Company No. 5285814

Alba Mineral Resources plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2016

Alba Mineral Resources plc

CONTENTS

Alba Mineral Resources plc

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
George Frangeskides (Chairman)
Michael Nott (Chief Executive Officer)
Chade van Hatch (Chief Financial Officer) – appointed 8 June 2015, resigned 15 March 2016
Manuel Lamboley – appointed 15 March 2016

SECRETARY
Chade van Hatch – appointed 8 June 2015, resigned 15 March 2016
Ben Harber – appointed 15 March 2016

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Alba Mineral Resources plc

CHAIRMAN'S STATEMENT

The Board of Alba Mineral Resources plc (the "Company" or "Alba", and collectively with its Subsidiary Companies, the "Group") is pleased to report the results for the year ended 30 November 2016.

INTRODUCTION

Alba is a natural resources exploration company with a commodity focus on oil & gas, graphite, uranium and base metals. Alba holds interests in the UK oil & gas exploration sector, as well as in mining exploration assets in Greenland (Graphite), Ireland (Base Metals) and Mauritania (Uranium). The Group's overall technical and corporate strategy is to identify and acquire natural resource projects it believes to have good potential and to advance them expediently. This will be achieved by controlled design and execution of a cost-effective generative process utilising data acquisition, GIS data analysis and exploration programme planning, led by our internal technical team and, where appropriate, through the support of external technical consultants.

REVIEW OF ACTIVITIES

Horse Hill (Oil and Gas, United Kingdom)

The Horse Hill-1 well ("HH-1") is located within onshore exploration licence PEDL 137, on the northern side of the Weald Basin near Gatwick Airport. Alba owns a 15% direct interest in Horse Hill Developments Limited ("HHDL"). HHDL is a special purpose company that owns a 65% participating interest and operatorship of Licence PEDL137 and the adjacent Licence PEDL246 in the UK Weald Basin. The remaining 35% participating interests in the PEDL137 and PEDL246 licences are held by US-based Magellan Petroleum Corporation.

In **Q1 2016** a flow test was carried out from the HH-1 Upper Portland conventional oil pool and the Upper and Lower Kimmeridge limestones in order to assess the recoverable volume of oil. The final total aggregate stable dry oil flow rate from two Kimmeridge limestones plus the overlying Portland sandstone was recorded at 1688 barrels of oil per day ("bopd"). Over the 30-90 hour flow periods from each of the three zones, no clear indication of any reservoir pressure depletion was observed. The final Portland test of 323 bopd over an 8.5 hour period is the highest stable dry oil flow rate from any onshore UK Portland well. The stable, natural dry-oil flow rate of 464 bopd from the Lower Kimmeridge Limestone is the first ever flow from this rock unit in the Weald Basin and onshore UK. Based on the analysis of published reports from all significant UK onshore discovery wells, the 901 bopd from the Upper Kimmeridge zone is likely the highest stable natural dry oil flow rate from a single reservoir in any UK onshore new field wildcat discovery well.

High quality Brent Crude was produced: light, sweet oil (40 degrees API in Kimmeridge, 35-37 degrees API in Portland), with 1,940 barrels delivered to the Esso Fawley refinery. Preliminary analysis confirms that the Lower and Upper Kimmeridge Limestone units are naturally fractured reservoirs with high deliverability. There is a strong possibility for further optimisation and increased flow rates from all three zones in future development and production wells, particularly through the use of horizontal wells.

An application for long term production testing and further appraisal drilling was submitted to Surrey County Council in **October 2016**. Subject to the required regulatory approvals, the first phase of the proposed development is planned to consist of the extended production testing of four zones, designed to confirm the commerciality of the discovery, and to examine a previously untested Kimmeridge limestone. The planning application also seeks permission for a two-well drilling phase the purpose of which, contingent on successful production testing, would be further to appraise the extent of the oil accumulations and the field's production capabilities. The proposed drilling phase includes plans for a deviated sidetrack, HH-1z, which would be drilled from the existing HH-1 borehole, together with a new well, Horse Hill-2 ("HH-2"). On completion of drilling, both HH-1z and HH-2 are planned to be long-term production tested.

Amitsoq (Graphite, Ni-PGEs, Gold, Southern Greenland)

On **4 February 2016** the Company announced that it had completed an iron oxide (FeO) alteration remote sensing (satellite) study on the Amitsoq graphite project (the "Project") near Nanortalik in southern Greenland. The interpreted results were highly encouraging and provided numerous target areas for follow-up ground work and geophysics, highlighted as follows:

- Numerous and continuous graphitic horizons suggested along strike and proximal to the Amitsoq graphite mine.
- FeO anomalies are coincident with known graphite occurrences at the former Amitsoq graphite mine.
- Two zones contain multiple lenses of interpreted bedded graphite along strike 2.5 km and 5.8 km to the northeast of the Amitsoq mine.
- Additional FeO anomalies are interpreted to be favourable targets for platinum group metals, orogenic lode gold and intrusion related copper-zinc mineralization.
- Anomalies identified with geology similar to economic gold mineralization at the nearby Nalunaq gold mine (circa 340,000 ounces of gold produced to date).

On **14 April 2016** Alba announced the completion of rock geochemistry assays on samples from the former graphite mine at Amitsoq. Analyses indicated that the geochemistry is substantially in agreement with a petrographic study previously carried out by the British Geological Survey (BGS). Two questions that the BGS study had raised were the volume of pyrite present within the samples and also the potential for this sulphide mineral to contain potential credit and deleterious elements. Secondary testing was therefore undertaken to test for those elements.

A total of eleven (11) samples were dispatched to the ALS Minerals laboratory at Loughrea, Co. Galway, Republic of Ireland for independent geochemical testing. Analysis included major-element and trace-element geochemistry and total sulphur analysis. The results of the major element analysis indicated that the samples were dominated by phyllosilicate minerals (clay, mica and chlorite), graphite, and pyrite (iron sulphide). The total sulphur analysis varied from 0.22% to 10.2%, with a mean concentration of 6.1% sulphur. The concentration of potentially deleterious elements was found to be low. Overall the samples are not considered to contain elements that could potentially make the graphite at Amitsoq uneconomical based on impurities.

On **26 May 2016** Alba announced that it had exercised its option to earn into the Amitsoq graphite project in southern Greenland. A renegotiation of the earn-in terms was agreed at the same time.

In **September 2016** the Company commissioned SRK Exploration Services Ltd to sample one of the graphite-bearing veins at the site of the former Amitsoq graphite mine. The vein was sampled where it has been exposed in outcrop and in what appears to be an old surface box cut that was created during previous mining operations.

The particular vein selected for sampling appears to have been exploited with a number of adits when the Amitsoq mine was operational. At the location selected for sampling, the vein has a true thickness of 16.58 metres. A total of 13 channel samples were taken. The channel samples were offset from each other where necessary in order to cover the outcrop morphology. They were however geologically contiguous across dip, thus providing continuity of sampling through the whole thickness of the vein, and cover a strike distance of 48.5 metres.

Also in **September 2016** the Company commissioned a specialist airborne geophysical survey company to carry out an airborne electro-magnetic and magnetic ("EM-Mag") survey at the Project. The principal target of the survey was the southern portion of Amitsoq island, which hosts the former graphite mine, as well as a target to the north of the mine which hosts the nickel-platinum group element anomalies known as Amitsoq Dyke and Craig's Dyke. The objective was to identify electromagnetic and magnetic horizons within the survey area. The interpretation of these horizons would help Alba to assess the continuity along strike of the graphite horizon and/or horizons, and also assist in identifying additional structural geological elements which will assist in the interpretation of the regional geology. The preliminary results of the EM-Mag survey were announced after the end of the year (see below, "Events after the Reporting Period").

On **1 November 2016** Alba announced that it had earned the right to a 49 per cent interest in the Amitsoq Project and had further agreed, subject to regulatory approvals from the Greenlandic authorities, to acquire a further 41 per cent interest in the Project for total consideration payable of £150,000. As from Completion, Alba would also take over Artemis's rights and obligations in respect of the existing put and call option over the 10 per cent free carried interest held by a minority shareholder in the Project. Pending Completion, Alba would continue to act as the operator and manager of the Project, and the previous farm-in agreement would be terminated and superseded by these new terms. Legal completion occurred after the end of the year (see below, "Events after the Reporting Period"), although for accounts purposes control was deemed to pass on 1 November 2016.

Brockham (Oil and Gas, United Kingdom)

Alba is earning a 5% interest in Production Licence 235 ("PL 235"), which comprises the producing onshore Brockham Oil Field, which is located just to the north-west of the Horse Hill licences.

The Brockham Oil Field is located on licence PL 235 in the Weald Basin in Surrey, southern England. The field was discovered by BP in 1987 with the drilling of the Brockham-X1 well. The field was in production until early 2016, and had average daily production of approximately 35 bopd from the Brockham-X2Y production well.

