

## **Premier Gold Resources plc**

("Premier Gold" or the "Company")

### **Financial results for the year ended 31 December 2013**

Premier Gold (AIM: PGR), the Central Asia-focused gold exploration and development company, announces financial results for the year ended 31 December 2013.

#### **2013 Summary**

- Five year licence extension to Cholokkaindy Licence through to 31 December 2017
- Licence area extended by 8 square kilometres adding to potential future resource
- Convertible loan note for £1 million provided by new institutional investor
- Subscription of £260,000 by institutional investor by way of equity swap agreement
- Subscription for £200,000 worth of new ordinary shares by investor
- Field work currently suspended as a result of resistance from local groups
- Board working towards a resolution in country

#### **Chairman's Statement**

2013 was a frustrating year for Premier Gold as we were prevented from engaging in any activity in the field. The Company had substantially laid all the groundwork to commence drilling operations during the 2013 field season only to be thwarted by resistance from factions of local groups seeking to hold up the work programme at Cholokkaindy illegally. Even more frustrating than having a highly attractive asset but being unable to progress its development, is the absence of any logical reason for being prevented from doing so. At this stage the board considers the local resistance which continues to prevent Premier Gold and certain other operators from working safely in the Kyrgyz Republic at present is as a result of a fundamental lack of understanding as to the impact that the development of mining operation would have upon local communities.

Notwithstanding Premier Gold's legal right, and support from the government, to progress its work programme on Cholokkaindy, such obstruction has caused us to delay the commencement of our work programme several times. The Company's first priority must be the safety of its employees and contractors and the board is doing everything it can to work through the issues being encountered in

the Kyrgyz Republic in order to get the teams back out in the field to progress the development of the asset.

The board's attention is focused on working with representatives at all three of the relevant levels within Kyrgyz Government:

- i. at leadership level through the office of the First Deputy Prime Minister;
- ii. at a regional level through the governor of Chui Valley (the region in which the Company's licence is situated); and
- iii. through the head of the local administration of Panfilov (the immediate surrounding area of the Company's licence).

Progress, however, has been inhibited by changes in Government at all three levels. In March 2014 the Ata-Meken party announced its withdrawal from the Kyrgyz Government coalition, thereby effectively dissolving the Government; while the positions of both governor of Chui Valley and head of the local administration of Panfilov were also unfilled for several weeks during the early part of 2014.

I am pleased to observe that political progress in the Kyrgyz Republic has since been made at all three levels pertinent to the Company's situation, with a viable new Government having recently been formed; and the appointments in February 2014 of a new governor of Chui Valley and a new head of the local administration (the "Akim") of Panfilov. The political transitions were, however, highly disruptive to Premier Gold's efforts to resolve its local issues.

What is apparent is the extent of the local influence held by the disruptive factions within their community; and indeed the unwillingness of the Panfilov Akim to simply ignore their objections. Equally it is apparent that the governor's office is cautious as to the extent to which it exerts political influence over local communities.

We continue to press our case so that Premier Gold can implement an exploration programme that will be of benefit to all stakeholders. To achieve this objective the Company is working with a broad range of professionals in the Kyrgyz Republic and in the United Kingdom.

## **Licence Developments**

In February 2013, Premier Gold was successful in achieving a licence extension on Cholokkaindy through to 31 December 2017; and in May 2013 the Company also announced the award of an 8 square kilometre extension of the Cholokkaindy licence boundary, into an area in which we believe the mineralised zone further extends. This has obvious beneficial impacts on the size of the future potential resource at Cholokkaindy.

During the year, London- and Bishkek-based staff continued to work on the geological information and databases. In addition, visits were made to the accredited laboratories where facilities for drill core sampling and storage were reserved. Procedural protocols for quality control of drilling, logging, sampling, analysis, health and safety were also updated. The exploration team is ready to implement the drill programme within two weeks of returning to operations in the field.

### **Corporate Developments**

In July 2013 Premier Gold entered into a convertible loan agreement (the "Convertible Loan") with Tridevi Capital Partners (I) L.P. ("Tridevi Capital") for the provision of £1 million to advance the Company's exploration programme at the Cholokkaindy gold licence in the Kyrgyz Republic.

