



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

The condensed interim consolidated 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 Company's audited financial statements for the period ended December 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 and nine months ended September 30, 2017 and September 30, 2016 is unaudited, and has not been reviewed by the auditors.

The financial information for the period ended December 31, 2016 has been derived from the Company'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 period ended December 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 CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS

For the Three and Nine Months Ended September 30, 2017
(EXPRESSED IN US DOLLARS)

	Quarter ended September 30 2017 US\$'000	Quarter ended September 30 2016 US\$'000	Nine months ended September 30 2017 US\$'000	Nine months ended September 30 2016 US\$'000
Revenue	7,280	6,686	19,944	22,625
Production costs	(6,728)	(5,486)	(19,386)	(16,120)
Depreciation and amortisation	(2,342)	(1,842)	(6,483)	(5,503)
Gross (loss)/profit	(1,790)	(642)	(5,925)	1,002
Administrative expenses	(730)	(709)	(2,431)	(2,376)
Impairment charge	-	(11,268)	-	(11,268)
Exploration expenses	-	-	(5)	(17)
Operating loss	(2,520)	(12,619)	(8,361)	(12,659)
Bank interest receivable	11	4	34	6
Gain on disposal of available for sale investments	-	451	779	451
Gain on derivative financial instruments	819	414	964	289
Finance expense	(675)	(2,468)	(1,187)	(3,749)
Foreign exchange differences	460	(322)	1,011	661
Net financing income/(expense)	615	(1,921)	1,601	(2,342)
Loss before tax	(1,905)	(14,540)	(6,760)	(15,001)
Income tax credit	552	3,746	1,926	3,894
Loss for the period and attributable to owners of the parent	(1,353)	(10,794)	(4,834)	(11,107)

Earnings per share

	Quarter ended September 30 2017 US\$	Quarter ended September 30 2016 US\$	Nine months ended September 30 2017 US\$	Nine months ended September 30 2016 US\$
Basic and diluted earnings per share	(0.003)	(0.026)	(0.009)	(0.028)

RAMBLER METALS AND MINING PLC

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three and Nine Months Ended September 30, 2017
(EXPRESSED IN US DOLLARS)

	Quarter ended September 30 2017 US\$'000	Quarter ended September 30 2016 US\$'000	Nine months ended September 30 2017 US\$'000	Nine months ended September 30 2016 US\$'000
Loss for the period	(1,353)	(10,794)	(4,834)	(11,107)
Other comprehensive income/(loss)				
<i>Items that may be reclassified into profit or loss</i>				
Exchange differences on translation of foreign operations (net of tax)	2,538	274	4,503	(1,927)
Disposal of available for sale investments (net of tax)	-	(383)	(232)	(383)
Gain on available for sale investment (net of tax)	23	1,160	(81)	(795)
Other comprehensive income/(loss) for the period	2,561	1,051	4,190	(3,105)
Total comprehensive income/(loss) for the period	1,208	(9,743)	(644)	(14,212)

RAMBLER METALS AND MINING PLC

UNAUDITED CONSOLIDATED BALANCE SHEETS

As at September 30, 2017
(EXPRESSED IN US DOLLARS)

	<i>Note</i>	Unaudited September 30 2017 US\$'000	Audited December 31 2016 US\$'000
Assets			
Intangible assets	3	3,145	2,169
Mineral properties	4	38,148	34,453
Property, plant and equipment	5	27,497	23,056
Available for sale investments	6	692	1,333
Deferred tax		14,534	11,545
Restricted cash	11	3,554	3,243
Total non-current assets		87,570	75,799
Inventory	7	2,291	2,496
Trade and other receivables		766	1,284
Derivative financial asset	8	244	756
Cash and cash equivalents		1,323	2,156
Total current assets		4,624	6,692
Total assets		92,194	82,491
Equity			
Issued capital	9	8,055	6,374
Share premium	9	89,287	81,442
Share warrants reserve		859	2,089
Merger reserve		180	180
Translation reserve		(14,246)	(18,749)
Fair value reserve		163	476
Retained profits		(20,203)	(15,443)
Total equity		64,095	56,369
Liabilities			
Loans and borrowings	10	15,892	14,412
Provision	11	1,991	1,804
Total non-current liabilities		17,883	16,216
Loans and borrowings	10	3,914	4,814
Trade and other payables		6,302	5,092
Total current liabilities		10,216	9,906
Total liabilities		28,099	26,122
Total equity and liabilities		92,194	82,491