On **9 August 2016** Alba announced that, having exercised its option to earn a five per cent interest in PL235, it had paid its share of the cost of the first cash call issued by the Operator, Angus Energy Weald Basin No.3 Limited ("Angus" or the "Operator"), in respect of the proposed drilling of a side track well at Brockham. The cash call issued related to the costs required to effect certain required upgrades to the surface facilities at the Brockham site.

Alba originally secured this option to earn a five per cent interest in Brockham as part of its acquisition from Angus in October 2015 of a 5 per cent interest in HHDL, the 65 per cent owner of the Horse Hill oil and gas project (PEDLs 137 and 246) (see above). Alba's earn in to Brockham was originally agreed to be on a "two for one" promote basis, whereby Alba would pay a ten per cent contribution to the cost of the drilling of the side-track well (from spudding to first oil) in order to earn its 5 per cent interest. Alba subsequently agreed with Angus, however, that Alba's contribution to the cost of the side track well from spudding to first oil shall be capped, for all dry hole costs, at a maximum of £187,125, plus a maximum of a further 10 per cent of the Agreement For Expenditure ("AFE") to be issued for production/well testing, and Alba shall only be required to fund Brockham joint account costs incurred and cash called thereafter in accordance with its five per cent interest only, and no higher.

On **14 November 2016** Alba announced that Angus, as Operator, had informed the Company that it had received permission from the Environment Agency to drill the BR-X4Z side-track at licence PL 235.

Limerick (Base Metals, Ireland)

The exploration licence in the Limerick Basin is highly prospective for zinc, lead and silver and is only 10 km away from and part of the same target unit as the Pallas Green zinc discovery. On **26 July 2016** Alba announced that it had received confirmation from the Irish Department of Communications, Energy & Natural Resources (Exploration and Mining Division) that the Company's base metal prospecting licence in County Limerick, Ireland (Area No. 3824) had been renewed for a further two years until 26 May 2018.

On **25 October 2016** Alba announced that it had completed a detailed gravity survey and soil sampling programme at the Limerick Project. The objective of the survey was to identify possible structural targets with associated gravity variations and soil geochemistry anomalies that may be associated with the concentration of base metal mineralisation, notably zinc and lead. The results of the survey were announced after the end of the year (see below, "Events after the Reporting Period").

Mauritania

During the year, the Group submitted an application to the Mauritanian Authorities to take out a new permit over a reduced area within the original permit area, which includes the centre of the previously discovered and announced high-tenor uranium anomalies. The application is currently being processed by the Mauritania authorities. Once a new permit is issued, Alba and its joint venture partner will then consider their options with regards to funding the next stage of exploration.

The continued development of the Mauritania exploration activities is dependent on the grant of a new licence. An emphasis of matter has been included in the auditor's report on this point (see page 16 below).

Other Development Projects

Alba continues to review and consider other natural resources opportunities which have value-enhancing potential for our shareholders.

Corporate

Our corporate activities in the year have been primarily focused on securing the Company's interests in its "earn in" projects, namely securing the right to move to a majority interest at Amitsoq and exercising the Company's option to earn 5 per cent of the Brockham Oil Field (which matters are covered above under each of those projects), as well as undertaking fund-raising activities to enable the Company to progress its exploration and investment programme.

On **26 February 2016** the Company announced that it had raised £525,000 (before expenses) through the issue of 131,250,000 new ordinary shares at a price of 0.4 pence per ordinary share.

On **27 May 2016** Alba held its Annual General Meeting. All resolutions were duly passed.

On **18 August 2016** the Company announced that it had issued 16,059,957 fully paid ordinary shares to CEO Michael Nott, and 16,059,957 fully paid ordinary shares to Chairman George Frangeskides, or to their respective nominees, in settlement of accrued fees of £30,000 owed to each of them. Twenty million share warrants (exercise price 0.3p per share, expiring 27 March 2021) have also been awarded to each of Messrs Nott and Frangeskides pursuant to the Company's incentive plan. In addition, 5 million share warrants were awarded to Non-Executive Director Manuel Lamboley on the same terms, subject to additional vesting conditions. The Company has also agreed to settle certain fees owed to consultants by the issue of 7,815,845 fully paid ordinary shares, and to grant a total of 6 million share warrants (exercise price 0.3p per share, expiring 27 March 2021) to certain advisers and consultants of the Company, subject in certain cases to vesting conditions.

On **19 September 2016** the Company announced that it had raised £900,000 (before expenses) through the issue of 450,000,000 new ordinary shares at a price of 0.2 pence per ordinary share.

EVENTS AFTER THE REPORTING PERIOD

Horse Hill (Oil and Gas, United Kingdom)

On **7 February 2017** it was announced that Xodus had upgraded the Portland sandstone P50 Oil in Place (OIP) to 32 million barrels, a 53% increase on previous calculations. The base case Portland initial oil rate was estimated at 350 barrels of oil per day per well. The Operator, HHDL, indicated that ultimate recovery could be increased by a further 8-14% of OIP via implementation of a water re-injection scheme.

On **4 April 2017** the Company announced that it had been informed by the operator, HHDL, that the Oil and Gas Authority ("OGA") has consented to extend the current PEDL137 and PEDL246 Retention Areas ("RAs") until 2021. The PEDL137 and PEDL246 RAs, which cover the entirety of the Horse Hill licences, will now expire on 30th September and 30th June 2021, respectively.

The work programmes, now agreed with OGA, comprise: the planned Horse Hill-1 ("HH-1") Kimmeridge and Portland production tests, HH-1z Kimmeridge Limestone ("KL") and HH-2 Portland appraisal wells, 50 km² of 3D seismic, 25 km of 2D seismic in PEDL246 and a PEDL246 exploration step-out well. The RAs for each licence can be further extended or modified subject to an ongoing minimum work programme agreed by the OGA.

On **4 April 2017** it was announced that the application for long term production testing and further appraisal drilling is scheduled to be decided at the Council's planning committee meeting in July 2017. The Operator, HHDL, therefore envisages that these operations will commence in the second half of 2017 upon grant of the necessary remaining regulatory permissions. The Operator's objective remains to move towards a declaration of commerciality and stable long-term production from the Portland and Kimmeridge by the end of 2018.

Amitsoq (Graphite, Ni-PGEs, Gold, Southern Greenland)

Preliminary results from the airborne electro-magnetic and magnetic survey at Amitsoq were announced on **30 January 2017**. The most important features identified were as follows:

- Several new faults and numerous EM anomalies associated with potential graphite horizons were identified with a total strike length of 12.05 kilometres.
- Of that total, there are 11 anomalies in particular of between 350 metres and 1300 metres each in length, for a total strike length of 5.55 km. These will be priority targets for Alba in the 2017 ground campaign.
- Two shallow, moderate intensity EM anomalies associated with a large ultramafic dyke (Craig's Dyke) known to contain magmatic sulphides (pyrrhotite, pentlandite, chalcopyrite, and cubanite) of up to 0.4 g/t platinum, 0.6 g/t palladium, 0.2 g/t gold and 7 g/t silver (study published by The Geological Survey of Denmark and Greenland, 1971).

Alba has grouped the EM anomalies into four distinct graphite target areas, and within those four graphite areas Alba intends to focus its efforts in the forthcoming ground campaign on what we are calling Target Area 1, seeking to establish graphite extensions in and around the known mine area. Alba also intends to explore the non-graphite target referred to above at Craig's Dyke (Target Area 5).

On **27 February 2017**, following the Government of Greenland formally approving the indirect transfer to Alba of exploration licence 2013/06, Alba completed the acquisition of the further 41 per cent interest in the Project for the balance of the purchase price owed and thereby became the owner of 90 per cent of the Project. Alba also took over the existing put and call option over the 10 per cent free carried interest held by a minority shareholder in the Project. This means that Alba can move in future to 100 per cent ownership of the Project.

On **12 April 2017** the Company announced that it had completed the preliminary evaluation of the metallurgical testing at Amitsoq. The initial results were highly encouraging and provide confidence with regard to the Company's objective of re-opening the graphite mine at Amitsoq. Crushing, grinding, attrition and floatation test work indicates the ore can be processed by a relatively low cost processing route to produce a range of high grade products. The head grade of +25% graphite confirms Amitsoq ore to be amongst the highest grade of any graphite project in the world. Simple processing was able to achieve +99% recovery of the graphite from the gangue material, with the bulk of the flake graphite recovered being in the +150µ category (medium flake), essential for supply to the lithium-ion battery market, and the premium value +300µ jumbo to super jumbo category.

