



## UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

### FOR THE QUARTER ENDED OCTOBER 31, 2016

The condensed interim financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and implemented in the UK and IFRS as issued by the IASB. The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are the same as those used in the Group's audited financial statements for the year ended July 31, 2016, which this interim consolidated financial information should be read in conjunction with. The financial information has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the three months ended October 31, 2016 and October 31, 2015 is unaudited, and has not been reviewed by the auditors.

The financial information for the year ended July 31, 2016 has been derived from the Group's audited financial statements for the period as filed with the Registrar of Companies. It does not constitute the financial statements for that period. The auditor's report on the statutory financial statements for the year ended July 31, 2016 was unqualified and did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

# RAMBLER METALS AND MINING PLC

## UNAUDITED CONSOLIDATED INCOME STATEMENT

**For the Quarter Ended October 31, 2016**  
**(EXPRESSED IN US DOLLARS)**

	Quarter ended October 31 2016 US\$'000	Quarter ended October 31 2015 US\$'000
Revenue	6,958	8,503
Production costs	(6,293)	(5,679)
Depreciation and amortisation	(1,767)	(1,476)
Gross (loss)/profit	(1,102)	1,348
Administrative expenses	(798)	(681)
Royalties and other income	216	-
Exploration expenses	(1)	(5)
Operating (loss)/profit	(1,685)	662
Bank interest receivable	5	16
Gain on sale of available for sale investments	451	-
Gain on derivative financial instruments	159	228
Finance costs	(1,085)	(309)
Foreign exchange differences	(362)	(176)
Net financing expense	(832)	(241)
(Loss)/profit before tax	(2,517)	421
Income tax credit/(expense)	717	(144)
(Loss)/profit for the period and attributable to owners of the parent	(1,800)	277

### Earnings per share

	Quarter ended October 31 2016 US\$'000	Quarter ended October 31 2015 US\$'000
Basic and diluted earnings per share	(0.004)	0.001

# RAMBLER METALS AND MINING PLC

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**For the Quarter Ended October 31, 2016**  
**(EXPRESSED IN US DOLLARS)**

	Quarter ended October 31 2016 US\$'000	Quarter ended October 31 2015 US\$'000
(Loss)/profit for the period	(1,800)	277
<b>Other comprehensive (loss)/ income</b>		
<i>Items that may be reclassified into profit or loss</i>		
Exchange differences on translation of foreign operations (net of tax)	(1,989)	(5)
(Loss)/gain on available for sale investment (net of tax)	(297)	168
Other comprehensive (loss)/income for the period	(2,286)	163
Total comprehensive (loss)/income for the period and attributable to the owners of the parent	(4,086)	440

# RAMBLER METALS AND MINING PLC

## UNAUDITED CONSOLIDATED BALANCE SHEET

**As at October 31, 2016**  
**(EXPRESSED IN US DOLLARS)**

	<i>Note</i>	Unaudited October 31 2016 US\$'000	Audited July 31 2016 US\$'000
<b>Assets</b>			
Intangible assets	3	2,173	2,233
Mineral properties	4	34,349	35,238
Property, plant and equipment	5	22,455	23,125
Available for sale investments	6	1,720	2,402
Deferred tax		8,823	8,420
Restricted cash		3,249	3,339
<b>Total non-current assets</b>		<b>72,769</b>	<b>74,757</b>
Inventory	7	2,270	2,383
Trade and other receivables		1,251	599
Derivative financial asset	8	1,490	587
Cash and cash equivalents		4,605	8,929
<b>Total current assets</b>		<b>9,616</b>	<b>12,498</b>
<b>Total assets</b>		<b>82,385</b>	<b>87,255</b>
<b>Equity</b>			
Issued capital		6,374	6,374
Share premium		81,409	81,455
Share warrants reserve		2,089	2,089
Merger reserve		180	180
Translation reserve		(18,745)	(16,756)
Fair value reserve		778	1,075
Retained profits		(14,514)	(12,731)
<b>Total equity</b>		<b>57,571</b>	<b>61,686</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	9	13,007	13,650
Provision	10	1,793	1,833
<b>Total non-current liabilities</b>		<b>14,880</b>	<b>15,483</b>
Interest-bearing loans and borrowings	9	4,850	5,226
Trade and other payables		5,164	4,860
<b>Total current liabilities</b>		<b>10,014</b>	<b>10,086</b>
<b>Total liabilities</b>		<b>24,814</b>	<b>25,569</b>
<b>Total equity and liabilities</b>		<b>82,385</b>	<b>87,255</b>