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (EXPRESSED IN US DOLLARS)

	Share capital	Share premium	Warrants Reserve	Merger reserve	Translation reserve	Fair value reserve	Accumulated Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Audited								
Balance at August 1, 2016	6,374	81,455	2,089	180	(16,756)	1,075	(12,731)	61,686
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(2,745)	(2,745)
Foreign exchange translation differences	-	-	-	-	(1,993)	-	-	(1,993)
Disposal of available for sale investment (net of tax)	-	-	-	-	-	(383)	-	(383)
Gain on available for sale investments (net of tax)	-	-	-	-	-	(216)	-	(216)
Total other comprehensive loss	-	-	-	-	(1,993)	(599)	-	(2,592)
Total comprehensive loss for the period	-	-	-	-	(1,993)	(599)	(2,745)	(5,337)
Transactions with owners								
Share issue expenses	-	(13)	-	-	-	-	-	(13)
Share-based payments	-	-	-	-	-	-	33	33
Transactions with owners	-	(13)	-	-	-	-	33	20
Balance at December 31, 2016	6,374	81,442	2,089	180	(18,749)	476	(15,443)	56,369
Unaudited								
Balance at January 1, 2017	6,374	81,442	2,089	180	(18,749)	476	(15,443)	56,369
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(4,834)	(4,834)
Foreign exchange translation differences	-	-	-	-	4,503	-	-	4,503
Disposal of available for sale investment (net of tax)	-	-	-	-	-	(232)	-	(232)
Gain on available for sale investments (net of tax)	-	-	-	-	-	(81)	-	(81)
Other comprehensive income/(loss)	-	-	-	-	4,503	(313)	-	4,190
Total comprehensive income/(loss) for the period	-	-	-	-	4,503	(313)	(4,834)	(644)
Issue of share capital	1,681	7,957	(1,230)	-	-	-	-	8,408
Share issue expenses	-	(112)	-	-	-	-	-	(112)
Share-based payments	-	-	-	-	-	-	74	74
Transactions with owners	1,681	7,845	(1,230)	-	-	-	74	8,370
Balance at September 30, 2017	8,055	89,287	859	180	(14,246)	163	(20,203)	64,095

RAMBLER METALS AND MINING PLC

UNAUDITED STATEMENTS OF CASH FLOWS

**For the Three and Nine Months Ended September 30, 2017
(EXPRESSED IN US DOLLARS)**

	Quarter ended September 30 2017 US\$'000	Quarter ended September 30 2016 US\$'000	Nine months ended September 30 2017 US\$'000	Nine months ended September 30 2016 US\$'000
Cash flows from operating activities				
Operating loss	(2,520)	(12,619)	(8,361)	(12,659)
Depreciation and amortisation	2,349	13,140	6,503	16,832
Share based payments	26	11	75	23
Foreign exchange difference	(137)	(481)	(283)	(582)
Decrease/(increase) in inventory	429	(524)	205	(891)
(Increase)/decrease in debtors	383	(270)	518	135
(Increase)/decrease in derivative financial instruments	1,687	(726)	1,476	(309)
Increase/(decrease) in creditors	123	(344)	803	(506)
Cash (utilised in)/generated from operations	2,340	(1,813)	936	2,043
Interest paid	(101)	(83)	(302)	(200)
Net cash (utilised in)/generated from operating activities	2,239	(1,896)	634	1,843
Cash flows from investing activities				
Interest received	11	4	34	15
Disposal of available for sale investments	-	783	1,103	783
Acquisition of evaluation and exploration assets	(509)	(3)	(762)	(198)
Acquisition of mineral properties – net	(1,792)	(686)	(4,244)	(2,753)
Acquisition of property, plant and equipment	(994)	(475)	(2,721)	(1,631)
Net cash utilised in investing activities	(3,284)	(377)	(6,590)	(3,784)
Cash flows from financing activities				
Share issue proceeds	-	-	8,408	15,106
Share issue expenses	12	46	(112)	(850)
Acquisition of subsidiary (net of cash)	-	-	-	(49)
Receipt of government contributions (note 10)	-	-	334	-
Restricted cash	-	(844)	-	(844)
Repayment of Gold loan (note 10)	(290)	(908)	(436)	(2,064)
Repayment of advanced purchase facility (note 10)	-	(541)	(1,136)	(1,541)
Capital element of finance lease payments	(450)	(560)	(1,964)	(1,883)
Net cash from/(utilised) in financing activities	(728)	(2,807)	5,094	7,875
Net increase/(decrease) in cash and cash equivalents	(1,773)	(5,080)	(862)	5,934
Cash and cash equivalents at beginning of period	3,098	10,870	2,156	1,166
Effect of exchange rate fluctuations on cash held	(2)	(5)	29	(1,315)
Cash and cash equivalents at end of period	1,323	5,785	1,323	5,785