Brockham (Oil and Gas, United Kingdom)

On **15 December 2016** Alba announced that it had been advised by the Operator that work had commenced at Brockham, following receipt of the final approvals required from the UK Government Oil and Gas Authority ("OGA") and Health and Safety Executive ("HSE") to commence work on the BR-X4Z well on Licence PL 235. Consequently, Alba was advised that work had commenced to abandon the redundant wells in the upper Portland formation and re-enter the original Brockham-X1 well drilled by BP in 1987 down through the Portland, Kimmeridge, Corallian and into the much deeper Great Oolite formations. The Company's understanding is that all the original BP wells at Brockham that passed through the Kimmeridge and Corallian formations were drilled without properly assessing their hydrocarbon potential.
In **March 2017** Alba was advised by the Operator that, following extensive analysis of the BR-X4Z sidetrack well, the Operator's intention is to bring the Kimmeridge into production at the existing Brockham production facility as soon as the necessary OGA approval is in place. The Brockham X4Z well, drilled in Q1 2017 to a total depth of 1,391m, was planned to evaluate the Portland, Corallian and Kimmeridge formations at Brockham, including an evaluation of the Kimmeridge reservoir that had been demonstrated by the Horse Hill discovery 8 km to the South.

The Operator confirmed as follows:

- The preliminary results from the Brockham X4Z well confirm very similar thickness of reservoir and properties to those reported at Horse Hill. The gross thickness of the Kimmeridge formation in Brockham X4Z is some 385m.
- The two limestone intervals (each around 30m) tested in Horse Hill are also seen in the Brockham well.
- The reservoir properties appear to be very similar to Horse Hill, based on electrical logging evidence.
- The information obtained has confirmed not only evidence of natural fractures in the two main limestones intervals previously tested at Horse Hill, but also confirmed abundant natural fractures in sections of interbedded shales and limestones between and below the two main limestones. Around 200m of the reservoir has this potential.

The Operator took many samples during the drilling to use for geochemical analysis. The initial results of this work show total organic content through the Kimmeridge section between 2-12%, exceeding Horse Hill in places. This supports the potential for some 200m of reservoir of interest. Actual oil content depends on the extent to which burial has resulted in pressures and temperatures sufficient to generate oil. Since oil was produced briefly at Horse Hill and as it is most likely that the oil in the Portland Sandstone in Brockham is sourced from the Kimmeridge, the evidence backs a similar oil content to Horse Hill. Therefore, based on the evidence so far, the Operator has informed Alba that it has confidence that the well will be similar to Horse Hill and, perhaps, given that the reservoir is potentially much thicker in zones not previously tested, the results could be even better.

On **10 March 2017** Alba announced that it had been advised by the Operator that, in respect of a BBC London news item where claims were made that the Brockham X4Z well drilling was 'unauthorised', the Operator is of the firm opinion that the drilling of the BR-X4Z well, which was approved by the OGA, EA and HSE, did not constitute a breach of the planning consents. The Operator has advised the Company that discussions with Surrey County Council are ongoing.

<u>Limerick (Base Metals, Ireland)</u>

On **16 December 2016** Alba reported the results of a microgravity study and portable XRF shallow soil sampling programme at the Limerick base metal project in the Republic of Ireland. Interpretation of the gravity data suggests the presence of gravity anomalies consistent with brecciation of the host limestone, with zinc and lead anomalism in shallow soil samples collected above or adjacent to gravity anomalies. On **14 February 2017** the Company announced that it had received the full laboratory assay results from select soil samples taken during the recent programme. The assay results confirm four main areas of anomalism. The most pronounced anomalism for copper-silver-arsenic (Cu-Ag-As) is similar to that found at former Gortdrum copper-silver (Cu-Ag) mine 25 km due east. Gortdrum was mined for copper-silver-mercury (Cu-Ag-Hg) between 1967 and 1975, producing 3.8 million tonnes containing 1.19% Cu and 25.1 g/t Ag. This target in particular will be the focus of the next stage of work.

<u>Corporate</u>

On **13 January 2017** the Company announced that it had received notices to exercise share warrants from a number of warrant holders holding warrants with an exercise price of 0.3p per share. The total number of share warrants exercised was 51,143,650 for total proceeds to the Company of £153,430.95.

Also on **13 January 2017**, the Company announced that it had introduced a new Enterprise Management Incentive plan ("EMI scheme") to strengthen its ability to attract and retain executives and staff through ensuring participants receive competitive incentives which align their interests with those of the Company's shareholders. Following adoption of the EMI scheme, the remuneration committee awarded to George Frangeskides (Executive Chairman) 15 million share options vesting the day following 13 January 2017 ("date of grant"), with a further 15 million share options vesting on each of the dates falling 6, 12 and 18 months following the date of grant. These options are issued pursuant to the EMI scheme, have an exercise price of 0.4p and expire on the tenth anniversary of grant if not exercised. Fifteen million share warrants were also awarded to Michael Nott (CEO) vesting immediately at an exercise price of 0.4p and an expiration date of 27 March 2021. These share warrants were not issued pursuant to the EMI scheme. Those share options granted pursuant to the EMI scheme are subject to accelerated vesting in certain circumstances, including pursuant to a change of control of the Company following a completed takeover offer.

OUTLOOK

The past year has seen the Company make significant strides forward in the development of our key assets. At Horse Hill, the oil and gas project in the Weald Basin in Surrey in which Alba is the second largest shareholder in the HHDL consortium, flow tests undertaken in 2016 returned excellent results. We now await the planning consents which will enable Alba and its partners to carry out long term production testing and further appraisal drilling commencing later this year, with the objective of moving towards a declaration of commerciality and stable long-term production by the end of 2018.

Alba's Board of Directors also took the decision in the past year to exercise the Company's option to earn a 5 per cent interest in the Brockham Oil Field. This decision was vindicated after the end of the financial year, when in March 2017 the Operator announced that, as a result of the drilling of a side-track well at Brockham, it was confident that the Brockham well would be similar to Horse Hill and possibly, given the thickness of the reservoir zones encountered at Brockham, even better.

While these oil and gas investments at Horse Hill and Brockham must inevitably pass through the normal regulatory processes in the UK, which we understand can at times be a source of frustration for shareholders, this is part and parcel of operating in the UK onshore environment. At the same time, however, the Alba Board has taken steps to ensure that as a diversified natural resources exploration company, the Company and, by extension, its shareholders are not solely reliant on the developments at Horse Hill and Brockham to see value accretion in the Alba Group. It is for this reason that, having identified an opportunity to invest initially on a modest earn-in basis into the Amitsoq Graphite Project in Southern Greenland, the Company's work in 2016 led it to see the significant potential of the Project and, consequently, to decide to negotiate to acquire outright a 90 per cent interest in the Project, with the right to move to 100 per cent ownership in the future. The results of the work announced after the end of the financial year – in particular the identification of over 12 km of strike length and the confirmation of graphite grades that are amongst the highest of any graphite project in the world - have given the Board cause for great encouragement as we look to fast-track development at Amitsoq.

The coming year promises to be an exciting one for Alba, as we seek to commercialise our UK oil and gas investments and at the same time to push forward with the further work at Amitsoq that will see the Project progress from the exploration into the development phase.

We thank our shareholders for their continued support.

George Frangeskides
Executive Chairman
2 May 2017

GLOSSARY OF TECHNICAL TERMS

Glossary of technical terms:

adit	a horizontal passage leading into a mine for the purposes of access or drainage
argillaceous limestone	a limestone containing a significant proportion of clay minerals
breccia	rock composed of broken fragments of minerals or rock cemented together by a fine-grained matrix
brecciation	the process of forming breccia
clastic	rocks composed of broken pieces of older rocks
core	a cylindrical sample of rock, obtained during drilling of wells and removed for inspection at surface
discovery	a discovery is a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
electric logs	tools used within the wellbore to measure the rock and fluid properties of surrounding rock formations
fault block	a very large subsurface block of rock, created by tectonic and localised stresses
limestone	a carbonate sedimentary rock predominantly composed of calcite of organic, chemical or detrital origin. Minor amounts of dolomite, chert and clay are common in limestones. Chalk is a form of fine-grained limestone
Geographic Information System or Geographical Information System (GIS)	a system designed to capture, store, manipulate, analyse, manage, and present all types of spatial or geographical data
MICP	mercury injection capillary pressure, a measure of rock porosity and permeability, from rock cores or cuttings, and a calibration of porosity logs
mudstone	an extremely fine-grained sedimentary rock consisting of a mixture of clay and silt-sized particles
oil initially in place (“OIIP”) or oil in place (“OIP”)	the quantity of oil or petroleum that is estimated to exist originally in naturally occurring accumulations before any extraction or production

GLOSSARY OF TECHNICAL TERMS (continued)

petrophysical evaluation	the study of physical and chemical rock properties and their interactions with fluids; studies typically use well logs, well cores and seismic data
recoverable resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations
reservoir	a subsurface rock formation containing an individual natural accumulation of moveable petroleum that is confined by impermeable rock/formations
sandstone	a clastic sedimentary rock whose grains are predominantly sand-sized. The term is commonly used to imply consolidated sand or a rock made of predominantly quartz sand
seismic	use of sound waves generated by controlled explosions to ascertain the nature of the subsurface geological structures. 2D seismic records a cross-section through the subsurface
STOIIP	stock tank oil initially in place
TVDSS	true vertical depth below a subsea datum
XRD	x-ray diffraction; scattering of x-rays by the atoms of a rock or crystal that gives information on the structure, composition and identity of the rock or crystal

STRATEGIC REPORT

The directors present the strategic report for Alba Mineral Resources plc (the "Company" or "Alba", and collectively with its Subsidiary Companies, the "Group") for the year ended 30 November 2016.

