



Galileo Resources PLC - GLR

Half Yearly Report

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Galileo Resources PLC
15 December 2015

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Galileo Resources PLC ("Galileo" or "the Company" or "the Group")

Interim results for the six months ended 30 September 2015

Galileo, (AIM:GLR) the natural resource exploration and development company focused on gold/copper in Nevada, USA and phosphate/rare-earth/copper in South Africa, announces its interim results for the six months ended 30 September 2015.

Highlights

- Galileo secured its Nevada based US exploration property holdings for a further year to August 2016
- The small Sand Springs claim in Nevada was dropped because of its proximity to a town and recreational area
- Internal review completed of the portfolio and exploration programmes formulated - with a focus on the Silverton property in Nevada, which presents a significant gold exploration target around a recognised shear zone
- Galileo option to JV partner Fer-Min-Ore to purchase the Company's interest in the Glenover Phosphate JV extended to 28 February 2016
- Post interim-period review, a binding and exclusive memorandum of understanding ("MOU") concluded to earn-in and acquire up to 80% interest in the Concordia Copper Project in the Namaqualand area in the Northern Cape Province of South Africa

Chairman's report

This statement was prepared during an unprecedented period in the erosion of major mining companies' valuation. Most companies are approaching valuations seen in the early 1990s. The commodity rout now seems to be dictated by oil and doom and gloom over China. Our portfolio is geared towards the copper fundamentals and the board has a strong conviction on the mid-term fundamentals of this metal. Most forecasters are of the opinion that copper demand will double by 2023. Today's mines are big and to discover, evaluate and construct takes some eight years.

The board of Galileo finds a massive disconnect between major copper companies behavior and the aforementioned expectation for future copper demand: in-house exploration budgets have been slashed, joint ventures terminated and new copper mine development put on ice. This experience has shown us that these situations can change rapidly and when they do M&A activity becomes dominant in the arena. Our Gabbs project in Nevada is copper and gold and is open ended in all directions and our independent NI43-101 suggests 168 million tonnes with approximately 700,000 tonnes of copper equivalent.

We recently announced our exclusive and binding memorandum of understanding with Shirley Hayes - ikp (Pty) Ltd. which entails earning an initial 51% interest (rising to a possible 80%) in the Concordia concession in the O'kiep mining district in South Africa. This district was the major source of world copper up until 1926, whereafter its contribution to world supply reduced due to deep shafts and grades insufficient to support deep underground operations. Our initial modelling of a very large surface drilling programme has indicated the potential for significant tonnages of open pitable good grade copper. The Company intends to fast track modelling and evaluation work on this project, to place it against its peers in the global copper-potential-mine league table. With our renewed interest and enthusiasm for large copper situations in favorable jurisdictions, the Company intends to focus its interest in that direction and respond to joint venture interest in its various gold properties.

The Glenover ownership of 34% remains on option for disposal to Fer-Min-Ore. This option expires on 28 February 2016.

The Group's loss for the six months, before and after taxation and before taking items of other comprehensive income into account, was £170,971 (2014: loss of £276,974). The Group's loss per ordinary share was 0.1 pence (2014: loss of 0.3 pence).

Colin Bird
Chairman
15 December 2015

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Statement of Responsibility for the six months ended 30 September 2015

The directors are responsible for preparing the consolidated interim financial statements for the six months ended 30 September 2015 and they acknowledge, to the best of their knowledge and belief, that:

- the consolidated interim financial statements for the six months ended 30 September 2015 have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the EU;
- based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated interim 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 interim financial statements and the directors of Galileo 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 interim financial statements support the viability of the Company; and
- having 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 they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

C Bird	Chairman and Chief Executive Officer
A Sarosi	Finance & Corporate Development Director
J R Wollenberg	Non-Executive director
C Molefe	Non-Executive Director

15 December 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Six months ended 30 September 2015 (Unaudited) £	Six months ended 30 September 2014 (Unaudited) £	Year ended 31 March 2015 (Audited) £
ASSETS			
Property, plant and equipment	-	282	-
Intangible assets	2 295 759	10 156 860	2 487 111
Investment in joint ventures	1 907 780	2 211 137	2 257 137
Loans to joint ventures	80 513	92 547	94 412
Other financial assets	337 713	338 051	369 543
Non-current assets	4 621 765	12 798 877	5 208 203
Trade and other receivables	32 528	24 115	20 321
Cash and cash equivalents	220 807	210 079	180 871
Current assets	253 335	234 194	201 192
Total Assets	4 875 100	13 033 071	5 409 395
EQUITY AND LIABILITIES			
Share capital and share premium	23 504 707	23 961 531	23 153 707
Reserves	(160 320)	(4 012 960)	520 256
Accumulated loss	(18 728 593)	(8 107 811)	(18 557 622)
Equity	4 615 794	11 840 760	5 116 341
Liabilities			
Other financial liabilities	2 467	3 089	2 675
Non-current liabilities	2 467	3 089	2 675
Trade and other payables	256 839	1 189 222	290 379
Current liabilities	256 839	1 189 222	290 379
Total Equity	4 875 100	13 033 071	5 409 395
Shares in issue	155 752 721	114 502 721	124 502 721

