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Aurum Mining PLC
18 August 2014

AURUM MINING PLC

("Aurum" or "the Company")

Preliminary Results for the year ended 31st March 2014

Aurum Mining plc (AIM: AUR), the Spanish focused gold and tungsten explorer, is pleased to report its preliminary audited financial results for the year ended 31st March 2014.

The Company is pleased to announce that in accordance with AIM Rules 20 and 26, the Annual Report and Financial Statements for the year ended 31 March 2014 and the Notice of Annual General Meeting will be posted to shareholders shortly and will be available on the Company's website www.aurummining.net. The Annual General Meeting will be held at 12 noon on 29 September 2014 at the offices of the Company's solicitors, Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU.

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Notes to Editors:

Aurum Mining is an AIM listed exploration and development company focused on its highly prospective portfolio of gold and tungsten assets in North West Spain.

Gold

Through its joint venture agreement with Ormonde Mining plc (AIM: ORM), Aurum currently has a 60% interest in the Pino de Oro project in Zamora Province and a 54% interest in the Peralonso and Cabeza projects in Salamanca Province.

Tungsten

Aurum's 20% owned Morille Tungsten project is located approximately 15km south west of Salamanca in North West Spain and covers an area of 5,796 hectares. The permit area is a 'brownfield' site with historical data indicating production from the site of high quality tungsten concentrates.

Review of activities:

The period under review has been a time of restructuring and transformation for Aurum as the Board looks to adapt the strategy and direction of the Company to ensure its growth and development in spite of the very challenging market conditions that continue to adversely impact the junior mining sector.

As outlined in the Company's Interim financial results announcement, which was released in December 2013, the prevailing market conditions have provided the Board with an extremely frustrating backdrop against which to operate and as a result, and despite the strength and prospectivity of the Company's gold and tungsten portfolio, the Board took the difficult decision to change the strategic direction of the Company to give it the optimal chance of achieving its strategic objectives.

Initially, and as a direct result the lack of availability of commercial funding, the Board adopted a strategy of looking for strategic investors and partners to help fund the Company's asset portfolio. The first step in this process was completed in October 2013, when the Company completed a deal with Plymouth Minerals Limited ("Plymouth") (ASX: PLH) as partner for Aurum on the Morille tungsten project. While disappointed that the Company could not develop the Morille project on a standalone basis, the Board felt that the 'farmout' deal negotiated with Plymouth fulfilled the key criteria and objectives - it raised some upfront cash for the Company, gave the Company a healthy ongoing carry in the project while reducing the Company's need to fund the asset, and gives Aurum a healthy share in the upside of the project should Plymouth dispose of the project in the next two years.

More recently, and following detailed engagement with the Company's key stakeholders the Board has taken the view that it must take further action in order to ensure that the Company can grow and develop. As a result, the Board, while working closely in conjunction with the Company's major Shareholder, is now looking at identifying and completing a transformational deal that will guarantee the future of the Company. Given the precarious state of the junior natural resources sector, the Board is looking at both natural resource and non-natural resource deals and this will be the focus of the next period. The key is to find a deal that will give the Company a sustainable and long-term future, freeing the Company from the structural change occurring in the junior mining market. The Board is in discussions with a number of parties about potential deals and very much hopes that it will be in a position to complete a deal by the end of the calendar year. It is probable that the completion of a deal will require the approval of shareholders in accordance with the AIM rules.

In tandem with this approach, the Company will seek to derive value from the successful exploration work done on the gold projects to date. Aurum is working closely with its joint venture partner Ormonde Mining plc ("Ormonde") (AIM: ORM) to achieve this. There have been a number of discussions with interested parties around structuring a deal for Aurum's interest and participation in the gold projects and a number of these discussions are on-going. Currently activity on the gold projects is at a very low level, and during this transitional period Aurum will not be funding the projects - this will lead to a small immaterial dilution in its interest on the gold projects. To date, Aurum's interests in the three gold projects have been diluted by just over a half of one percent.

Shareholders in AIM listed junior mining companies have faced a long period of falling valuations and increased dilution with no end in sight for the ongoing downturn. The future for many juniors is bleak. Aurum however, has significant support from its major shareholder who is aligned with the Board's strategy.

Morille tungsten project:

As highlighted above, the Company was very pleased to have identified and completed a deal with Plymouth as the partner for Aurum on the Morille tungsten project.