PRINCIPAL ACTIVITIES

The Group's principal activity is exploration for natural resources.

BUSINESS REVIEW

The Company operates principally as a holding company and specifically provides support to the Subsidiary Companies, which hold or have applied for exclusive rights to explore a portfolio of mineral exploration properties.

A review of activities is given in the Chairman's Statement.

The Group's exposure to financial risk is set out in note 1 to the financial statements.

The other principal risks and uncertainties relate to funding risk and the ability to raise funds to further exploration activities, as well as to exploration risk in the event that exploration programs are not successful. (See also note 1 to the accounts).

KEY PERFORMANCE INDICATORS (KPIs)

As the Group is a pure exploration group with no production or proven reserves, KPIs would not provide useful information for investors.

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

Michael Nott
Director
2 May 2017

Alba Mineral Resources plc

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Alba Mineral Resources plc (the "Company" or "Alba", and collectively with the Subsidiary Companies the "Group") for the year ended 30 November 2016. The consolidated financial results of the Group include the results of Aurum Mineral Resources Ltd ("AMR"), Mauritania Ventures Limited ("MVL") and Obsidian Mining Limited ("OML") (collectively the "Subsidiary Companies"). Alba Mineral Resources Sweden AB was put into liquidation in the year and has subsequently been dissolved.

RESULTS AND DIVIDENDS

The loss of the Group for the year, after taxation, attributable to equity holders of the parent amounted to £425,390 (2015: £291,563 loss).

The directors do not recommend the payment of a dividend (2015: £nil).

DIRECTORS

George Frangeskides and Michael Nott served as directors throughout the year.

Chade van Hatch resigned on 15 March 2016.

Manuel Lamboley was appointed to the Board as a Non-Executive Director on 15 March 2016.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant audit information of which the company's auditor was unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor was aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of Companies Act 2006.

FINANCIAL INSTRUMENTS AND RISKS

The disclosure relating to financial instruments and risks have been included in the notes to the financial statements (note 20).

EVENTS AFTER THE REPORTING PERIOD

See note 23 and the Chairman's Statement.

FUTURE DEVELOPMENTS

See Chairman's Statement.

Alba Mineral Resources plc

DIRECTORS' REPORT (continued)

AUDITOR

A resolution to re-appoint the auditor, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

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

Michael Nott
Director
2 May 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The Company's ordinary shares are traded on AIM and the Company is therefore not formally required to comply with the provisions of the UK Corporate Governance Code. However, the Board is committed to high standards of corporate governance and as the Company grows the Board will review the Code from time to time and will adopt such of the provisions as it considers to be appropriate to the size of the Company.

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company/Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and of the Group 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBA MINERAL RESOURCES PLC

We have audited the financial statements of Alba Mineral Resources plc for the year ended 30 November 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes 1 to 23. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the company's affairs as at 30 November 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern, which is dependent on the ability of the Company to raise further funds.

This condition, relating to the ability to raise funds, represents a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as a going concern. The financial statements do not include any of the adjustments that would be necessary if the Group or the Company were unable to continue as a going concern.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBA MINERAL RESOURCES PLC (continued)

Emphasis of matter – exploration assets and investment in subsidiary companies

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's exploration assets in Mauritania, Ireland and Greenland with carrying values of £569,217, £87,882 and £539,671, respectively and the Company's investments in and loans to Mauritania Ventures Limited, Aurum Mineral Resources Ltd and Obsidian Mining Limited, with carrying values of £312,387, £1,174,510 and £541,997 respectively.

As described in note 1:

- further funding is required to continue exploration activities and development of the exploration assets;
- the continued development of the Mauritania exploration activities is dependent on the grant of a new licence;
- the value of the parent company's investment in and loans to the subsidiaries is supported by the respective exploration activities.

The financial statements do not include any impairments that would result if either a new Mauritanian licence is not granted or if the Group or Company were unable to raise finance to develop the exploration assets.

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, 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.

Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

2 May 2017

Alba Mineral Resources plc

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Note	2016	2015
		£	£
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(425,562)	(292,705)
Operating loss	**3**	(425,562)	(292,705)
Finance costs		-	-
Loss before tax		(425,562)	(292,705)
Taxation	**5**	-	-
Loss for the year		(425,562)	(292,705)
Attributable to:			
Equity holders of the parent		(425,390)	(291,563)
Non-controlling interests		(172)	(1,142)
		(425,562)	(292,705)
Loss per ordinary share			
Basic and diluted	**7**	(0.03) pence	(0.04) pence

Alba Mineral Resources plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2016

	2016	2015
	£	£
Loss after tax	(425,562)	(292,705)
Items that may subsequently be reclassified to profit or loss:		
- Foreign exchange movements	(5,190)	5,204
Total comprehensive loss	(430,752)	(287,501)
Total comprehensive loss attributable to:		
Equity holders of the parent	(430,580)	(286,359)
Non-controlling interests	(172)	(1,142)
	(430,752)	(287,501)

Alba Mineral Resources plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 NOVEMBER 2016

	Note	2016	2015
		£	£
Non-current assets			
Intangible fixed assets	**8**	1,383,895	662,874
Investments	**9**	2,286,315	1,838,222
Available for sale assets		56,285	-
Total non-current assets		3,726,495	2,501,096
Current assets			
Trade and other receivables	**11**	15,261	96,942
Cash and cash equivalents	**12**	668,340	288,494
Total current assets		683,601	385,436
Current liabilities			
Trade and other payables	**13**	377,212	80,000
Financial liabilities	**14**	253,073	254,073
Total current liabilities		630,285	334,073
Net assets		3,779,811	2,552,459
Capital and reserves			
Called up share capital	**15**	2,654,703	1,993,171
Share premium account		3,472,671	2,586,286
Warrant reserve		546,098	446,291
Retained losses		(3,309,246)	(2,883,856)
Merger reserve		200,000	200,000
Foreign currency reserve		189,159	183,969
Equity attributable to equity holders of the parent		3,753,385	2,525,861
Non-controlling interests	**16**	26,426	26,598
Total equity		3,779,811	2,552,459

These financial statements were approved and authorised for issue by the Board of Directors on 2 May 2017.

Signed on behalf of the Board of Directors
Michael Nott
Director

Company No. 5285814

Alba Mineral Resources plc

COMPANY STATEMENT OF FINANCIAL POSITION

30 NOVEMBER 2016

	Note	2016 £	2015 £
Non-current assets			
Intangible fixed assets	**8**	187,125	50,000
Investments	**9**	2,286,315	1,838,222
Available for sale assets		56,285	-
Investments in subsidiaries	**10**	581,633	282,484
Loans to subsidiaries	**10**	1,633,800	1,162,524
Total non-current assets		4,745,158	3,333,230
Current assets			
Trade and other receivables	**11**	15,261	96,942
Cash and cash equivalents	**12**	667,712	288,019
Total current assets		682,973	384,961
Current liabilities			
Trade and other payables	**13**	372,551	77,943
Total current liabilities		372,551	77,943
Net assets		5,055,580	3,640,248
Capital and reserves			
Called up share capital	**15**	2,654,703	1,993,171
Share premium account		3,472,671	2,586,286
Warrant reserve		546,098	446,291
Retained losses		(1,817,892)	(1,585,500)
Merger reserve		200,000	200,000
Equity shareholders' funds		5,055,580	3,640,248

These financial statements were approved and authorised for issue by the Board of Directors on 2 May 2017.

Signed on behalf of the Board of Directors
Michael Nott
Director

Company No. 5285814

Alba Mineral Resources plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Share capital	Share premium	Warrant reserve	Profit and loss	Merger reserve	Foreign currency reserve	Attributable to equity holders of parents	Non controllin g interest	Total
	£	£	£	£	£	£	£	£	£
At 1 December 2014	1,232,178	1,532,373	129,851	(2,592,293)	200,000	189,173	691,282	27,740	719,022
Loss for the period	-	-	-	(291,563)	-	-	(291,563)	(1,142)	(292,705)
Translation differences	-	-	-	-		(5,204)	(5,204)	-	(5,204)
Comprehensive loss for the period	-	-	-	(291,563)	-	(5,204)	(296,767)	(1,142)	(297,909)
Shares and warrants issued net of cost	760,993	1,053,913	316,440	-	-	-	2,131,346	-	2,131,346
At 30 November 2015	1,993,171	2,586,286	446,291	(2,883,856)	200,000	183,969	2,525,861	26,598	2,552,459
Loss for the period	-	-	-	(425,390)	-	-	(425,390)	(172)	(425,562)
Translation differences	-	-	-	-	-	5,190	5,190	-	5,190
Comprehensive loss for the period	-	-	-	(425,390)	-	5,190	(420,200)	(172)	(420,372)
Shares and warrants issued net of cost	661,532	886,385	-	-	-	-	1,547,917	-	1,547,917
Equity settled share based payments	-	-	99,807	-	-	-	99,807	-	99,807
At 30 November 2016	2,654,703	3,472,671	546,098	(3,309,246)	200,000	189,159	3,753,385	26,426	3,779,811