Net asset value per share - pence	3.0	10.3	4.1
Net tangible asset value per share - pence	1.5	1.5	2.1

The statement of financial position has been approved by the board of directors and are signed off by:

Colin Bird
15 December 2015

Andrew Sarosi

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015	Six months ended	Six months ended	Year ended
	30 September 2015	30 September 2014	31 March 2015
	(Unaudited)	(Unaudited)	(Audited)
	£	£	£
Revenue	-	8 394	-
Operating expenses	(177 018)	(296 591)	(10 772 494)
Operating loss	(177 018)	(288 197)	(10 772 494)
Investment revenue	24 660	24 467	1 420
Fair value adjustments	-	-	56 092
Share of loss from equity accounted investments	(18 613)	(13 244)	(11 803)
Loss for the period	(170 971)	(276 974)	(10 726 785)
Other comprehensive income:			
Exchange differences on translating foreign operations	(680 576)	(276 897)	3 208 498
Total comprehensive loss	(851 547)	(553 871)	(7 518 287)
Total comprehensive loss attributable to:			
Owners of the parent	(851 547)	(553 871)	(7 518 287)
Weighted average number of shares in issue	124 783 543	99 431 316	114 164 433
Loss per share - pence			
Basic loss per share	(0.1)	(0.3)	(9.4)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2015	Share Capital	Share Premium	Total Share Capital	Merger Reserve	Foreign currency translation reserve	Share based payment reserve	Total reserves	Accumulated loss	Total equity
Figures in Pound Sterling									
Balance at 01 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 6 months								(10 726 785)	(10 726 785)
Other comprehensive income for the 6 months					3 208 498		3 208 498		3 208 498
Total comprehensive loss for the 6 months					3 208 498		3 208 498	(10 726 785)	(7 518 287)
Total contribution 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 1 April 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
Changes in equity								(170 971)	(170 971)
Other comprehensive income for the 6 months					(680 576)	-	(680 576)		(680 576)
Total comprehensive loss for the 6 months					(680 576)	-	(680 576)	(170 971)	(851 547)
Total contribution by and distributions to owners of company recognised directly in equity	31 250	319 750	351 000						351 000
Balance at 30 September 2015	5 766 387	17 738 320	23 504 707	1 047 821	(4 800 099)	787 139	(160 320)	(18 728 593)	4 615 794

	Six months ended 30 September 2015	Six months ended 30 September 2014	Year ended 31 March 2015
	(Unaudited) £	(Unaudited) £	(Audited) £
Cash used in operations	(311 111)	(361 162)	(622 455)
Interest income	45	1 327	1 420
Net cash from operating activities	(311 066)	(359 835)	(621 035)
Purchase of property, plant and equipment	-	(139 520)	(139 520)
Decrease in investments in associates and joint ventures	-	22 170	-
Increase in loans	-	(12 743)	(14 608)
Sale of financial assets	-	340 955	366 433
Net cash from investing activities	-	210 862	212 305
Proceeds on share issue	351 000	-	239 997
Repayment of other financial liabilities	-	34 233	2 615
Net cash flows from financing activities	351 000	34 233	242 612
Total cash movement for the 6 months	39 934	(114 740)	(166 118)
Cash acquired	-	-	22 170
Cash at the beginning of the 6 months	180 871	324 819	324 819
Total cash at end of the 6 months	220 802	210 079	180 871

Notes to the Financial Statements

1. Status of interim report

The Group unaudited condensed interim results for the 6 months ended 30 September 2015 have been prepared using the accounting policies applied by the Company in its 31 March 2015 annual report, which are in accordance with International Financial Reporting Standards (IFRS and IFRC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU ("IFRS, including the SAICA financial reporting guides as issued by the Accounting Practices Committee, IAS 34 - Interim Financial Reporting, , the AIM rules of the London Stock Exchange and the Companies Act 2006 (UK). This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2015 and any public announcements by Galileo Resources Plc. All monetary information is presented in the presentation currency of the Company being Great British Pound. The Group's principal accounting policies and assumptions have been applied consistently over the current and prior comparative financial period. The financial information for the year ended 31 March 2015 contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

2. Basis of preparation

2.1. Basis of consolidation

The consolidated interim financial statements incorporate the interim 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 interim financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the interim 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 and/or 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.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

2.2 Accounting policies

The accounting policies and methods of computation have been applied consistently throughout the Group and are consistent with those for the financial year ended 31 March 2015.