The Board felt that, in addition to the deal structure giving Aurum what it wanted to get out of the partnering arrangement, most importantly a sizeable carried interest in the project, that Plymouth also had the necessary capital to drive the project forward and a management team who have the necessary skill set to deliver on the project and to therefore realise value from Aurum's residual stake in the project. Plymouth is looking to aggressively pursue its exploration programme at Morille, something that Aurum was not able to achieve given its financial limitations.

The Board has, to date, been impressed by the energy and enthusiasm of Plymouth and the exploration work carried out by Plymouth to date has yielded some very promising results. The Board looks forward to updating the market with further exploration updates in the near future.

The key terms of Aurum's 'farmout' deal with Plymouth were as follows:

· Plymouth paid Aurum €300,000 to acquire an 80% interest in the Morille project of which €250,000 was paid upfront and the balance is payable in October 2014 when Plymouth will issue Aurum shares in Plymouth with a value of €50,000.

· Aurum retains a 20% carried interest in the Morille project. Plymouth have retained the right to acquire this 20% at any stage for £2,500,000 in cash, until the decision to mine is made.

· Once a decision is reached to proceed with a mining project at Morille, Aurum can choose to dispose of its interest, fund its 20% percentage, or convert to a 0.5% net smelter return ("NSR").

· Should Plymouth dispose of its interest in the Morille project within the first 24 months of owning it, Aurum will be eligible for a 30% share of Plymouth's profits from the disposal.

In conclusion the Board was frustrated that Aurum could not pursue the Morille project itself, but it feels the deal with Plymouth gives the Company a large residual stake in a project in which it believes there is significant potential, a point already proved by the initial exploration success that Plymouth has already had.

The first phase drilling programme at Morille has been completed and 61 Reverse Circulation ("RC") holes were drilled as part of the programme, totalling 3,982 metres ("m"). Numerous significant near-surface scheelite intercepts were identified and the programme has identified multiple follow-up targets for future exploration and resource definition drilling, which will be tackled as part of the second phase drilling programme.

Significant assay results from drilling programme include;

o 4m @ 1.29% WO_3 from 61m and 4m @ 0.31% WO_3 from 68m (MAC-RC 046)

o 2m @ 0.30% WO_3 from 18m (MAC-RC-045)

o 7m @ 1.28% WO_3 from 67m (WES-RC-040)

o 6.25m @ 0.29% WO_3 from 26.75m (DDH M010)

o 1.45m @ 0.95% WO_3 from 19.35m (DDH M001)

o 5m @ 0.24% WO3 (*incl* 2m @ 0.42% WO_3)from 28m (MAC-RC-009)

One of the really encouraging aspects of the first phase drilling programme is that shallow high-grade scheelite mineralisation has been proven in situ both outside of, and as extensions to, the historic operating mines on the Morille project area. Results validate that historic mining at Morille was constrained by landholders and not mineralisation/mine depletion.

The Morille project covers a large geographical area (57 km^2) and there are multiple exploration targets - the first phase of drilling targeted only 6 of 16 known historic mine areas within the 57 project area. While highly prospective, the Board was cognisant of how much drilling, and hence financial resource will be required to gain a comprehensive understanding of the opportunity of the project and for resource drilling and this was one of the key attractions of the deal with Plymouth.

A second phase drilling programme is planned over coming months and this will be supported by follow up geophysical and metallurgical work. The Board looks forward to keeping the market updated on progress at Morille.

Gold projects

Over the last couple of years, the joint venture between Ormonde and Aurum has made substantial progress on each of its three gold projects and has raised the prospect that the joint-venture could be on the brink of three considerable new gold discoveries in North West Spain. The near surface mineralisation identified at the Peralonso and Cabeza license areas are of particular interest as both have the potential for high grade resource and for rapid and low cost development. The recent work carried out at Pino highlights that, as hoped, the project may have considerable scale.

All three gold projects are highly prospective and have clearly defined follow up targets for exploration drilling - as mentioned the Board is now looking at a number of options to facilitate the funding of these.

During the recent period, a majority of the exploration work has been carried out at the Cabeza, and this remains one of the key follow up targets for the joint venture. The Board very much hopes that a mechanism to fund exploration work at Cabeza and the other permit areas can be found.