In September 2013 the Company raised gross funds of £200,000 by way of a subscription for a total of 100,000,000 new ordinary shares at a price of 0.2 pence per ordinary share.

In December 2013 the Company raised gross funds of £260,000 by way of an equity swap agreement with an existing institutional shareholder for a total of 200,000,000 new ordinary shares at a price of 0.13 pence per share.

The board stated its intention in December 2012 to simplify the share structure of the Company by cancelling all warrants. In January 2013 approximately 84 per cent. of the warrants in issue were purchased by the Company for a nominal consideration and duly cancelled. In October 2013 the remaining warrants expired and were duly cancelled.

### **Financial Results**

Premier Gold is an early-stage exploration company and, as such, has no revenues. The Company's expenditure relates predominantly to the exploration-related costs and general and administrative

overhead. The Company recorded a loss before tax for the period of £1,531,593 (2012: £1,528,360). The Company had cash and cash equivalents at 31 December 2013 of £274,539(2012: £181,857).

## **Outlook**

The Kyrgyz Government continues to indicate its commitment to helping Premier Gold through to a resolution of its local issues, such that the Company can resume operations. The new Government's preferred approach is one of engagement and public dialogue with local communities who, it seems, simply do not understand the implication or future impact of a development such as Cholokkaindy. The Company continues to express to the Government its dissatisfaction with the pace at which it is progressing a resolution. In parallel with the Government's efforts, Premier Gold is proactively working with local communities to overcome the educational barrier.

At the same time, the Company continues to consider assets beyond Cholokkaindy where the Company believes it can deploy its considerable geological expertise to create value for shareholders in a shorter time frame than the Company may be able to achieve at Cholokkaindy. The Company will report on any such developments as and when appropriate.

I am acutely aware that the disruption caused at Cholokkaindy is immensely frustrating for shareholders. We must however remind ourselves of the prospective anomalies and structures already recognised at Cholokkaindy which bear the hallmarks of a substantial gold deposit which would, if developed, be a highly valuable asset.

**Colonel Robert Stewart DSO MP**

**Chairman**

30 May 2014

## **Contacts:**

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For further information please visit: [www.premiergoldresources.com](http://www.premiergoldresources.com)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
***FOR THE YEAR ENDED 31 DECEMBER 2013***

Administrative expenses  
Share based payments

**Operating loss**

Loss on disposal of subsidiary

Finance income

Fair value loss on derivative financial assets  
Finance expense

**Loss before income taxation**

Income tax expense

**Loss on ordinary activities after taxation**

Non-controlling interests

**Loss for the year and total comprehensive income attributable  
to owners of the parent**

**Loss per share - basic and diluted**

From continuing operations

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
***AS AT 31 DECEMBER 2013***

**ASSETS****Non current assets**

Intangible assets  
Tangible assets  
Derivative financial assets

**Current assets**

Inventories	-
Trade and other receivables	16,445
Derivative financial assets	236,250
Cash and cash equivalents	274,539
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	527,234

**LIABILITIES****Current liabilities**

Trade and other payables	(240,207)
Borrowings	(410,717)
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**Net current assets****Net assets****EQUITY**

Share capital  
Share premium account  
Equity component - convertible loan note  
Capital redemption reserve  
Merger reserve  
Profit and loss account  
Foreign currency reserve

**Non-controlling interests****Total equity**

Approved by the Board and authorised for issue on .....