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EXPRESSED IN US DOLLARS)

	Share capital US\$'000	Share premium US\$'000	Warrants Reserve US\$'000	Merger reserve US\$'000	Translation reserve US\$'000	Fair value reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000
<b>Audited</b>								
Balance at August 1, 2015	2,471	72,128	-	180	(15,534)	(103)	41	59,183
<b>Comprehensive income</b>								
Loss for the year	-	-	-	-	-	-	(12,806)	(12,806)
Foreign exchange translation differences	-	-	-	-	(1,222)	-	-	(1,222)
Loss on available for sale investments (net of tax)	-	-	-	-	-	1,178	-	1,178
Total other comprehensive (loss)/income	-	-	-	-	(1,222)	1,178	-	(44)
Total comprehensive income/(loss) for the year	-	-	-	-	(1,222)	1,178	(12,806)	(12,850)
<b>Transactions with owners</b>								
Issue of share capital	3,903	10,223	2,089	-	-	-	-	16,215
Share issue expenses	-	(896)	-	-	-	-	-	(896)
Share-based payments	-	-	-	-	-	-	34	34
Transactions with owners	3,903	9,327	2,089	-	-	-	34	15,353
Balance at July 31, 2016	6,374	81,455	2,089	180	(16,756)	1,075	(12,731)	61,686
<b>Unaudited</b>								
Balance at August 1, 2016	6,374	81,455	2,089	180	(16,756)	1,075	(12,731)	61,686
<b>Comprehensive income</b>								
Loss for the period	-	-	-	-	-	--	(1,800)	(1,800)
Foreign exchange translation differences	-	-	-	-	(1,989)	-	-	(1,989)
Loss on available for sale investments (net of tax)	-	-	-	-	-	(297)	-	(297)
Other comprehensive income/(loss)	-	-	-	-	(1,989)	(297)	(1,800)	(4,086)
Total comprehensive income/(loss) for the period	-	-	-	-	(1,989)	(297)	(1,800)	(4,086)
<b>Transactions with owners</b>								
Share issue expenses	-	(46)	-	-	-	-	-	(46)
Share-based payments	-	-	-	-	-	-	17	17
Transactions with owners	-	(46)	--	-	-	-	17	(29)
Balance at October 31, 2016	6,374	81,409	2,089	180	(18,745)	778	(14,514)	57,571

# RAMBLER METALS AND MINING PLC

## UNAUDITED STATEMENTS OF CASH FLOWS

**For the Quarter Ended October 31, 2016  
(EXPRESSED IN US DOLLARS)**

	Quarter ended October 31 2016 US\$'000	Quarter ended October 31 2015 US\$'000
<b>Cash flows from operating activities</b>		
Operating (loss)/profit	(1,685)	662
Depreciation and amortisation	1,781	1,494
Share based payments	18	13
Foreign exchange difference	(84)	(98)
Decrease in inventory	113	71
(Increase)/decrease in debtors	(652)	363
Increase in derivative financial instruments	(744)	(350)
Increase/(decrease) in creditors	18	(533)
Cash (utilised in)/generated from operations	(1,235)	1,622
Interest paid	(80)	(73)
<b>Net cash (utilised in)/generated from operating activities</b>	<b>(1,315)</b>	<b>1,549</b>
<b>Cash flows from investing activities</b>		
Interest received	5	16
Acquisition of bearer deposit note	-	(7)
Disposal of listed investment	783	-
Acquisition of evaluation and exploration assets	-	(142)
Acquisition of mineral properties - net	(904)	(860)
Acquisition of property, plant and equipment	(478)	(897)
<b>Net cash utilised in investing activities</b>	<b>(594)</b>	<b>(1,890)</b>
<b>Cash flows from financing activities</b>		
Repayment of Gold loan (note 9)	(908)	(491)
Repayment of Loans	(544)	-
Share acquisition expenses	(46)	-
Capital element of finance lease payments	(571)	(646)
<b>Net cash utilised in financing activities</b>	<b>(2,069)</b>	<b>(1,137)</b>
Net decrease in cash and cash equivalents	(3,978)	(1,478)
Cash and cash equivalents at beginning of period	8,929	3,389
Effect of exchange rate fluctuations on cash held	(346)	(2)
<b>Cash and cash equivalents at end of period</b>	<b>4,605</b>	<b>1,909</b>