Initial exploration work at Cabeza has indicated it to be an exploration target of great promise and the Board is extremely optimistic about its potential. Soil geochemistry, prospecting, geophysics and trenching work carried out have all indicated that the permit area has the potential to host a large, previously unrecognised, near surface gold system but a comprehensive follow up drilling campaign is required.

Key financials

For the twelve months to 31 March 2014, the Group reported a loss of £530,000 compared to a loss of £690,000 for the same period in 2013. The loss for the current year includes a £52,000 accounting loss resulting from discontinued operations.

Cash at the end of March 2014 was circa £214,000.

During this period of transition, cash management and cost control have remained key priorities for the Company. During the period, administrative costs have been materially reduced, including significant reductions in Directors' salaries. The full impact of these cost reductions will be visible in the 2015 financial year numbers

Corporate

The Board would like to extend its thanks to Ormonde who continue to be a strong joint venture partner for Aurum. The Board recognises the value of a joint venture with a Company who have a well-established footprint in Spain and a logistical strength from which the joint venture benefits.

The Board would also like its Shareholders and advisers for their on-going support during this challenging period.

Sean Finlay

Chairman

Chris Eadie

Chief Executive Officer

18 August 2014

Qualified Person

Sean Finlay, Professional Geologist, Chartered Engineer, Chairman of Aurum Mining plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, has reviewed and approved the technical information contained in this report.

CONSOLIDATED INCOME STATEMENT

year ended 31 march 2014

		2014	2013
		£'000	£'000
	Note		
Administrative expenses		(479)	(624)
Operating loss		(479)	(624)
Finance income		1	9
Loss for the year before taxation		(478)	(615)
Taxation		-	-
Loss for the year from continuing operations		(478)	(615)
Loss for the year from discontinued operations		(52)	(75)
Loss attributable to the equity shareholders of the parent company		(530)	(690)
Loss per share expressed in pence per share			
From continuing operations			
Basic and Diluted	2	(0.34)p	(0.49)p
From discontinued operations			
Basic and Diluted	2	(0.03)p	(0.06)p
Total operations			
Basic and Diluted	2	(0.37)p	(0.55)p

CONSOLIDATED statement of COMPREHENSIVE INCOME

year ended 31 march 2014

	2014	2013
	£'000	£'000
Loss after taxation for the financial year	(530)	(690)
Items that will or may be reclassified to P&L:		
Exchange translation differences on consolidation of Group entities	-	-
Other comprehensive income	-	-
Total comprehensive expense attributable to the equity shareholders of the parent company	(530)	(690)

CONSOLIDATED AND COMPANY statement of financial position as at 31 march 2014

		Group		Company	
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Intangible assets		899	1,000	899	740
Investments in subsidiaries		-	-	-	2
Investments		64	-	64	-
Amounts owed by subsidiaries		-	-	-	282
Total non-current assets		963	1,000	963	1,024
Current assets					
Receivables		62	57	62	33
Cash and cash equivalents		214	698	214	694
Total current assets		276	755	276	727
Total assets		1,239	1,755	1,239	1,751
Liabilities					
Current liabilities					
Trade and other payables		113	99	113	95
Total current liabilities		113	99	113	95
Total liabilities		113	99	113	95
Net assets		1,126	1,656	1,126	1,656
Capital and reserves attributable to the equity holders of the company					
Share capital		1,413	1,413	1,413	1,413
Share premium		11,585	11,585	11,585	11,585
Retained deficit		(11,872)	(11,342)	(11,872)	(11,342)
Total Equity		1,126	1,656	1,126	1,656

CONSOLIDATED statement of Changes in equity year ended 31 march 2014

	Share capital	Share premium	Retained deficit	Total Equity
	£'000	£'000	£'000	£'000
At 1 April 2012	1,182	11,172	(10,665)	1,689
Total comprehensive expense for the year	-	-	(690)	(690)
Share based payments	-	-	13	13
Issue of shares net of issue	231	413	-	644
At 31 March 2013	1,413	11,585	(11,342)	1,656

Total comprehensive expense for the year	-	-	(530)	(530)
At 31 March 2014	1,413	11,585	(11,872)	1,126

Company statement of Changes in equity

year ended 31 march 2014

	Share capital	Share premium	Retained deficit	Total Equity
	£'000	£'000	£'000	£'000
At 1 April 2012	1,182	11,172	(10,665)	1,689
Total comprehensive expense for the year	-	-	(690)	(690)
Share based payments	-	-	13	13
Issue of shares net of issue	231	413	-	644
At 31 March 2013	1,413	11,585	(11,342)	1,656
Total comprehensive expense for the year	-	-	(530)	(530)
At 31 March 2014	1,413	11,585	(11,872)	1,126

Company statement of Changes in equity (continued)

year ended 31 march 2014

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual income statement, statement of comprehensive income and related notes. The Company's loss for the year was £530,000 (2013: loss of £690,000).

