

Half Yearly Report

Released : 26 Sep 2014

RNS Number : 6637S
Premier Gold Resources PLC
26 September 2014

Embargoed: 0700hrs 26 September 2014

Premier Gold Resources Plc

("Premier Gold" or the "Company")

Interim results for the six months ended 30 June 2014

Chairman's Statement

Shareholders will be aware from the Company's communications over the past twelve months that Premier Gold has been prevented from engaging in any activity in the field, despite its readiness to do so. This obstacle had arisen from factions of local groups seeking to hold up the work programme at Cholokkaindy illegally. It is immensely disappointing to advise you that, despite our persistence in the Kyrgyz Republic, Premier Gold continues to be afflicted by this local resistance. As such, no material operational developments occurred during the period under review.

Throughout the period, the board has continued to press its case with the Kyrgyz authorities such that the Company can safely resume its work programme at Cholokkaindy. As announced on 16 June 2014, Premier Gold's actions have included issuing a notice to the Government of the Kyrgyz Republic that the Company is considering claims for compensation arising from its inability to execute a work programme on the Company's licence.

Notwithstanding this, the Company continues to stress that its preference remains to work cooperatively with the Kyrgyz Government in order to achieve a resolution of its local issues which prevent it from progressing the work programme at Cholokkaindy. To this end we are encouraged that several weeks ago the Kyrgyz Government established a working committee whose purpose is to facilitate such a resolution. The working committee was formed on the authority of Prime Minister Djoomart Otorbaev and is headed by the Deputy Minister of Economy, Adylbek Kasymaliev. Its ten members comprise governmental representatives from multiple departments operating within such areas as legal affairs, mineral resources, national security, justice and finance.

The working committee's establishment is unquestionably a positive sign that there is a genuine will at the highest levels of Government to resolve Premier Gold's issues and, more generally, to provide a cooperative environment for the development of the country's natural resources on the whole. Premier Gold's management expects to participate in the coming months in a series of consultations with the working committee (and representatives of the local community) as it seeks to bring about a resolution. We are, however, firmly of the belief that the delays which Premier Gold has already suffered are intolerable; the Company will take all reasonable steps to seek to recover value for shareholders from these unacceptable events.

Corporate developments

Dr Reza Tabrizi, an executive director, resigned from the board in June 2013 and handed over his responsibilities to the chief executive, Richard Nolan. This included resigning his directorship of the Company's Kyrgyz subsidiary, Premier Asia Resources (PAR). Richard Nolan was simultaneously appointed as the director of PAR.

The Company entered into a convertible loan agreement in July 2013 (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 Cholokkaindy. The funds provided by Tridevi Capital are earmarked specifically for deployment towards exploration activity. As the Company has since been prevented from carrying out its fieldwork programme, £435,455 of the Convertible Loan remains undrawn.

Financial Results

The Company has no revenues at present. Its expenditure relates primarily to activities associated with the Cholokkaindy licence, the maintenance of its administrative function in the Kyrgyz Republic and its obligations as a listed company. The Company recorded a loss before tax for the period of £415,640 (H12013: £807,930). The reduction as compared to the same period in 2013 reflects the Company's prudent approach to restricting expenditure to the necessary minimum while it seeks to resolve the issues preventing it from carrying out operations.

In order to preserve the capital available to the Company, the board has suspended all directors' salaries and has taken steps to minimise outgoings.

Outlook

At this juncture it is looking highly unlikely that a resolution will be achieved in time to allow the company to conduct any field work prior to the end of the current field season around November. We are pursuing all remedies available to us to bring about a resolution of the local interference prior to the outset of the 2015 field season; or to seek compensation for our loss. I cannot however assure you at this time that either will be achievable. The board is doing all it can to salvage value for shareholders from the injuries which have been inflicted upon the Company by the unlawful interference with our operations. At the same time the directors are assessing other opportunities for the Company to create value. The board appreciates the patience of shareholders who have continued to support Premier Gold through this prolonged challenging period. The board will continue to keep shareholders updated of material developments when they occur.