Alba Mineral Resources plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Share capital	Share premium	Warrant reserve	Profit and loss	Merger reserve	Attributable to equity holders of parents
	£	£	£	£	£	£
At 1 December 2014	1,232,178	1,532,373	129,851	(1,163,748)	200,000	1,930,654
Loss for the period	-	-	-	(421,752)	-	(421,752)
Comprehensive loss for the period	-	-	-	(421,752)	-	(421,752)
Shares and warrants issued net of cost	760,993	1,053,913	316,440	-	-	2,131,346
At 30 November 2015	1,993,171	2,586,286	446,291	(1,585,500)	200,000	3,640,248
Loss for the period	-	-	-	(232,392)	-	(232,392)
Comprehensive loss for the period	-	-	-	(232,392)	-	(232,392)
Shares and warrants issued net of cost	661,532	886,385	-	-	-	1,547,917
Equity settled share based payments	-	-	99,807	-	-	99,807
At 30 November 2016	2,654,703	3,472,671	546,098	(1,817,892)	200,000	5,055,580

Alba Mineral Resources plc

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Operating loss		(425,562)	(292,705)
Consulting fees settled in shares		60,000	-
Share option charge		99,807	-
Foreign exchange revaluation adjustment		5,190	(5,204)
Increase/(decrease) in creditors		75,312	(13,599)
Decrease/(increase) in debtors		81,682	(88,190)
Net cash used in operating activities		(103,571)	(399,698)
Cash flows from investing activities			
Payments for deferred exploration expenditure	**8**	(380,121)	(51,609)
Payments for available for sale assets		(56,285)	-
Investments	**9**	(433,494)	(882,690)
Net cash used in investing activities		(869,990)	(934,299)
Cash flows from financing activities			
Proceeds from the issue of shares and warrants		1,425,001	1,654,315
Costs of issue		(71,684)	(62,500)
Proceeds from borrowings		-	-
Net cash generated from financing activities		1,353,317	1,591,815
Net increase in cash and cash equivalents		379,846	257,818
Cash and cash equivalents at beginning of period		288,494	30,676
Cash and cash equivalents at end of year	**12**	668,340	288,494

Non-cash transactions

Significant non cash transactions related to the purchase of investments of £134,600 (2015 - £539,532) and consulting fees of £60,000 (2015 - £nil) which were settled by way of the issue of shares.

Accruals includes capital items of £220,900 (2015 - £nil).

Alba Mineral Resources plc

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Operating loss		(232,392)	(421,752)
Consulting fees settled in shares		60,000	-
Share option charge		99,807	-
Provision for impairment		5,019	17,796
Foreign exchange revaluation adjustment		(190,205)	111,475
Increase/(decrease) in creditors		73,708	(25,264)
Decrease/(increase) in debtors		81,682	(73,123)
Net cash used in operating activities		(102,381)	(390,868)
Cash flows from investing activities			
Investments in and loans to subsidiaries	**10**	(325,239)	(10,239)
Payments for deferred exploration activities	**8**	-	(50,000)
Payments for available for sale assets		(56,285)	-
Payments for intangible fixed assets		(56,225)	-
Investments	**9**	(433,494)	(882,690)
Net cash used in investing activities		(871,243)	(942,929)
Cash flows from financing activities			
Proceeds from the issue of shares and warrants		1,425,001	1,654,315
Costs of issue		(71,684)	(62,500)
Net cash generated from financing activities		1,353,317	1,591,815
Net increase in cash and cash equivalents		379,693	258,018
Cash and cash equivalents at beginning of period		288,019	30,001
Cash and cash equivalents at end of year	**12**	667,712	288,019

Non-cash transactions

Significant non cash transactions related to the purchase of investments of £134,600 (2015 - £539,532) and consulting fees of £60,000 (2015 - £nil) which were settled by way of the issue of shares.

Accruals includes capital items of £220,900 (2015 - £nil).

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Alba Mineral Resources plc is a public limited company incorporated and domiciled in England & Wales, whose shares are publicly traded on the AIM market of the London Stock Exchange plc. The consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

Going concern

Based on financial projections prepared by the directors, the Group's current cash resources are insufficient to enable the Group to meet its recurring outgoings and projected exploration expenditure for the entirety of the next twelve months, including the funding of its share of any future exploration and development activities in respect of the Company's oil and gas investments at Horse Hill and Brockham. However, the directors have a reasonable expectation that the Group will continue to be able to meet its commitments for the foreseeable future by raising funds when required from the equity capital markets. The Company may also consider future joint venture funding arrangements in order to share the costs of the development of its exploration assets, though that is not currently the Company's preferred route.

In addition, these financial projections take no account of any revenues to be directly received by the Company as a result of oil production at the Brockham oil field or any revenues which may be received by Horse Hill Developments Limited (HHDL) as a result of production testing at Horse Hill, and which would reduce the commitments of the shareholders of HHDL, including the Company.

The directors continue to adopt the going concern basis of accounting in preparing the financial statements, but note that there is a material uncertainty over the ability of the Company to fund the recurring and projected expenditure, including development of the Group's exploration assets. If the Company is unable to raise necessary funds, the ability of the Company to continue as a going concern would be in significant doubt and it may be unable to realise its assets and discharge its liabilities in the normal course of business. In particular, the inability to fund the continued development of the Group's exploration assets may result in them becoming impaired and any failure to contribute its share of future exploration and development activities in respect of the oil and gas investments would result in the dilution of the Group's interests in those assets.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and IFRS Interpretations Committee ("IFRIC") interpretations as adopted by the European Union.

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with generally accepted accounting practice requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Capitalisation and impairment assessment of exploration and evaluation costs - £1,196,770

The capitalisation and impairment assessment of exploration costs relating to the exploration and evaluation phase requires management to make estimates and assumptions as to the future events and circumstances, especially in relation to whether an economically viable extraction operation can be established. In making such judgements, the directors take comfort from the findings from exploration activities undertaken, the fact the Group intends to continue these activities and that the Company expects to be able to raise additional funding to enable it to continue the exploration activities.

Such estimates are subject to change and following initial capitalisation, should it become apparent that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

The licence area for the Mauritania Uranium project expired in the previous year. The Group applied for a new licence in the year, the application being for a smaller area than the previous licence. Under Mauritanian law, the application for the new licence could only be made three months before the expiration of the old licence; however, the application process is estimated to take circa 18 months to complete, leading to the licence hiatus. Based on the Group's previous experience, the directors are confident that the new licence will be granted and for this reason believe that the Group will be able to continue these exploration activities. Once the licence is granted, the intention is to undertake further small scale sampling work in a previously un-sampled area, which studies indicate may be more prospective. Once the samples have been collected and fully analysed, the Group and its partner will consider how future exploration activities will be funded. However, the granting of the new licence represents a significant uncertainty and if the new licence is not granted, the deferred exploration costs relating to this project of £569,217 will need to be written off.

The balance of the Group's deferred exploration costs relate to the Greenland graphite project and the Limerick base metals project.

Impairment assessment of investment in Horse Hill Developments Limited - £2,286,315

Where there are any indicators of impairment, the directors have to assess whether the Group and Company's investment in Horse Hill Developments Limited is impaired, and to make appropriate provision if it is so impaired.

Horse Hill Developments Limited is an oil and gas exploration company and in undertaking this process, the directors consider the impairment indicators set out in IFRS 6 *Exploration for and Evaluation of Mineral Resources.* Specifically, the directors consider whether there is any data which would indicate that licence interests are commercially unviable.

Carrying value of investments - £2,286,315

The Group and company's investment in Horse Hill Developments Limited is carried at cost, as, in the judgement of the directors, a reliable fair value for the investment cannot be determined (see note 9). Additionally, although the investment is in the form of equity and a shareholder loan, the directors judge that the loan is in substance part of the equity investment.

Control over Mauritania Ventures Limited

The directors have to use judgement to assess whether they have control over Mauritania Ventures Limited, where the Group owns a 50% economic interest. The directors have assessed that they have control over that company and therefore it is accounted for as a subsidiary. (See also note 10).

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Impairment assessment of investment in and loans to each of Mauritania Ventures Limited (£312,387), Aurum Mineral Resources Ltd (£1,374,510) and Obsidian Mining Limited (£541,997) – company only

In preparing the parent company financial statements, the directors have to assess whether any, or all of the company's investments in and loans to each of Mauritania Ventures Limited, Aurum Mineral Resources Limited and Obsidian Mining Limited are impaired or not. These companies have no source of funds other than their shareholders and the ability of the companies to repay their inter-company debt and for the Company to gain value from its investments in the companies is dependent on the future success of the companies' exploration activities. In undertaking their impairment assessment, the directors consider the outcome of their impairment assessment of the Mauritania, Limerick and Amitsoq licences.