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

### **1 Nature of operations and going concern**

The principal activity of the Group is the operation, development and exploration of the Ming Copper-Gold Mine ("Ming Mine") located in Baie Verte, Newfoundland and Labrador, Canada.

The Group's business activities, together with the factors likely to affect its future development, performance and position, its financial position, cash flows, liquidity position and borrowing facilities are set out in the Management Discussion and Analysis. In addition, notes 21 and 26 to the financial statements for the year ended July 31, 2016 include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Historically the Company has been successful in accessing the equity and debt markets to finance the acquisition and initial development of the Ming Mine site. In future, the Company plans to fund operational requirements through internally generated cash flow, proceeds from the exercise of warrants, debt offerings and, if necessary, additional equity financing.

The Company continually reviews operational results, expenditures and additional financial opportunities in order to ensure adequate liquidity to support its growth strategy while maintaining or increasing production levels at the Ming Mine. However, there is no guarantee that the Company will have access to future capital or the ability to generate positive cash flows.

Based on the above management concludes the Group has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

### **2 Accounting policies**

Details of the main accounting policies of the Group are included in note 2 of the financial statements for the year ended July 31, 2016.

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. Intangible assets

	Exploration and evaluation costs		
	Ming Mine US\$'000	Little Deer Project US\$'000	Total US\$'000
<b>Cost</b>			
Balance at 1 August 2015	16,665	631	17,296
Additions	440	1,463	1,903
Transfer to mineral property	(17,125)	-	(17,125)
Effect of movements in foreign exchange	20	139	159
Balance at 31 July 2016	-	2,233	2,233
Balance at 1 August 2016	-	2,233	2,233
Additions	-	-	-
Effect of movements in foreign exchange	-	(60)	(60)
Balance at October 31, 2016	-	2,173	2,173
<b>Impairment</b>			
Balance at 1 August 2015	3,212	-	3,212
Transfer to mineral property	(3,214)	-	(3,214)
Effect of movements in foreign exchange	2	-	2
Balance at July 31, 2016	-	-	-
Balance at October 31, 2016	-	-	-
<b>Carrying amounts</b>			
At July 31, 2016	-	2,233	2,233
At October 31, 2016	-	2,173	2,173



# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Mineral Property

	Mineral property US\$'000
<b>Cost</b>	
Balance at August 1, 2015	48,775
Additions	4,050
Transfer from exploration and evaluation costs	17,125
Effect of movements in foreign exchange	108
Balance at July 31, 2016	<u>70,058</u>
Balance at August 1, 2016	70,058
Additions	904
Effect of movements in foreign exchange	(1,909)
Balance at October 31, 2016	<u>69,053</u>
<b>Amortisation</b>	
Balance at August 1, 2015	8,439
Amortisation charge	4,066
Effect of movements in foreign exchange	84
Balance at July 31, 2016	<u>12,589</u>
Balance at August 1, 2016	12,589
Amortisation charge	840
Effect of movements in foreign exchange	(356)
Balance at October 31, 2016	<u>13,073</u>
<b>Impairment</b>	
Balance at August 1, 2015	7,775
Provision for impairment	11,268
Transfer from exploration and evaluation costs	3,214
Effect of movements in foreign exchange	(26)
Balance at July 31, 2016	<u>22,231</u>
Balance at August 1, 2016	22,231
Effect of movements in foreign exchange	(600)
Balance at October 31, 2016	<u>21,631</u>
<b>Carrying amounts</b>	
At July 31, 2016	<u>35,238</u>
At October 31, 2016	<u>34,349</u>