Colonel Robert Stewart DSO MP

Chairman

26 September 2014

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For further information please visit: www.premiergoldresources.com

Premier Gold Resources Plc

Interim results

For the six months ended 30 June 2014

Consolidated statement of comprehensive income

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Administrative expenses	(346,470)	(401,553)	(873,310)
Share based payments	(4,887)	(12,333)	(24,666)
Operating loss	(351,357)	(413,886)	(897,976)
Loss on disposal of subsidiary	-	-	(150,724)
Finance income	34	141	190
Fair value loss on derivative financial assets	(60,105)	(394,185)	(473,833)
Finance expense	(4,212)	-	(9,250)
Loss before income taxation	(415,640)	(807,930)	(1,531,593)
Income tax expense	-	-	-
Loss for the period and total comprehensive income attributable to owners of the parent	(415,640)	(807,930)	(1,531,593)
Non-controlling interests	20,406	22,411	52,771
Loss for the period	(395,234)	(785,519)	(1,478,822)
Loss per share -			

Costs in respect of shares issued	-	(4,292)	-	-	-	-	-	-	(4,292)
Convertible loan note - equity component	-	-	-	-	-	-	-	6,196	6,196
Equity settled share based payment	-	-	4,887	-	-	-	-	-	4,887
Currency translation differences on foreign currency net investments	-	-	-	(126)	-	-	4,894	-	4,768
Balance at 30 June 2014	2,304,398	6,063,208	(8,112,862)	(4,000)	43,333	2,416,667	583,000	95,479	3,389,223
<i>Unaudited</i>									
Balance at 1 January 2013	1,951,415	5,932,983	(6,268,359)	26,230	43,333	2,416,667	590,080	-	4,692,349
Loss for the period	-	-	(785,519)	-	-	-	(22,411)	-	(807,930)
Equity settled share based payment	-	-	12,333	-	-	-	-	-	12,333
Currency translation differences on foreign currency net investments	-	-	(2,220)	(25,785)	-	-	(2,193)	-	(30,198)
Balance at 30 June 2013	1,951,415	5,932,983	(7,043,765)	445	43,333	2,416,667	565,476	-	3,866,554
<i>Audited</i>									
Balance at 1 January 2013	1,951,415	5,932,983	(6,268,359)	26,230	43,333	2,416,667	590,080	-	4,692,349
Loss for the period	-	-	(1,478,822)	-	-	-	(52,771)	-	(1,531,593)
On disposal of subsidiaries	-	-	-	-	-	-	54,210	-	54,210
Issue of shares	337,483	47,517	-	-	-	-	-	-	485,000
Costs in respect of shares issued	-	(20,750)	-	-	-	-	-	-	(20,750)
Convertible loan note - equity component	-	-	-	-	-	-	-	89,283	89,283
Equity settled share based payment	-	-	24,666	-	-	-	-	-	24,666
Currency translation differences on foreign currency net investments	-	-	-	(30,104)	-	-	6,993	-	(23,111)
Balance at 31 December 2013	2,288,898	6,059,750	(7,722,515)	(3,874)	43,333	2,416,667	598,512	89,283	3,770,054

Cash flow statement
For the six months ended 30 June 2014

	Six months ended	Six months ended	Year ended
	30 June	30 June	31 December
	2014	2013	2013
	(unaudited)	(unaudited)	(audited)
	£	£	£
Operating activities			
Operating loss	(351,357)	(413,886)	(897,976)
Depreciation of property plant and equipment	1,484	4,685	4,649
Amortisation of intangible assets	-	45	77
Loss on disposal of property, plant and equipment	-	35	-
Increase in inventory	(1,008)	(2,607)	-
(Increase)/decrease in trade and other receivables	(965)	53,573	53,244
(Decrease)/increase in trade and other payables	(54,463)	203,933	34,251
Equity-settled share based payment	4,887	12,333	24,666