Consolidation of Obsidian Mining Limited

On 1 November 2016, the Group confirmed that it had earned the right to a 49% interest in Obsidian Mining Limited and also entered into an agreement to acquire a further 41% of Obsidian Mining Limited, subject to the regulatory approvals from the Greenland authorities. Despite legal completion arising after the year end, the directors consider that, for accounting purposes, the terms of the sale and purchase agreement were such that the Group had assumed effective control as from 1 November 2016 and therefore the results and assets of Obsidian Mining Limited are consolidated from that date.

As at the date of acquisition, Obsidian Mining Limited has no employees and its sole asset was the licence interest in Greenland. This licence is classified as a prospective licence requiring further exploration and appraisal and there is no certainty that the licence will result in commercial operations. For these reasons, the directors consider that Obsidian Mining Limited was not a business (as defined by International Financial Reporting Standard 3 *Business Combinations*) and as such the acquisition of the company is treated as the purchase of a licence interest, rather than a business combination.

New standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. There are no new and amended standards and interpretations that impact either the financial position, financial results, disclosures or stated accounting policies of the Group.

At the date of authorisation of these financial statements the following amendments which have not been applied in these financial statements were in issue and endorsed by the EU but not yet effective:

Amendments to IAS 38 Intangible Assets (effective 1st January 2016)
Amendment to IFRS 11: Acquisition of an Interest in a Joint Operation (effective 1st January 2016)
Amendments to IAS 27 Separate Financial Statements (effective 1 January 2016)
Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016)
IFRS 9: Financial Instruments (effective 1 January 2018)
IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018)

In addition, there are further amendments and standards which have been issued but not yet endorsed by the EU, including:

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7: Statement of Cash Flows Disclosure Initiative
Amendments to IFRS 2: Classification and measurement of share-based payments
IFRS 16: Leases

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

The directors do not anticipate the adoption of these amendments will have a material impact on the financial statements in the period of initial application. Other amendments, standards and interpretations are in issue but they are not relevant to the Group and as such they are not commented on.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and companies controlled by the Company, the Subsidiary Companies, drawn up to 30 November each year.

Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein.

Non-controlling interests consist of the amounts of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination.

Foreign currency

For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in pounds sterling, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences arising are included in the profit or loss for the period.

For the purposes of preparing consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Gains and losses from exchange differences so arising are shown through the Consolidated Statement of Changes in Equity.

Intangible assets: Deferred exploration and evaluation costs

Pre-licence costs are expensed in the period in which they are incurred. Expenditure on licence renewals and new licence applications covering an area previously under licence are capitalised in accordance with the policy set out below.

Once the legal right to explore has been acquired, exploration costs and evaluation costs arising are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs include appropriate technical and administrative expenses. If a project is successful, the related expenditures will be amortised over the estimated life of the commercial reserves. Prior to this, no amortisation is recognised in respect of such costs. Where a licence is relinquished, a project abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off to administrative expense within profit or loss. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Where the Group has entered into a farm out agreement, the Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for as a gain on disposal.

Where the Group enters into a farm in agreement the Group recognised all expenditure which its incurs under that agreement, with the expenditure being either capitalised or expensed in accordance with the policy detailed above.

Financial instruments

Investment in subsidiaries: Investment in subsidiaries are recognised initially at cost less any provision for impairment.

Investments: Investments in unlisted equity instruments whose fair value cannot be reliably measured are recognised initially at fair value and subsequently measured at cost. Investments in listed equity instruments are recognised initially and subsequently at fair value, and are classed as available for sale assets.

Trade and other receivables: Trade and other receivables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

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

Trade and other payables: Trade and other payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost.

Financial liabilities: All financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. There are no financial liabilities classified as being at fair value through profit or loss.

Share capital: The Company’s ordinary and deferred shares are classified as equity.

Warrants: Warrants are stated at their value, which is estimated using a Black-Scholes model.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the liability method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

2. ANALYSIS OF SEGMENTAL INFORMATION

The Group currently only has one primary reporting business segment, exploration. The Group's primary business activities operate in four different geographical areas (and the Group has an investment in a fifth area) and the exploration assets and capital expenditures can be presented on the basis of geographical segments.

	2016	2015
Total assets	**£**	**£**
Republic of Ireland	88,059	43,832
Greenland	539,720	50,000
Mauritania	569,217	569,184
Australia	56,285	-
United Kingdom	3,156,815	2,223,516
Total segment assets	4,410,096	2,886,532
Capital expenditure		
Republic of Ireland	36,762	-
Mauritania	397	-
Australia	56,285	-
Greenland	489,671	50,000
United Kingdom	642,284	1,473,222
	1,225,399	1,523,222

The Board of the Company evaluate the business on a geographical basis. The costs in the income statement primarily relate to central costs.

3. OPERATING PROFIT/(LOSS)

	2016	2015
	£	**£**
This is stated after charging/(crediting):		
Loss on foreign exchange	(5,190)	84
Auditor's remuneration		
- audit services	15,000	15,450
- other services	-	3,500

4. DIRECTORS' EMOLUMENTS

There were no employees during the period apart from the directors. No directors had benefits accruing under money purchase pension schemes.

	2016	2015
	£	£
Directors' Remuneration		
Fees	30,715	2,000
Salaries	94,000	95,569
	124,715	97,569
Share option charge	88,927	-
Social security costs	9,905	7,697
	223,547	105,266
Average number of employees	3	3

	Fees 2016	Salaries 2016	Total 2016	Fees 2015	Salaries 2015	Total 2015
	£	£	£	£	£	£
Executive Directors						
George Frangeskides	26,740	48,000	74,740	-	48,000	48,000
Michael Nott	-	36,000	36,000	-	36,000	36,000
Chade van Hatch	3,975	4,000	7,975	2,000	11,569	13,569
Manuel Lamboley	-	6,000	6,000	-	-	-
Total	30,715	94,000	124,715	2,000	95,569	97,569

Of the fees stated above for Mr Frangeskides, a total of £7,583 in fact relate to the financial year ending 29 November 2015. Further, Mr Frangeskides agreed to settle a total of £30,000 of these fees and salary by way of the issue of fully paid ordinary shares in the Company.

Note 22 gives details of other transactions with the directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. DIRECTORS' EMOLUMENTS (continued)

During the year (2015: nil) the company granted warrants to each of the directors as follows:

	2016 No
George Frangeskides	20,000,000
Michael Nott	20,000,000
Manuel Lamboley	5,000,000

The warrants issued during the year ended 30 November 2016 have an exercise price of 0.3 pence per share. Subject to the terms of the warrants, the warrants issued to George Frangeskides and Michael Nott can be exercised at any time from the date of grant, 18 August 2016, until 27 March 2021. Half the warrants issued to Manuel Lamboley became exercisable on 7 September 2016 and the balance, six months after that date. The estimated value of the share based remuneration provided to directors in the year ended 30 November 2016 was £88,927 (2015 - £nil). This value is derived from a Black-Scholes valuation as described in note 15. The warrants were issued when the share price was 0.23 pence per share and the warrants were valued at 0.2 pence per share. The warrant value is high as a proportion of the market price due to the share price volatility.

5. INCOME TAXES

a) Analysis of charge in the period

	2016	2015
	£	£
United Kingdom corporation tax at 20.00% (2015: 20.00%)	-	-
Deferred taxation	-	-
	-	-

b) Factors affecting tax charge for the period

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%). The differences are explained below:

	2016	2015
	£	£
(Loss)/profit on ordinary activities before tax	(425,562)	(292,705)
(Loss)/profit multiplied by standard rate of tax	(85,112)	(58,541)
Effects of:		
Losses carried forward not recognised as deferred tax assets	85,112	58,541
	-	-

b) Factors affecting tax charge for the period (continued)

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses and accelerated capital allowances, as there is insufficient evidence that the potential asset will be recovered. Given the lack of funds available to the Group and the non-recognition of any asset, no full analysis of deferred tax asset has been prepared. However, the aggregated losses in each of the Group companies, Alba Mineral Resources plc, Aurum Mineral Resources Ltd, Mauritania Ventures Limited, Obsidian Mining Limited and Alba Mineral Resources Sweden AB, amounted to £3,309,246 before adjustments required by local tax rules and excluding losses on intra-group transactions (2015: £2,883,856).

6. COMPANY LOSS/PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not included its own income statement and statement of comprehensive income in these financial statements. The Company’s loss for the year amounted to £232,392 (2015: £421,752 loss).

7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £425,390 (2015: £291,563 loss) by the weighted average number of shares of 1,373,008,189 (2015: 692,258,595) in issue during the year. The diluted loss per share calculation is identical to that used for basic loss per share as warrants are “out of the money” and not considered dilutive.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INTANGIBLE FIXED ASSETS

Deferred exploration costs – GROUP	Exploration and evaluation	Developed assets	Total
	£	£	£
At 1 December 2014	611,265	-	611,265
Exchange differences	(1,726)	-	(1,726)
Additions	53,335	-	53,335
At 30 November 2015	662,874	-	662,874
Exchange differences	7,463	-	7,463
Additions	526,433	187,125	713,558
At 30 November 2016	1,196,770	187,125	1,383,895

The group deferred exploration costs relate to the Greenland graphite project (£539,671), the Mauritania Uranium project (£569,217), the Limerick base metals project (£87,882) and the Brockham oil field project (£187,125).