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS

1 Nature of operations and going concern

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

The Company'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 consolidated financial statements for the five months ended December 31, 2016 include the Company'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 the 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 Company 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 Statement of compliance

The condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the five months ended December 31, 2016. These Interim Financial Statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2016 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Audit Committee of the Company on November 15, 2017.

These Interim Financial Statements have been prepared under the historical cost convention, except for certain financial instruments, as set out in the accounting policies in note 2 of the 2016 annual consolidated financial statements.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the five months ended December 31, 2016

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended December 31, 2016:

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Statement of compliance (continued)

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Company
IFRS 9	Financial instruments: Classification and Measurement	No change to accounting policy, therefore, no impact	January 1, 2018	January 1, 2018
IFRS 15	Revenue from contracts with customers	No change to accounting policy, therefore, no impact	January 1, 2018	January 1, 2018
IFRS 16	Leases	No change to accounting policy, therefore, no impact	January 1, 2019	January 1, 2019

Management have reviewed the impact of the above Standards and Interpretations and have concluded that they will not result in any material changes to previously reported results.

3. Intangible assets

	Exploration and evaluation costs		
	Ming Mine US\$'000	Little Deer Project US\$'000	Total US\$'000
Cost			
Balance at 1 August 2016	-	2,233	2,233
Additions	-	-	-
Effect of movements in foreign exchange	-	(64)	(64)
Balance at 31 December 2016	-	2,169	2,169
Balance at 1 January 2017	-	2,169	2,169
Additions	722	41	763
Effect of movements in foreign exchange	15	198	213
Balance at September 30, 2017	737	2,408	3,145
Carrying amounts			
At December 31, 2016	-	2,169	2,169
At September 30, 2017	737	2,408	3,145

