdings. The reporting on these investments to the board focuses on the use of funds towards the respective projects and the forecasted profit earnings potential of the projects. Following the acquisition of the Gabbs project the Group has another segment to report on, that being gold and copper.

#### Business segments

The Group's business is the exploration and development of gold, copper, rare-earth aggregates and potentially iron ore and manganese.

#### Geographical segments

An analysis of the loss on ordinary activities before taxation and net assets is given below:

	2015 Loss from operating activities (£)	Country of operations	2014 Loss from operating activities (£)	Country of operations
Rare earths, aggregates and iron ore and manganese	(11,803)	South Africa,	(38,843)	South Africa
Gold, Copper	(47,805)	USA	-	
		South Africa and United Kingdom		South Africa, and United Kingdom
Corporate costs and impairments	(10,667,177)		(4,125,657)	
Total	(10,726,785)		(4,164,494)	

### 5. Taxation

No provision has been made for 2015 tax as the Group has no taxable income. The estimated tax loss available for set off against future taxable income is £1,518,390 (2014: £1,406,233). The Group has not reflected a deferred tax asset in respect of the losses carried forward as the Group is not expected to generate taxable profits in the foreseeable future.

### 6. Earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where there is a discontinued operation, earnings per share is determined for both continuing and discontinued operations.

Basic earnings per share was based on a loss of £10,726,785 (2014: loss of £4,164,494) and a weighted average number of ordinary shares of 114,164,433 (2014: 88,307,183).

#### Reconciliation of loss attributable to equity holders, of the parent to loss for the year:

Profit or loss for the year attributable to equity, holders of the parent	(7,518,287)	(6,495,603)
Adjusted for:		
Foreign exchange differences through other comprehensive income	(3,208,498)	2,331,109
Loss for the year	(10,726,785)	(4,164,494)
Basic loss per share Diluted loss per share	9.4	4.7

#### Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

### 7. Intangible assets

Figures in Pound Sterling Group	Cost/ Valuation	2015 Accumulated depreciation	Carrying value	Cost/ Valuation	2014 Accumulated depreciation	Carrying value
Exploration and evaluation asset	2,487,111	-	2,487,111	6,635,128	-	6,635,128

#### Reconciliation of intangible assets

Figures in Pound Sterling	2015				2014				
	Opening balance	Additions through business combinations	Additions	Impairment loss	Foreign exchange movements	Total	Opening balance	Foreign exchange movements	Total
Exploration and evaluation asset	6,635,128	2,638,849	139,520	(6,635,128)	(291,258)	2,487,111	8,305,592	(1,670,464)	6,635,128

The exploration and evaluation asset is a South African Rand denominated asset. It is carried at cost adjusted for any foreign currency movements during the period under review. Galileo agreed to a request from joint venture partner Fer-Min-Ore to extend the completion of a conditional sale agreement until 28 February 2016. The commercial terms of the extended sale agreement, pursuant to which the Company has offered to dispose of all the Company's rights, title, interest and shares in the capital of Glenover for a purchase consideration of US\$4 million, subject to financing, are unchanged.

The Company impaired the value of the exploration and evaluation asset. The Company's Glenover Project, at the beginning of the year under review had advanced in association with the Company's partner Fer-Min-Ore to a status where significant new funds together with specific industry expertise were required to progress to feasibility study and development. The Company elected to dispose of its position in the Glenover Rare-Earth Phosphate project due to low rare earth prices prevailing and forecasted for the future. Management assessed the carrying value of the Company's investment in Skiptons and recognised an impairment in an amount of GBP10,166,000 against the carrying value of the investment to reflect a market related value.

### 8. Auditors' Report

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2015 or 31 March 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditor has reported on those

accounts; his reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying his report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

#### 9. Availability of the Annual Report

This information has been extracted from the Company's Audited Annual Report for the year ended 31 March 2015, copies of which will be mailed to shareholders on 7 September 2015 and a copy will also be available to shareholders and members of the public in hard copy and free of charge, from the Company's London office at 4th floor 2 Cromwell Place, London SW7 2JE, United Kingdom. Alternatively a downloadable version will be available from 7 September 2015 from Company's website: [www.galileoresources.com](http://www.galileoresources.com).

#### 10. Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Galileo will be held at the Pelham Hotel, 15 Cromwell Place, London, SW7 2LA on 30 September 2015 at 11:00 a.m.

This information is provided by RNS

The company news service from the London Stock Exchange

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