The Mauritania Uranium project is held by Mauritania Ventures Limited, a company which is 50% owned by the Group. The consent of the holder of the other 50% of the shares must be obtained before the project asset can be sold or otherwise transferred.

Deferred exploration costs – COMPANY	Exploration and evaluation	Developed assets	Total
	£	£	£
At 1 December 2014	-	-	-
Additions	50,000	-	50,000
At 30 November 2015	50,000	-	50,000
Additions	-	187,125	187,125
Transfer to investment in subsidiaries	(50,000)	-	(50,000)
At 30 November 2016	-	187,125	187,125

The company deferred exploration costs relate solely to the Brockham oil field.

9. INVESTMENTS

	Investment	Loan	Total
	£	£	£
At 1 December 2014	300,000	65,000	365,000
Additions	1,217,222	256,000	1,473,222
At 30 November 2015	1,517,222	321,000	1,838,222
Additions	14,600	433,493	448,093
At 30 November 2016	1,531,822	754,493	2,286,315

The above investment represents an investment in 15% (2015 – 15%) of the issued share capital of Horse Hill Developments Limited ("HHDL") and an associated loan to that company. HHDL is an early stage private company with no stock quote and no active market for its shares, and its exploration activities are ongoing and the determination of resources and reserves is still ongoing. As such, the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed. Therefore, there is no reliable fair value for this investment and the investment is carried at cost. The directors' current intention is to retain this investment for the foreseeable future.

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Investments	Loans	Total
Company	£	£	£
At 1 December 2014	300,000	1,264,040	1,564,040
Additions	-	10,239	10,239
Foreign exchange movements	(17,516)	(93,959)	(111,475)
Provision for impairment	-	(17,796)	(17,796)
At 30 November 2015	282,483	1,162,524	1,445,007
Additions	249,149	286,090	535,239
Transfer from intangible fixed assets	50,000	-	50,000
Foreign exchange movements	-	190,205	190,205
Provision for impairment	-	(5,019)	(5,019)
At 30 November 2016	581,633	1,633,800	2,215,432

At 30 November 2016 the Company held the following interests in subsidiary undertakings, which are included in the consolidated financial statements and are unlisted.

Name of company	Country of incorporation	Proportion held	Business
Aurum Mineral Resources Ltd	Ireland	100%	Exploration
Alba Mineral Resources Sweden AB	Sweden	100%	In liquidation
Mauritania Ventures Limited	Mauritania	50%	Exploration
Obsidian Mining Limited	England & Wales	90%	Exploration

Mauritania Ventures Limited has been treated as a subsidiary undertaking because the Company exercises dominant influence over the investment by virtue of having the casting vote at Board meetings.

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

The additions to investments above relate to Obsidian Mining Limited. For accounting purposes, the Group is considered to have assumed control of that company in the year, although the acquisition was legally completed only after the Greenland authorities had given their regulatory approval in February 2017. The Group has a put and call option over the 10% of the shares which it does not own.

Alba Mineral Resources Sweden AB was dissolved after the year end.

11. TRADE AND OTHER RECEIVABLES

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Current	**£**	**£**	**£**	**£**
Other debtors	10,428	89,359	10,428	89,359
Prepayments and accrued income	4,833	7,583	4,833	7,583
	15,261	96,942	15,261	96,942

The fair value of trade and other receivables approximates to their book value.

12. CASH AND CASH EQUIVALENTS

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
	£	**£**	**£**	**£**
Cash at bank and in hand	668,340	288,494	667,712	288,019
	668,340	288,494	667,712	288,019

The fair value of cash at bank is the same as its carrying value.

13. TRADE AND OTHER PAYABLES

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Current	**£**	**£**	**£**	**£**
Trade creditors	89,175	7,758	88,218	7,758
Other creditors	9,022	4,185	9,022	4,185
Accruals and deferred income	279,015	68,057	275,311	66,000
	377,212	80,000	372,551	77,943

The fair value of trade and other payables approximates to their book value.

14. FINANCIAL LIABILITIES

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Financial Liabilities	£	£	£	£
Other borrowings	253,073	254,073	-	-
	253,073	254,073	-	-

The loans outstanding are non-interest bearing with no fixed repayment term and are unsecured.

15. CALLED UP SHARE CAPITAL

	2016 Number of shares	2016 £	2015 Number of shares	2015 £
Authorised				
Ordinary shares of 0.1 pence	2,161,531,669	2,161,532	1,500,000,000	1,500,000
Deferred shares of 0.9 pence	157,500,000	1,417,500	157,500,000	1,417,500
Total	2,319,031,669	3,579,032	1,657,500,000	2,917,500

	2016 Number of shares	2016 £	2015 Number of shares	2015 £
Allotted, called up and fully paid				
Ordinary shares of 0.1 pence	1,817,071,600	1,817,072	1,155,539,931	1,155,540
Deferred shares of 0.9 pence	93,070,100	837,631	93,070,100	837,631
Total	1,910,141,700	2,654,703	1,248,610,031	1,993,171

All issued ordinary shares carry equal rights. The deferred shares do not carry any rights to vote or dividend rights. In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of the ordinary shares have received a payment of £1,000,000 on each such share.

During the year the company issued ordinary shares as follows:

	Number of shares	Proceeds of issue £
26 February 2016 – placing for cash	131,250,000	525,000
26 May 2016 – partial consideration for acquisition of Obsidian Mining Limited	33,852,403	100,000
18 August 2016 – consulting fees settled by way of share issue	39,935,759	74,600
19 September 2016 – placing for cash	450,000,000	900,000
1 November 2016 – partial consideration for acquisition of Obsidian Mining Limited	6,493,507	20,000
Total	661,531,669	1,619,600

The value of the shares issued to settle outstanding consulting fees is estimated to be the market price for the services rendered.

15. CALLED UP SHARE CAPITAL (continued)

Details of the shares issued (and warrants exercise) after the period end are given in note 23.

As at 30 November 2016 Alba had 265,474,622 warrants outstanding.

No. of warrants	Exercise price (pence)	Final exercise date	Vested
15,000,000[1]	0.3 pence	18 September 2020	Vested
20,000,000[1]	0.3 pence	27 March 2021	Vested
46,143,650	0.3 pence	27 March 2021	Vested
12,000,000	0.3 pence	28 May 2021	Vested
45,909,726	0.5 pence	22 April 2017	Vested
51,333,331	0.5 pence	22 April 2017	Vested
2,754,584	0.5 pence	22 April 2017	Vested
21,333,331	0.5 pence	24 April 2017	Vested
51,000,000[2]	0.3 pence	27 March 2021	47,500,000 vested 3,500,000 vesting in 2017
265,474,622			

As at 30 November 2015 Alba had 215,412,122 warrants outstanding.

No. of warrants	Exercise price (pence)	Final exercise date	Vested
937,500[1]	10 pence	2 October 2016	Vested
15,000,000[1]	0.3 pence	18 September 2020	Vested
20,000,000[1]	0.3 pence	27 March 2021	Vested
46,143,650	0.3 pence	27 March 2021	Vested
12,000,000	0.3 pence	28 May 2021	Vested
45,909,726	0.5 pence	22 April 2017	Vested
51,333,331	0.5 pence	22 April 2017	Vested
2,754,584	0.5 pence	22 April 2017	Vested
21,333,331	0.5 pence	24 April 2017	Vested
215,412,122			

[1,2] These warrants fall within the scope of IFRS 2 “Share Based Payments” and were issued in 2015 and 2016 respectively. The fair value of the warrants calculated using the Black-Scholes model was £103,575 (2015 - £5,982). Within the meaning of the IFRS 13 fair value hierarchies, this is a Level 2 valuation. It based on the Company’s share price volatility over the period to the date of issue of the warrants, a risk free rate of 0.5% (2015: 0.5%) per annum, a dividend yield of nil, the life of the options, the share price at the date of issue of the warrants and the strike prices of the warrants. The volatility was derived from the quoted prices for the Company’s shares in the 18 month periods prior to the issue of the respective warrants.

16. NON-CONTROLLING INTERESTS

	£
At 1 December 2014	27,740
Loss on ordinary activities after taxation	(1,142)
At 30 November 2015	26,598
Loss on ordinary activities after taxation	(172)
At 30 November 2016	26,426

17. RESERVES

The following describes the nature and purpose of certain reserves within owners' equity:

Share premium: Amounts subscribed for share capital in excess of nominal value less costs of issue. In 2016, such costs were £71,684 (2015: £62,500).

Merger reserve: Amount in excess of nominal value on issue of shares in relation to business combinations.