Other movement	31,954	(42,932)	10,723
Cash outflows from operating activities	(369,468)	(184,821)	(770,366)
Investing activities			
Finance income	34	141	190
Finance expense	(4,212)	-	(1,233)
Net generated (cash used in)/from investing activities	(4,178)	141	(1,043)
Capital expenditure			
Payments to acquire intangible assets	(12,494)	(52,602)	(51,479)
Payments to acquire property, plant and equipment	(199)	-	-
Net cash outflow for capital expenditure	(12,693)	(52,602)	(51,479)
Acquisitions and disposals			
Cash on disposal of subsidiary undertaking	-	-	(9,955)
Net cash used in acquisitions and disposals	-	-	(9,955)
Financing activities			
Issue of share capital	-	100,346	225,000
Costs in respect of share issue	(4,292)	-	(20,750)
Convertible loan notes	50,000	-	500,000
Proceeds received from the issue of derivative financial assets	93,020	-	221,275
Net cash generated from financing activities	138,728	100,346	925,525
Net (decrease)/increase in cash and cash equivalents	(247,611)	(136,936)	92,682
Cash and cash equivalents at start of period	274,539	181,857	181,857
Cash and cash equivalents at end of period	26,928	44,921	274,539

Notes to the interim financial statements

1 General information

Premier Gold Resources Plc is a company incorporated in the United Kingdom, which is listed on the Alternative Investment Market of the London Stock Exchange Plc. The address of its registered office is Stonebridge House, Chelmsford Road, Hatfield Heath, Essex CM22 7BD. The Group is primarily involved in the exploration for gold.

2 Financial information

The interim financial information for the six months ended 30 June 2014 has not been audited or reviewed and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative financial information for the year ended 31 December 2013 has been derived from the audited financial statements for that period. A copy of those statutory financial statements for the year ended 31 December 2013 has been delivered to the Registrar of Companies. The report of the independent auditors on those financial statements was unqualified and did not contain a statement under Sections 498 (2) or (3) of the Companies Act 2006.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and under the historical cost convention. They have also been on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2014 and which are also consistent with those set out in the statutory accounts of the Company for the year ended 31 December 2013, except for the adoption of new standards and interpretations.

3 Taxation

On the basis of these accounts there is no tax charge for the period.

4 Earnings per share

The earnings and number of shares used in the calculation of earnings per share are as follows:

	Six months ended	Six months ended	Year ended
	30 June	30 June	31 December
	2014	2013	2013
	(unaudited)	(unaudited)	(audited)
Basic and diluted			
Loss for the financial period	(415,640)	(785,519)	(1,478,822)
Weighted average number of shares	1,360,308,903	1,008,953,458	1,053,805,264
Loss per share	(0.03)p	(0.08)p	(0.14)p

There was no dilutive effect in respect of the share options outstanding during the period.

5 Dividends

The directors do not propose to declare a dividend for the period.

6 Derivative financial assets

Lanstead 1 Agreement

In December 2012, the Company issued 250 million new shares of 0.1p per share at a price of 0.4p per share to Lanstead Capital L.P. ('Lanstead') with a notional value of £1 million. The Company entered into an equity swap price mechanism with Lanstead for a notional 75% of these shares with a notional reference price of 0.5333p per share. Lanstead have hedged the consideration they pay for shares in the Company against the performance of the Company's share price over a 24 month period. All 250 million shares were allotted with full rights on the date of the transaction.

The Company also issued 25 million shares to Lanstead as a value payment in connection with the equity swap agreement.

Lanstead 2 Agreement

In December 2013, the Company issued 200 million new shares of 0.1p per share at a price of 0.13p per share to Lanstead Capital L.P. ('Lanstead') with a notional value of £260,000. The Company entered into an equity swap price mechanism with Lanstead for a notional 75% of these shares with a notional reference price of 0.17333p per share. Lanstead have hedged the consideration they pay for shares in the Company against the performance of the Company's share price over a 24 month period. All 150 million shares were allotted with full rights on the date of the transaction.