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Mineral Property

	Mineral property US\$'000
Cost	
Balance at August 1, 2016	70,058
Additions	1,673
Effect of movements in foreign exchange	<u>(2,030)</u>
Balance at December 31, 2016	<u>69,701</u>
Balance at January 1, 2017	69,701
Additions	4,225
Effect of movements in foreign exchange	<u>5,570</u>
Balance at September 30, 2017	<u>79,496</u>
Amortisation	
Balance at August 1, 2016	12,589
Amortisation charge	1,444
Effect of movements in foreign exchange	<u>(376)</u>
Balance at December 31, 2016	<u>13,657</u>
Balance at January 1, 2017	13,657
Amortisation charge	3,228
Effect of movements in foreign exchange	<u>1,206</u>
Balance at September 30, 2017	<u>18,091</u>
Impairment	
Balance at August 1, 2016	22,231
Effect of movements in foreign exchange	<u>(640)</u>
Balance at December 31, 2016	<u>21,591</u>
Balance at January 1, 2017	21,591
Effect of movements in foreign exchange	<u>1,666</u>
Balance at September 30, 2017	<u>23,257</u>
Carrying amounts	
At December 31, 2016	<u>34,453</u>
At September 30, 2017	<u>38,148</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
Cost							
Balance at August 1, 2016	4,063	728	228	39,885	96	764	45,764
Additions	10	654	-	1,407	-	26	2,097
Disposals	-	-	-	(823)	-	-	(823)
Effect of movements in foreign exchange	(117)	(25)	(6)	(1,107)	(2)	(21)	(1,278)
Balance at December 31, 2016	3,956	1,357	222	39,362	94	769	45,760
Balance at January 1, 2017	3,956	1,357	222	39,362	94	769	45,760
Additions	-	1,837	-	3,862	-	48	5,747
Reclassification	-	(91)	-	91	-	-	-
Effect of movements in foreign exchange	306	173	17	3,291	7	61	3,855
Balance at September 30, 2017	4,262	3,276	239	46,606	101	878	55,362
Depreciation and impairment losses							
Balance at August 1, 2016	2,045	-	217	19,549	90	738	22,639
Depreciation charge for the period	156	-	4	1,302	2	19	1,483
Eliminated on disposals	-	-	-	(805)	-	-	(805)
Effect of movements in foreign exchange	(60)	-	(6)	(523)	(3)	(21)	(613)
Balance at December 31, 2016	2,141	-	215	19,523	89	736	22,704
Balance at January 1, 2017	2,141	-	215	19,523	89	736	22,704
Depreciation charge	271	-	7	2,971	3	17	3,269
Effect of movements in foreign exchange	177	-	17	1,634	7	57	1,892
Balance at September 30, 2017	2,589	-	239	24,128	99	810	27,865
Carrying amounts							
At December 31, 2016	1,815	1,357	7	19,840	5	33	23,056
At September 30, 2017	1,673	3,276	-	22,478	2	68	27,497

Assets under construction are net of US\$130,000 representing the benefit of an interest free repayable contribution from a Canadian government agency (see note 10).

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, 2016	2,402
Disposals	(783)
Revaluation	(245)
Effect of movements in foreign exchange	(41)
Balance at December 31, 2016	<u>1,333</u>
Balance at January 1, 2017	1,333
Disposals	(324)
Revaluation	(313)
Effect of movements in foreign exchange	(4)
Balance at September 30, 2017	<u>692</u>
Carrying amounts	
At December 31, 2016	1,333
At September 30, 2017	<u>692</u>

7. Inventories

	September 30 2017 US\$'000	December 31 2016 US\$'000
Metals in process	264	884
Operating supplies	2,027	1,612
	<u>2,291</u>	<u>2,496</u>

8. Derivative financial asset

	September 30 2017 US\$'000	December 31 2016 US\$'000
Concentrate receivables from off-taker	244	756

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Share capital

	Share capital US\$'000	Share premium US\$'000	Number '000
In issue at August 1, 2016	6,374	81,455	414,290
Issued during the year	-	(13)	-
In issue at December 31, 2016	<u>6,374</u>	<u>81,442</u>	<u>414,290</u>
In issue at January 1, 2017	6,374	81,442	414,290
Share issue	1,681	7,956	135,000
Share issue expenses	-	(111)	-
In issue at September 30, 2017	<u>8,055</u>	<u>89,287</u>	<u>549,290</u>

10. Loans and borrowings

This note provides information about the contractual terms of the Company's loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk, see note 15.

	September 30 2017 US\$'000	December 31 2016 US\$'000
Non-current liabilities		
Finance lease liabilities	2,678	1,371
Gold Loan	12,987	13,041
Government Assistance	227	-
	<u>15,892</u>	<u>14,412</u>
Current liabilities		
Current portion of finance lease liabilities	1,483	1,284
Advance purchase facility	-	1,121
Current portion of Gold Loan	2,431	2,409
	<u>3,914</u>	<u>4,814</u>

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease September 30 2017 US\$'000			Minimum lease December 31 2016 US\$'000		
	Payments	Interest	Principal	Payments	Interest	Principal
Less than one year	1,641	158	1,483	1,354	70	1,284
Between one and five years	2,830	152	2,678	1,430	59	1,371
	<u>4,471</u>	<u>310</u>	<u>4,161</u>	<u>2,784</u>	<u>129</u>	<u>2,655</u>

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

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Interest-bearing loans and borrowings (continued)

Gold Loan

In March 2010, the Company 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 Company 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 Company has agreed to sell to Sandstorm, at market price, a percentage equal to $25\% \times (85\% \text{ divided by the actual percentage of metallurgical recovery of gold realized in the immediately preceding production year})$ 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.