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. Property, plant and equipment

	Land and buildings US\$'000	Assets under construction US\$'000	Motor vehicles US\$'000	Plant and equipment US\$'000	Fixtures, fittings and equipment US\$'000	Computer equipment US\$'000	Total US\$'000
<b>Cost</b>							
Balance at August 1, 2015	3,267	532	228	36,390	93	763	41,273
Additions	138	1,159	-	3,822	2	1	5,122
Disposals	-	-	-	(707)	-	-	(707)
Reclassification	641	(963)	-	322	-	-	-
Effect of movements in foreign exchange	17	-	-	58	1	-	76
Balance at July 31, 2016	4,063	728	228	39,885	96	764	45,764
Balance at August 1, 2016	4,063	728	228	39,885	96	764	45,764
Additions	-	230	-	653	-	1	884
Effect of movements in foreign exchange	(85)	(25)	(6)	(439)	(2)	(21)	(578)
Balance at October 31, 2016	3,978	933	222	40,099	94	744	46,070
<b>Depreciation and impairment losses</b>							
Balance at August 1, 2015	1,734	-	202	17,656	84	678	20,354
Depreciation charge for the year	304	-	14	2,522	6	60	2,906
Eliminated on disposals	-	-	-	(675)	-	-	(675)
Effect of movements in foreign exchange	7	-	1	46	-	-	54
Balance at July 31, 2016	2,045	-	217	19,549	90	738	22,639
Balance at August 1, 2016	2,045	-	217	19,549	90	738	22,639
Depreciation charge	93	-	2	815	1	13	924
Effect of movements in foreign exchange	(42)	-	(6)	122	(2)	(20)	52
Balance at October 31, 2016	2,096	-	213	20,486	89	731	23,615
<b>Carrying amounts</b>							
At July 31, 2016	2,018	728	11	20,336	6	26	23,125
At October 31, 2016	1,882	933	9	19,613	5	13	22,455

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. Available for sale investments

	US\$'000
Cost or valuation	
Balance at August 1, 2015	994
Acquisitions	21
Revaluation	1,371
Effect of movements in foreign exchange	16
Balance at July 31, 2016	<u>2,402</u>
Balance at August 1, 2016	2,402
Disposals	(706)
Revaluation	(294)
Effect of movements in foreign exchange	318
Balance at October 31, 2016	<u>1,720</u>
Carrying amounts	
At July 31, 2016	2,402
At October 31, 2016	<u>1,720</u>

### 7. Inventories

	October 31 2016 US\$'000	July 31 2016 US\$'000
Metals in process	696	891
Operating supplies	1,574	1,492
	<u>2,270</u>	<u>2,383</u>

### 8. Derivative financial asset

	October 31 2016 US\$'000	July 31 2016 US\$'000
Concentrate receivables from off-taker	1,490	587

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 14.

	<b>October 31 2016 US\$'000</b>	July 31 2016 US\$'000
Non-current liabilities		
Finance lease liabilities	1,423	1,550
Gold Loan	11,584	12,100
	<b>13,007</b>	<b>13,650</b>
Current liabilities		
Current portion of finance lease liabilities	1,534	1,645
Advance purchase facility	1,431	1,980
Current portion of Gold Loan	1,885	1,601
	<b>4,850</b>	<b>5,226</b>

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease			Minimum lease		
	Payments	Interest	Principal	Payments	Interest	Principal
	October 31	October 31	October 31	July 31	July 31	July 31
	2016	2016	2016	2016	2016	2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Less than one year	1,599	65	1,534	1,730	85	1,645
Between one and five years	1,505	82	1,423	1,611	61	1,550
	<b>3,104</b>	<b>147</b>	<b>2,957</b>	<b>3,341</b>	<b>146</b>	<b>3,195</b>

Under the terms of the lease agreements, no contingent rents are payable. The finance lease liabilities are secured on the underlying assets.