The Company also issued 20 million shares to Lanstead as a value payment in connection with the equity swap agreement.

To the extent that the share price is greater or lower than the reference price at each swap settlement, the Company will receive greater or lower consideration calculated on pro-rata basis i.e. share price / reference price multiplied by the monthly transfer amount. The valuation for each settlement is determined to be the average share price for the preceding 5 trading days up to settlement date.

As the amount of the consideration receivable by the Company from Lanstead will vary subject to the change in the Company's share price and will be settled in the future, the receivable is treated as a derivative financial asset and has been designated at fair value through profit or loss.

The fair value of the derivative financial assets has been determined by reference to the Company's share price and has been estimated as follows for each agreement:

		Agreement 1		Agreement 2	
		Notional number of outstanding shares	Fair value £	Notional number of outstanding shares	Fair value £
	Share price p	Number	£	Number	£
30 June 2014					
Value of derivative at 1 January 2014	0.14	109,375,000	153,125	150,000,000	210,000
Consideration received		(46,875,000)	(58,900)	(37,500,000)	(34,120)
		<u>62,500,000</u>	<u>94,225</u>	<u>112,500,000</u>	<u>175,880</u>
Loss on revaluation of derivative financial asset			(19,225)		(40,880)
Value of derivative financial assets at 30 June 2014	0.12		<u>75,000</u>		<u>135,000</u>
Due within one year		62,500,000	75,000	75,000,000	90,000
Due after more than one year		-	-	37,500,000	45,000
		<u>62,500,000</u>	<u>75,000</u>	<u>112,500,000</u>	<u>135,000</u>
30 June 2013					
Value of derivative at 1 January 2013	0.43	187,500,000	806,250	-	-
Consideration received		(39,062,500)	(100,346)	-	-
		<u>148,437,500</u>	<u>705,904</u>	<u>-</u>	<u>-</u>
Loss on revaluation of derivative financial asset			(394,185)		-
Value of derivative financial assets at 30 June 2013	0.21		<u>311,719</u>		<u>-</u>
Due within one year		93,750,000	196,875	-	-
Due after more than one year		54,687,500	114,844	-	-
		<u>148,437,500</u>	<u>311,719</u>	<u>-</u>	<u>-</u>

31 December 2013

Value of derivative at 1 January 2013	0.43	187,500,000	806,250		
Value recognised on inception (notional)		-	-	150,000,000	260,000
Initial payment		-	-	-	(52,000)
Consideration received		(78,125,000)	(177,292)	-	-
		<u>109,375,000</u>	<u>628,958</u>	<u>150,000,000</u>	<u>208,000</u>
Loss on revaluation of derivative financial asset			(475,833)		2,000
Value of derivative financial assets at 31 December 2013	0.14		<u>153,125</u>		<u>210,000</u>
Due within one year		93,750,000	131,250	75,000,000	105,000
Due after more than one year		15,625,000	21,875	75,000,000	105,000
		<u>109,375,000</u>	<u>153,125</u>	<u>150,000,000</u>	<u>210,000</u>

7 Share capital

	30 June 2014		30 June 2013	
	Number	£	Number	£
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	1,361,935,975	1,361,936	1,008,953,458	1,008,953
Deferred shares of 0.1p each	<u>942,462,000</u>	942,462	<u>942,462,000</u>	942,462
		<u>2,304,398</u>		<u>1,951,415</u>
	31 December 2013			
	Number	£		
	(audited)	(audited)		
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	1,346,435,975	1,346,436		
Deferred shares of 0.1p each	<u>942,462,000</u>	942,462		
		<u>2,288,898</u>		

8 Copies of interim results

Copies of the interim results can be obtained from the website www.premergoldresources.com. From this site you may access our financial reports and presentations, recent press releases and details about the company and its operations.

This information is provided by RNS
The company news service from the London Stock Exchange

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