At September 30, 2017, the Company has produced 41,218 payable ounces of gold of which 12,709 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
5 (to date)	<u>2,643</u>	<u>830</u>
Total	<u>41,218</u>	<u>12,709</u>

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 US\$546,000 (Q2/17: US\$109,000 credited, Q3/16: US\$1,350,000 charged) was charged during the quarter.

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

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Interest-bearing loans and borrowings (continued)

Government Assistance

To date Company has received US\$334,000 in interest free repayable contributions from a Canadian government agency. Contributions to a total of US\$1.54 million are available in support of the Phase II expansion project for the mine. The contributions are repayable over eight years from May 2018.

The fair value of the contributions received calculated at a market interest rate of 10% have been classified as a financial liability with the difference between the fair value and the amount received credited against the cost of assets under construction.

11. Provisions

	September 30 2017 US\$'000	December 31 2016 US\$'000
Reclamation and closure provision		
Opening balance	1,804	1,833
Unwinding of discount	45	10
Effect of movements in foreign exchange	142	(39)
Ending balance	<u>1,991</u>	<u>1,804</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\$3.6 million (December 31, 2016: US\$3.2 million).

12. Earnings per share

The calculation of basic earnings per share is based on a weighted average number of ordinary shares of 535,604,770 (September 30, 2016: 236,276,000). There is no difference between the basic and diluted loss per share as the Company made a loss during the quarter. At September 30, 2017, the Company had 12,903,000 (September 30, 2016: 12,939,000) share options and 65,000,000 (September 30, 2016: 200,000,000) share warrants outstanding of which 4,833,982 (September 30, 2016: nil) and 31,000,144 (September 30, 2016: nil) respectively are considered to be dilutive.

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Related parties

Transactions with key management personnel

Total key management personnel compensations were as follows:

	Quarter ended September 30 2017 US\$'000	Quarter ended September 30 2016 US\$'000	Nine months ended September 30 2017 US\$'000	Nine months ended September 30 2016 US\$'000
Salaries	132	127	382	367
Share based payments	22	6	42	9
	154	133	424	376

14. Share-based payments

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

	Weighted average exercise price September 30 2017 US\$'000	Number of options September 30 2017 No. 000	Weighted average exercise price December 31 2016 US\$'000	Number of options December 31 2016 No. 000
Outstanding at the beginning of the period	0.14	13,014	0.36	5,079
Granted during the period	0.12	230	0.06	9,580
Cancelled during the period	(0.12)	(341)	0.28	(1,620)
Expired during the period	-	-	0.52	(25)
Outstanding at the end of the period	0.15	12,903	0.14	13,014
Exercisable at the end of the period	0.39	3,449	0.38	3,430

The options outstanding at September 30, 2017 have an exercise price in the range of US\$0.05 to US\$0.85 and a weighted average remaining contractual life of 3.65 years (December 31, 2016: 4.8 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.

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Share-based payments (continued)

Fair value of share options and assumptions

	Quarter ended September 30 2017	Quarter ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
	US\$	US\$'000	US\$	US\$'000
Weighted average fair value per option granted in period	-	0.04	0.09	0.04
Share price (weighted average)	-	0.06	0.12	0.06
Exercise price (weighted average)	-	0.06	0.12	0.06
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	-	94.39%	97.33%	94.39%
Expected option life (years)	-	5	5	5
Expected dividends (%)	-	0	0	0
Risk-free interest rate (based on national government bonds)	-	0.64%	1.07%	0.64%

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 September 30 2017	Quarter ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Total expense recognised as employee costs	26	11	75	23

15. Financial risk management

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

All of the Company'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 which are measured at fair value.