#### Gold Loan

In March 2010, the Group entered into an agreement ("Gold Loan") with Sandstorm Resources Ltd. ("Sandstorm") to sell a portion of the life-of-mine gold production from its Ming Mine.

Under the terms of the agreement Sandstorm made staged upfront cash payments for the gold to the Group totalling US\$20 million.

For this, in each production year following the first year of production, until 175,000 oz of payable gold has been produced, the Group has agreed to sell to Sandstorm a percentage equal to 25% x (85% divided by the actual percentage of metallurgical recovery of gold realized in the immediately preceding production year) provided that, if the payable gold production in any production year after the third production year is less than 15,000 ounces, then in each such production year, Sandstorm payable gold shall not be less than 25% of the payable gold. The percentage of payable gold of 25% falls to 12% after 175,000 oz of payable gold has been produced and remains payable for the remainder of the period ending 40 years after the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year terms at the option of Sandstorm.

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. Interest-bearing loans and borrowings (continued)

#### Gold Loan (continued)

At October 31, 2016 the Group has produced 38,575 payable ounces of gold of which 11,879 ounces were transferrable to Sandstorm under the agreement as follows:

Production year	Payable gold ounces produced	Ounces transferrable
Pre-production	15,429	4,937
1	4,888	1,280
2	5,945	1,904
3	5,408	1,689
4	6,905	2,069
Total	38,575	11,879

The Gold Loan is accounted for as a financial liability carried at amortised cost. In determining the effective interest rate implicit in the cash flows arising from the loan the cash flows are forecast at each quarter end based on management's best estimates of the time of delivery of payable gold, the total amount of gold expected to be produced over the mine life and the timing of that production.

Total interest of \$960,000 (Q1/16: \$227,000) was charged during the period.

The Gold Loan is secured by a fixed and floating charge over the assets of the Group.

#### Advance Purchase Facility

In July 2015 the Group entered into a purchase agreement with Transamine Trading S.A. ("Transamine") wherein Rambler has extended its off-take agreement with Transamine with respect to concentrate from the Ming Copper-Gold Mine until December 31, 2021.

Pursuant to the terms of the Purchase Agreement, Transamine agreed to purchase in advance, at Rambler's option, up to US\$5 million of concentrate (the "Advance Purchase Payments"). to be used for working capital requirements along with the development and construction of Rambler's Lower Footwall Zone optimisation plan (Phase II) at the Ming Mine.

The Company drew down US\$3 million of Advance Purchase Payments and further advances are no longer available under the agreement.

At October 31, 2016 the balance was US\$1,430,000 The loan is repayable by twelve monthly instalments of US\$176,005 plus interest at 3 month LIBOR plus 7.5%. The repayment by instalments commenced July 15, 2016.

The advance purchase payments of US\$3,000,000 have been accounted for as a financial liability carried at amortised cost.

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. Provisions

	<b>October 31 2016 US\$'000</b>	July 31 2016 US\$'000
<b>Reclamation and closure provision</b>		
Opening balance	1,833	1,297
Charged to Mineral Property	-	498
Unwinding of discount	10	38
Effect of movements in foreign exchange	(50)	-
Ending balance	<u>1,793</u>	<u>1,833</u>

The reclamation and closure provision has been made in respect of costs of land restoration and rehabilitation expected to be incurred at the end of the Ming Mine's useful life. The provision has been calculated based on the present value of the expected future cash flows associated with reclamation and closure activities as required by the Government of Newfoundland and Labrador. The provision relates to restoration of all three sites associated with the Ming Mine project: mill, mine and port sites. The liability is secured by Letters of Credit for US\$3.3 million.

### 11. Earnings per share

The calculation of basic earnings per share is based on a weighted average number of ordinary shares of 414,289,702. There is no difference between the basic and diluted loss per share as the Group made a loss during the quarter. At October 31, 2016 the Group had 12,939,000 share options and 200,000,000 share warrants outstanding of which 1,300,283 and 3,149,606 respectively are considered to be dilutive.