2.3. Use of estimates and judgments

In preparing the interim financial statements, management is required to make estimates and assumptions that affect the amounts represented in the interim financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the interim financial statements.

2.3.1 Options granted

Management used the intrinsic value model to determine the value of the options issued at listing date and will use the Black-Scholes formula for subsequent options being granted.

2.3.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2.4. Exploration and evaluation costs

Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

No amortisation is recognised in respect of exploration and evaluation expenditure. Amortisation of the exploration and evaluation asset will start once mining commences on the related exploration and evaluation asset.

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exist to determine technical feasibility and commercial viability; and
- (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units ('CGU') to which the exploration activity related.

Exploration and evaluation assets are carried forward in the balance sheet under intangible assets.

2.5 Translation of foreign currencies

2.5.1 Functional and presentation currency

Items included in the interim financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated interim financial statements are presented in Pound Sterling, which is the Group's functional and presentation currency.

2.5.2 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in South African Rand ("ZAR" or "Rand"), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

2.6

Going concern

The going concern basis has been adopted in preparing the consolidated interim 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 unaudited consolidated interim 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.

3. Segmental analysis

Business segments

The Group's business is the exploration and development of Rare Earths in Africa and gold-copper in USA.

Geographical segments

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

	Six months ended 30 September 2015 (Unaudited)	Six months ended 30 September 2014 (Unaudited)	Year ended 31 March 2015 (Audited)
	£	£	£
Loss on ordinary activities before taxation:			
United Kingdom	(172 313)	(228 045)	(10 667 177)
South Africa	1 669	(13 244)	(11 803)
USA	(327)	(35 685)	(47 805)
	(170 971)	(276 974)	(10 726 785)

4. Taxation

The tax position for the period is estimated on the basis of the anticipated tax rates applying for the full year and includes adjustments to the prior year charge based upon final computations for that period.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen, but not reversed by, the balance sheet date, except as otherwise required by IFRS 19.

Deferred tax assets are recognised to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

No provision has been made for tax for the period under review as the Company has no taxable income. The estimated tax loss available for set off against future taxable income as 31 March 2015 £1 578 545 (2014: £1 406 233).

5. Earnings per share

The Group's loss for the six months, before and after taxation and before taking items of other comprehensive income into account, was £170 971 (2014: loss of £276 974). The Group's loss per share was 0.1 pence (2014: loss of 0.3 pence) per ordinary share.

Earnings per share has been calculated using a weighted average number of shares in issue of 124 783 543 (2014: 99 431 316).

6. Intangible assets

The South African exploration and evaluation asset is carried at cost adjusted for any foreign currency movements during the period under review. The carrying value of the asset at 30 September 2015 was £1.6 million (2014: £1.7 million). 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 entered into an option agreement 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 at 31 March 2015. The Company's Glenover Project, 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 entered into an option 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 against the carrying value of the investment to reflect a market related value. The US exploration and evaluation intangible asset relates to the Company's investment in St Vincent Minerals Inc. and is carried in the Statement of Financial Position at £0.691 million (2014: £0.749 million).

Intangible assets must be expressed in the functional currency of the foreign operation and is translated at the closing rate at the end of each reporting period. The translation difference of £0.2 million (2014: £0.3 million) is allocated to a foreign currency translation reserve through other comprehensive income. This reserve forms part of equity.

7. Investment in joint venture

The total funding provided from inception of the project, amounts to US\$4.5 million, which results in Galileo's economic interest in Glenover to be 33.99% as at 30 September 2015 (2014: 33.99%).

Galileo's portion of the loss in the joint venture for the period under review amounted to £18 613 (2014: £13 244).

8. Other financial assets

At fair value through profit or loss - designated

	Six months ended 30 September 2015 (audited)	Six months ended 30 September 2014 (Unaudited)	Year ended 31 March 2015 (Audited)
Non-current assets	£	£	£
Galagen Pty Ltd - ordinary shares	9	12	9
Galagen Pty Ltd - B preference shares	334 411	334 255	365 673
	334 420	334 267	365 682
Galagen Pty Ltd this loan bears no interest and has no fixed terms of repayment.	3 3 784 3 861 293		
Total other financial assets	337 338 051369 543 713		

The above non-listed preference share investment represents the "B" class zero% coupon rate preference shares issued by Galagen for its investment in Glenover phosphate as part of the BBEE (Broad-Based Black Economic Empowerment) transaction.

9. Issue of ordinary shares

On 19 August 2015 Galileo issued 10 million ordinary shares of 0.1 pence each at a price of 1.2 pence per share to raise £0.4 million.

10. Share based payments

The Company did not grant any new options to directors, staff or advisers during the period under review.

11. Availability of the Interim Results

Copies of the Interim Results for the six months ended 30 September 2015 will be posted on the Company's website www.galileoresources.com and will 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 is available from Company's website: www.galileoresources.com.

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