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Financial risk management (continued)

The Company held the following categories of financial instruments at September 30, 2017:

	Sept 30, 2017 US\$'000	Dec 31, 2016 US\$'000
Financial assets		
Assets at fair value through profit and loss:		
Derivative financial instruments – level 2 fair value	244	756
Available for sale investments:		
Investment in quoted equity securities – level 1 fair value	692	1,333
Loans and receivables:		
Trade receivables	-	-
Other receivables	247	200
Sales taxes recoverable	330	684
Cash at bank	1,323	2,156
Restricted cash	3,554	3,243
	<u>5,454</u>	<u>6,283</u>
Total financial assets	<u>6,390</u>	<u>8,372</u>
Liabilities at amortised cost or equivalent:		
Trade payables	(4,401)	(3,669)
Non trade payables	(321)	(125)
Accrued expenses	(1,580)	(1,298)
Loans and borrowings	(19,806)	(19,226)
Total financial liabilities	<u>(26,108)</u>	<u>(24,318)</u>

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 Company'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 Company becomes self-financing from the commercial production of mineral resources.

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Financial risk management (continued)

Liquidity risk (continued)

The Company's trade payables, other payables and accrued expenses are generally due between one and three months and the maturity profile of the Company's other financial liabilities, based on contractual undiscounted payments are due as follows:

	September 30, 2017 US\$'000	December 31, 2016 US\$'000
Due within one year	4,214	5,945
Due within one to two years	3,580	2,443
Due within two to three years	3,586	2,893
Due within three to four years	2,927	2,605
Due within four to five years	2,972	2,615
Due after five years	14,423	17,318
	31,702	33,819

Fixed rate financial liabilities

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

	September 30, 2017 US\$'000	December 31, 2016 US\$'000
Fixed rate liabilities		
Due within one year	1,641	1,354
Due within one to two years	1,351	662
Due within two to three years	1,159	574
Due within three to four years	320	194
	4,471	2,784

The average fixed interest rate for the finance leases and hire purchase contracts outstanding at September 30, 2017 was 5.4%.

Credit risk

The Company generally holds the majority of its cash resources in Canadian dollars given that the majority of the Company's outgoings are denominated in this currency. Given the current climate, the Company 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 Company's maximum exposure to credit risk at September 30, 2017 was represented by receivables and cash resources.

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Financial risk management (continued)

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 sheets.

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 for the five months ended December 31, 2016.

The Company 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 Company's financial position and results. The following table details the Company'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	
	September 30, 2017 US\$'000	December 31, 2016 US\$'000
10% strengthening of GB pound	(5)	98
10% weakening of GB pound	4	(89)
10% strengthening of Canadian dollar	(251)	(107)
10% weakening of Canadian dollar	228	97

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Financial risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

At the period end the cash and short term floating rate deposits were as follows:

At September 30, 2017

	US\$'000
Canadian \$	37
US \$	1,134
Sterling	152
	1,323

At December 31, 2016

	US\$'000
Canadian \$	948
US \$	37
Sterling	1,171
	2,156

Interest rate risk

The Company'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 Company's borrowings are described in note 10.

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

Commodity price risk

Commodity price risk is the risk that the Company's future earnings will be adversely impacted by changes in the market prices of commodities. The Company 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 Company 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 Company'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.

	Gross assets	
	September 30, 2017	December 31, 2016
	US\$'000	US\$'000
10% increase in the price of gold	(1,542)	(1,368)
25% decrease in the price of gold	3,855	3,397

RAMBLER METALS AND MINING PLC

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. 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 Company'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.

	Gross assets	
	September	December
	30, 2017	31, 2016
	US\$'000	US\$'000
5% increase in the price of copper and gold	150	603
5% decrease in the price of copper and gold	(150)	(603)

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 carrying value and fair value of any of the Company's financial instruments.

16. Subsequent events

On October 19, 2017 the Company announced that it had entered into a loan agreement with CE Mining II Rambler Limited. The loan is for US\$1 million, is unsecured, carries interest at a fixed rate of 9.5% and is repayable 12 months from the date of drawdown.