Foreign currency reserve: Gains/losses arising on retranslating the net assets of the Group into pounds sterling.

Warrant reserve: Proceeds from the issue of extant warrants.

18. CAPITAL COMMITMENTS

As at 30 November 2016, the Group / Company had committed to spend at least approximately £100,000 in the coming year on the Amitsoq licence, being in approximate terms the minimum commitment required under the licence.

On 15 December 2015 the Company received a cash call from Horse Hill Developments Limited amounting to £135,000 for its share of the cost to fund the flow test of PEDL137 which began in early 2016. The cash call was settled on 21 April 2016.

19. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2016 (2015: £nil).

Once the farm in to the Brockham licence is complete, the Company/Group will be liable for 5% of the abandonment and reinstatement costs relating to that licence. The liability which will arise is not material to the Group or Company.

20. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise investments, cash at bank and various items such as available for sale assets, other debtors, loans and creditors. The Group has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

Credit Risk

The Group's credit risk arises primarily from cash at bank, other debtors and the risk the counterparty fails to discharge its obligations. In 2016, other debtors included £nil (2015 - £82,048) which was past due but not impaired.

The company's credit risk primarily arises from intercompany debtors, which are considered to form part of the company's investment in the subsidiaries (see note 10) and cash at bank and other debtors, as per the Group. Should the subsidiaries' exploration activities not be successful, it is possible that these debtors may become irrecoverable.

20. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk arises from the management of cash funds and working capital. The risk is that the Group will fail to meet its financial obligations as they fall due. The Group operates within the constraints of available funds and cash flow projections are produced and regularly reviewed by management.

Interest rate risk profile of financial assets

The only financial assets (other than short term debtors) are cash at bank and in hand, which comprises money at call. The interest earned in the year was negligible. The directors believe the fair value of the financial instruments is not materially different to the book value.

Foreign currency risk

The Group has Irish and Swedish subsidiaries, which can affect the Group's sterling denominated reported results as a consequence of movements in the sterling/euro and sterling/Swedish kroner exchange rates. The Group does not currently hedge against these exposures as they are deemed immaterial.

Market risk

Following the acquisition of the investment in Horse Hill Developments Limited, the Group is exposed to market risk in that the value of the investment would be expected to vary depending on the price of oil. As explained in note 9, it is not possible to determine a reliable estimate of the fair value of the investment and therefore it is not possible to assess the sensitivity to market risk.

The Group is also exposed to market risk arising from listed investments which are stated at their fair value.

Categories of financial instruments

	2016	2015
	£	£
Financial assets		
Available for sale financial assets – at cost	2,286,315	1,838,222
Available for sale financial assets – at fair value	56,285	-
Loans and receivables	10,428	89,360
	2,353,028	1,927,582
Financial liabilities		
Financial liabilities held at amortised cost	630,286	334,073
	630,286	334,073

Contractual liabilities of £253,073 (2015: £254,073; Company 2016: £nil, 2015: £nil) have no fixed terms for repayment. Other contractual liabilities are either contractually overdue or due within one month.

21. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its mining and exploration activities to provide returns for shareholders. The Group's funding comprises equity and debt. The directors consider the Company's capital and reserves to be capital. When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the directors consider the risk characteristics of all the underlying assets in assessing the optimal capital structure.

22. RELATED PARTY TRANSACTIONS

Company

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are disclosed in note 10. Details of transactions between the Company and other related parties are disclosed below.

Group

Stirling Corporate Services Limited, a company in which George Frangeskides, a director of the Company, is interested, charged the Group £10,800 (2015 - £54,400) for the provision of office and administrative services. As at the year end, £nil (2015 - £nil) was owed to Stirling Corporate Services Limited.

Van West Consulting Limited, a company in which Chade van Hatch, a former director of the Company, is interested, charged the Group fees for consultancy services of £3,975 (2015 - £2,000); this is reported as directors' fees in note 4. No fees were outstanding at the year end (2015 - £2,000).

Aetos Consulting Limited, a company in which George Frangeskides, a director of the Company, is interested, charged the Group fees for consultancy services of £60,900 (2015 - £nil). Of these fees, £34,160 are not reported as director's fees in note 4 as they represent work carried out specifically on the advancement of the Company's Amitsoq licence and have therefore been capitalised. As noted below, on 18 August 2016 accrued fees of £30,000 were settled by way of 16,059,957 fully paid ordinary shares which were issued to Mr Frangeskides. As at the year end, £33,600 (2015 - £nil) was owed to Aetos Consulting Limited.

Woodridge Associates, a business in which Michael Nott, a director of the Company, is interested, charged the Group fees for consultancy services of £44,800 (2015 - £nil). These fees are not reported as director's fees in note 4 as they represent work carried out specifically on the advancement of the Company's Amitsoq licence and have therefore been capitalised. As noted below, on 18 August 2016 accrued fees of £30,000 were settled by way of 16,059,957 fully paid ordinary shares which were issued to Mr Nott. As at the year end, £22,400 (2015 – £nil) was due to Woodridge Associates.

In 2013 Michael Nott, a director of the Company, provided a loan of £1,000 to Mauritania Ventures Limited, a subsidiary of the Company. This balance was settled via the inter company loan account with the Company by way of shares issued to Mr Nott; no interest was charged on the loan.

On 18 August 2016 16,059,957 fully paid ordinary shares were issued to Mr Michael Nott, and 16,059,957 fully paid ordinary shares were issued to Mr George Frangeskides, or to their respective nominees, in settlement of accrued fees of £30,000 owed to each of them. 20 million share warrants (exercise price 0.3p per share, expiring 27 March 2021) were also awarded to each of Messrs Nott and Frangeskides pursuant to the Company's incentive plan. In addition, the following share warrants have been awarded to Non-Executive Director Manuel Lamboley: 2.5m share warrants at an exercise price of 0.3p per share with an expiration date of 27 March 2021 vesting 7 September 2016 (being 6 months after the commencement date of his appointment) and a further 2.5m share warrants at an exercise price of 0.3p per share with an expiration date of 27 March 2021 vesting 7 March 2017 (being 12 months after his commencement date) provided he remains a director and is not serving any period of notice of termination of his appointment at each vesting date.

23. EVENTS AFTER THE REPORTING PERIOD

On **13 January 2017** the Company announced that it had received notices to exercise share warrants from a number of warrant holders holding warrants with an exercise price of 0.3p per share. The total number of share warrants exercised was 51,143,650 for total proceeds to the Company of £153,430.95.

On **13 January 2017** the Company announced that it had introduced a new Enterprise Management Incentive plan ("EMI scheme") to strengthen its ability to attract and retain executives and staff through ensuring participants receive competitive incentives which align their interests with those of the Company's shareholders. Following adoption of the EMI scheme, the remuneration committee made the following awards: George Frangeskides (Executive Chairman): 15 million share options vesting the day following 13 January 2017 ("date of grant"). A further 15 million share options vesting on each of the dates falling 6, 12 and 18 months following the date of grant. These options are issued pursuant to the EMI scheme, have an exercise price of 0.4p and expire on the tenth anniversary of grant if not exercised. Michael Nott (CEO): 15 million share warrants vesting immediately at an exercise price of 0.4p and an expiration date of 27 March 2021. These share warrants are not issued pursuant to the EMI scheme. Those share options granted pursuant to the EMI scheme are subject to accelerated vesting in certain circumstances, including pursuant to a change of control of the Company following a completed takeover offer. In aggregate, a total of 75 million share options and share warrants are being awarded to the Directors as referred to above, albeit that there is no certainty that all these awards will vest and therefore be capable of exercise. Together with the 60 million share warrants previously issued to the Directors, the total number of share options and share warrants granted to the Directors (both vested and unvested) represent approximately 7.4 per cent. of the current issued share capital of the Company.

On **20 February 2017** the Company announced that the Mineral Licensing and Safety Authority ("MLSA") of Greenland had confirmed that the Government of Greenland had formally approved the indirect transfer to Alba of exploration licence 2013/06, comprising the Amitsoq Graphite Project in Southern Greenland (the "Project"). As announced on 1 November 2016, having earned the right to a 49 per cent interest in the Project, Alba had further agreed, subject to regulatory approvals from the Greenlandic authorities, to acquire a further 41 per cent interest in the Project to take Alba to 90 per cent ownership in total.

On **27 February 2017** the Company announced that, further to the announcement of 20 February 2017, Alba Mineral Resources plc had completed the acquisition of a further 41% interest in exploration licence 2013/06, comprising the Amitsoq Graphite Project in Southern Greenland (the "Project") and now owns 90% of the Project.

Completion of the acquisition of this further interest was effected by the transfer of shares in the licence holder, Obsidian Mining Limited, for the balance of the purchase price owed, being £90,000, of which £50,000 would be settled by the issue to the vendor, Artemis Resources Limited, of 14,655,839 fully paid ordinary Alba shares, with the balance payable in cash. Alba has now also taken over the existing put and call option over the 10 per cent free carried interest held by a minority shareholder in the Project.