### 12. Related parties

#### Transactions with key management personnel

Total key management personnel compensations were as follows:

	<b>Quarter ended 31 October 2016 US\$'000</b>	Quarter ended 31 October 2015 US\$'000
Salaries	80	85
Share based payments	6	7
	<u>86</u>	<u>92</u>

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. Share-based payments

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price		Weighted average exercise price	
	October 31 2016	Number of options 2016	July 31 2016	Number of options 2016
	US\$'000	No. 000	US\$'000	No. 000
Outstanding at the beginning of the period	0.36	5,079	0.37	5,190
Granted during the period	0.06	9,405	0.62	264
Cancelled during the period	0.28	(1,545)	0.49	(375)
Outstanding at the end of the period	0.15	12,939	0.36	5,079
Exercisable at the end of the period	0.38	3,521	0.36	4,999

The options outstanding at October 31, 2016 have an exercise price in the range of US\$0.13 to US\$0.84 and a weighted average remaining contractual life of 5 years (July 31, 2016: 4.3 years).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value of share options and assumptions

	Quarter ended Oct. 31 2016	Quarter ended Oct. 31 2015
	US\$'000	US\$'000
Weighted average fair value per option granted in period	0.04	0.10
Share price (weighted average)	0.06	0.16
Exercise price (weighted average)	0.06	0.16
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	94.39%	80.24%
Expected option life (years)	5	5
Expected dividends (%)	0	0
Risk-free interest rate (based on national government bonds)	0.64%	0.73%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. There are no performance or market conditions associated with the share option grants.

	Quarter ended Oct. 31 2016	Quarter ended Oct. 31 2015
	US\$'000	US\$'000
Total expense recognised as employee costs	18	13

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Financial risk management

The Group's principal financial assets comprise: cash and cash equivalents, restricted cash, available for sale investments, derivative financial instruments and other receivables. The Group's financial liabilities comprise: trade payables; other payables; accrued expenses and interest bearing loans and borrowings.

All of the Group's financial liabilities are measured at amortised cost and their financial assets are classified as loans and receivables and measured at amortised cost with the exception of available for sale investments and derivative financial instruments.

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are liquidity risk, credit risk and market risk which includes foreign currency risk, interest rate risk and commodity price risk each of which is discussed below.

#### Liquidity risk

With finite cash resources the liquidity risk is significant. This risk is managed by controls over expenditure and concentrating on achieving the payment milestones under the financing arrangement. Success will depend largely upon the outcome of on-going and future exploration and development programmes. Given the nature of the Group's current activities the entity will remain dependent on a mixture of debt and equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources.

The Group's trade payables, other payables and accrued expenses are generally due between one and three months and the Group's other financial liabilities are due as follows:

	<b>October 31, 2016 US\$'000</b>	July 31, 2016 US\$'000
Due within one year	5,661	5,516
Due within one to two years	2,753	3,464
Due within two to three years	2,637	2,516
Due within three to four years	2,372	2,341
Due within four to five years	2,213	2,204
Due after five years	13,864	14,450
	<b>29,500</b>	<b>30,491</b>

#### Fixed rate financial liabilities

At the year end the analysis of finance leases and hire purchase contracts which were all due in Canadian Dollars and are at fixed interest rates was as follows:

	<b>October 31, 2016 US\$'000</b>	July 31, 2016 US\$'000
Fixed rate liabilities		
Due within one year	1,505	1,731
Due within one to two years	745	772
Due within two to three years	606	601
Due within three to four years	243	218
Due within four to five years	5	19
	<b>3,104</b>	<b>3,341</b>



# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Financial risk management (continued)

The average fixed interest rate for the finance leases and hire purchase contracts outstanding at October 31, 2016 was 4.6%.

#### Credit risk

The Group generally holds the majority of its cash resources in Canadian dollars given that the majority of the Group's outgoings are denominated in this currency. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and management and Directors monitor events and associated risks on a continuous basis. There is little perceived credit risk in respect of trade and other receivables. The Group's maximum exposure to credit risk at October 31, 2016 was represented by receivables and cash resources.