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Richard Nolan

**Director**

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Dr Reza Tabrizi

**Director**

**Company Registration No. 03896382**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Share capital	Share premium	Retained earnings	Foreign currency reserve	Capital redemption reserve	Merger reserve	Non controlling interests	Convertible loan note	Total
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2012	1,471,207	4,821,530	(4,864,272)	-	43,333	-	-	-	1,471,798
<b>Changes in equity for 2011</b>									
Total comprehensive income for the year	-	-	(1,473,742)	-	-	-	(54,618)	-	(1,528,360)
On acquisition of subsidiaries	-	-	-	-	-	-	642,950	-	642,950
Issue of shares	480,208	1,260,625	-	-	-	-	-	-	1,740,833
Costs in respect of shares issued	-	(149,172)	-	-	-	-	-	-	(149,172)
On issue of shares for acquisition of Central Asia Resources Limited	-	-	-	-	-	2,416,667	-	-	2,416,667
Equity-settled share-based payments	-	-	69,655	-	-	-	-	-	69,655
Currency translation differences on foreign currency net investments	-	-	-	26,230	-	-	1,748	-	27,978
Balance at 31 December 2012	1,951,415	5,932,983	(6,268,359)	26,230	43,333	2,416,667	590,080	-	4,692,349

**Changes in equity in 2012**

Total comprehensive income for the year	-	-	(1,478,822)	-	-	-	(52,771)	-	(1,531,593)
On disposal of subsidiaries	-	-	-	-	-	-	-	-	-
Issue of shares	337,483	147,517	-	-	-	-	54,210	-	54,210
Costs in respect of shares issued	-	(20,750)	-	-	-	-	-	-	(20,750)
Convertible loan note - equity component	-	-	-	-	-	-	-	89,283	89,283
Equity-settled share-based payments	-	-	24,666	-	-	-	-	-	24,666
Currency translation differences on foreign currency net investments	-	-	-	(30,104)	-	-	6,993	-	(23,111)
<b>Balance at 31 December 2013</b>	<b>2,288,898</b>	<b>6,059,750</b>	<b>(7,722,515)</b>	<b>(3,874)</b>	<b>43,333</b>	<b>2,416,667</b>	<b>598,512</b>	<b>89,283</b>	<b>3,770,054</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

	£	2013 £	£	2012 £
<b>Cash flows from operating activities</b>				
Operating loss		(897,976)		(1,301,889)



Depreciation of property, plant and equipment	4,649		8,334
Amortisation of intangible assets	77		-
Decrease in inventories	-		4,700
(Decrease)/increase in trade and other receivables	53,244		659,899
Increase/(decrease) in trade and other payables	35,291		(551,141)
Equity-settled share based payments	24,666		69,655
Other movement	10,723		39,093
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<b>Net cash used in operating activities</b>	<b>(770,366)</b>		<b>(1,071,349)</b>
<b>Investing activities</b>			
Finance income	190	1,802	
Finance expense	(1,233)	(34,523)	
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<b>Net cash used in investing activities</b>	<b>(1,043)</b>		<b>(32,721)</b>
<b>Capital expenditure</b>			
Payments to acquire intangible assets	(51,479)	(154,613)	
Payments to acquire tangible assets	-	(5,805)	
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<b>Net cash outflow for capital expenditure</b>	<b>(51,479)</b>		<b>(160,418)</b>
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings	-	(3,170)	
Cash acquired on acquisition of subsidiary undertakings	-	21,760	-
Cash on disposal of subsidiary undertaking	(9,955)	-	
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<b>Net cash (outflow)/inflow for acquisitions and disposals</b>	<b>(9,955)</b>		<b>18,590</b>
<b>Financing activities</b>			
Issue of share capital	225,000	557,500	
Proceeds received from issue of derivative financial asset	221,275	-	
Cost of share issue	(20,750)	(49,172)	
Convertible unsecured loan notes	500,000	-	
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<b>Net cash generated from financing activities</b>	<b>925,525</b>		<b>508,328</b>
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<b>Net increase/(decrease) in cash and cash equivalents in year</b>	<b>92,682</b>		<b>(737,570)</b>
Cash and cash equivalents at beginning of the year	181,857		919,427
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<b>Cash and cash equivalents at end of the year</b>	<b>274,539</b>		<b>181,857</b>
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## **Annual Report and Accounts**

Copies of the Annual Report and Accounts, together with a notice of the annual general meeting, are being posted to all shareholders today and will be available on the Company's website [www.premiergoldresources.com](http://www.premiergoldresources.com)

## **Annual General Meeting**

The annual general meeting of the Company will be held at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW at 11 a.m. on 24 June 2014.