CONSOLIDATED AND COMPANY STATEMENTS of cash flow year ended 31 march 2014

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Loss for the year before tax	(530)	(690)	(530)	(690)
Adjustments for:				
Depreciation of property, plant and equipment	-	1	-	1
Finance income	(1)	(9)	(1)	(9)
Impairment losses	-	-	-	75
Disposal of subsidiaries	30	-	52	-
Share based payments	-	13	-	13
Exchange differences	1	8	1	8
Cash flow from operating activities before changes in working capital	(500)	(677)	(478)	(602)
Increase in other receivables	37	-	13	24
Increase / (decrease) in trade and other payables	14	(22)	18	(26)
Net cash flow used in operating activities	(449)	(699)	(447)	(604)
Investing activities				
Ormonde joint venture payments	(159)	(305)	(159)	(305)
Expenditure on tungsten project	-	(260)	-	-
Disposal of subsidiary net of cash	124	-	186	-
Increase in loans to subsidiaries	-	-	(60)	(357)
Investment in subsidiaries	-	-	-	(2)
Interest income	-	1	-	1
Net cash flow used in investing activities	(35)	(564)	(33)	(663)

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Financing activities				
Proceeds from issue of share capital	-	694	-	694
Expenses paid in connection with share issues	-	(50)	-	(50)
Net cash flow from financing activities	-	644	-	644
Net decrease in cash and cash equivalents	(484)	(619)	(480)	(623)
Cash and cash equivalents at the beginning of the year	698	1,317	694	1,317
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the year	214	698	214	694

NOTES

1. Basis of preparation

The financial information set out above, which was approved by the Board on 15 August 2014, has been compiled in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), but does not contain sufficient information to comply with IFRS. The Company expects to distribute its full financial statements that comply with IFRS shortly. The financial statements have been prepared on the historic cost basis and on a consistent basis with the accounting policies adopted in the prior year.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 March 2014 but is extracted from those accounts. The Company's statutory accounts for the year ended 31 March 2014 will be filed with the Registrar of Companies following the Company's annual general meeting. The independent auditors' report on those accounts was unqualified although an emphasis of matter was included in the accounts to draw attention to going concern. The financial statements have been prepared on a going concern basis.

Following a review of the Group's and Company's operations, its current financial position and cash flow forecasts, the Directors do not believe that the Group and Company currently has sufficient cash resources to continue in operational existence for the next twelve months. However in addition to having assets for potential sale and further consideration from the part disposal of the Morille tungsten project falling due as well as the option of issuing further equity, the Directors have also been provided with a Letter of Support from the Group's major Shareholder which commits to underwrite the Group's and Company's underlying operating costs for a period of twelve months from the signing of these financial statements.

Based on the above the Directors have formed a view that the Group and Company will have financial resources available to it, in the twelve months from the date of signing these financial statements, to enable the Group and Company to meet its financial commitments as they arise. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

No statement was included under section 498(2) or (3) of the Companies Act 2006. The Company's statutory accounts for the year ended 31 March 2013 have been filed with the Registrar of Companies. The independent auditors' report on those accounts was unqualified, but did although an emphasis of matter was included in the accounts to draw attention to going concern but did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

2. loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of all the dilutive potential ordinary shares. The potential dilutive shares are anti-dilutive in 2013 and 2014 as the Company is loss making.

At the reporting date there were 4,450,000 (2013: 4,450,000) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

	2014	2013
	£'000	£'000
Net loss attributable to equity holders of the parent:		
From continuing operations	(478)	(615)
From discontinued operations	(52)	(75)
From total operations	(530)	(690)

	2014	2013
	Number	Number
Weighted average number of shares:		
Weighted average number of shares	141,291,930	125,086,829

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