#### Market risk

##### Foreign currency risk

The Company has a small amount of cash resources and certain liabilities including the Gold loan and the advance purchase agreement denominated in US dollars. All other assets and liabilities are denominated in Canadian dollars and GB pounds. Revenue is generated in US dollars while the majority of the expenditure is incurred in Canadian dollars and, to a lesser extent, GB pounds. The Company has a downside exposure to any strengthening of the Canadian Dollar or GB pound as this would increase expenses in US dollar terms. This risk is mitigated by reviewing the holding of cash balances in Canadian Dollars and GB pounds. Any weakening of the Canadian Dollar or GB pound would however result in the reduction of the expenses in US dollar terms. In addition movements in the Canadian dollar and GB pound/US Dollar exchange rates would affect the Consolidated Balance Sheet.

The policy in relation to the translation of foreign currency assets and liabilities is set out in note 2(d), 'Accounting Policies Foreign Currency' to the consolidated financial statements.

The Group does not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with the Parent company's assets and liabilities as the foreign currency gains or losses are recorded in the translation reserve.

Exchange rate fluctuations may adversely affect the Group's financial position and results. The following table details the Group's sensitivity to a 10% strengthening and weakening in the GB pound and Canadian Dollar against the US Dollar. 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	October 31, 2016	July 31, 2016
	US\$'000	US\$'000
10% strengthening of GB pound	(381)	(783)
10% weakening of GB pound	345	712
10% strengthening of Canadian dollar	38	(291)
10% weakening of Canadian dollar	(35)	265

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Financial risk management (continued)

#### Market risk (continued)

#### Foreign currency risk (continued)

At the year end the cash and short term deposits were as follows:

	Floating rate Assets	Total
<b>At October 31, 2016</b>	<b>US\$'000</b>	<b>US\$'000</b>
Canadian \$	382	382
US \$	36	36
Sterling	4,187	4,187
	<u>4,605</u>	<u>4,605</u>
<b>At July 31, 2016</b>	<b>US\$'000</b>	<b>US\$'000</b>
Canadian \$	757	720
US \$	17	17
Sterling	8,155	8,192
	<u>8,929</u>	<u>8,929</u>

#### Interest rate risk

The Group's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Details of the Group's borrowings are described in note 9.

If the interest rate on deposits were to fluctuate by 1% there would be no material effect on the Group's and Company's reported results.

#### Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues will be derived based on contracts with customers at prices that will be determined by reference to market prices of copper and gold at the delivery date.

The Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold. In estimating the cash flows the following table details the Group's sensitivity to a 10% increase and a 25% decrease in the price of gold. These percentages represent management's assessment of the reasonable possible exposure.

	<b>Gross assets</b>	
	<b>October 31, 2016</b>	<b>July 31, 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
10% increase in the price of gold	(1,347)	(1,370)
25% decrease in the price of gold	<u>3,367</u>	<u>3,425</u>

# RAMBLER METALS AND MINING PLC

## UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Financial risk management (continued)

#### Commodity price risk (continued)

Receivables in respect of the sale of copper concentrate which contain an embedded derivative linking them to future commodity prices are measured at fair value through profit and loss and are treated as derivative financial assets or liabilities. In estimating the value of the derivative the following table details the Group's sensitivity to a 5% increase and a 5% decrease in the price of copper and gold. These percentages represent management's assessment of the reasonable possible exposure.

	<b>Gross assets</b>	
	<b>October 31, 2016</b>	July 31, 2016
	<b>US\$'000</b>	US\$'000
5% increase in the price of copper and gold	719	434
5% decrease in the price of copper and gold	(719)	(434)

#### Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. Fixed rate financial assets are cash held on fixed term deposit.

#### Fair values

In the directors' opinion there is no material difference between the book value and fair value of any of the group's financial instruments.

### 15. Subsequent Events

On November 7, 2016 the Company announced that it had secured a repayable contribution of US\$1.5 million through the Atlantic Canada Opportunities Agency's Business Development Program in support of the Phase II expansion project of the Ming mine. The contribution is interest free and is repayable over 8 years commencing in May 2018.