

# **Delta Minerals AB (publ)**

**Reg no 556935-5711**

## **THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR**

**FISCAL YEAR 2014**

This is a translation. If any differences, the Swedish document is the valid one.

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## **This is Delta Minerals**

Delta Minerals AB is a Swedish public limited company listed on AktieTorget with rights to pursue environmental projects in the Philippines with the support of regional/local authorities. The company's objective is to commence operations in estuaries of Northwestern Philippines for the extraction of minerals and sand.

## **CEO statement**

Delta Minerals has developed well in year 2014. We have had good exploration results in the Philippines and we have added new areas for the extraction of minerals and sand & gravel.

We have signed a cooperation agreement with Nova International, and at an early stage found a production facility. We have been able to commence the marketing of our products and we have signed a framework agreement of 60 000 ton of magnetite.

The purpose of the pilot plant is to get production experience, start marketing of the company's products, and verify that our permits are well in place. Start-up problems are common, but we have started and are running in a short time. Sales of sand & gravel takes longer time, which is expected. Waterway logistics and managing large vessels (Panamax) are keys to profitable sand sales.

We have started planning for expanding the Delta Minerals operations and we are currently negotiating to finance the expansion.

Thomas Lundgren  
CEO

## **Code of ethics and risks**

### **Code of ethics**

Delta Minerals is striving for a sustainable development and to add value to the project in a responsible way in tune with other interests surrounding us. Our objective is to improve the environment and social conditions while remaining competitive with good ethical values.

### ***Social responsibility***

Delta Minerals is committed to protect health and safety of our employees, the local community and others variously extent affected by the activity. Our corporate culture is characterized by willingness to change, transparency and learning.

We believe that part of our success depends on our ability to create and maintain relationships at local, regional and national levels. This can only be achieved if we, as companies engage in social development and is a part of it.

We are committed to listening to the needs of the local community and frequently assess how we can best contribute to a positive development. We should as much as possible hire people from the areas where we operate. Delta Minerals has a close dialogue with local, regional and national authorities.

### ***Environmental Responsibility***

Delta Minerals environmental policy involves a continuous effort to understand the business's environmental footprint by investing in and make use of the best available techniques and working methods. Through careful planning and knowledge, we work actively to impact the environment positively. Our ambition is to do more beyond laws and regulations and we are therefore working on our own environmental objectives and guidelines.

### **Risks**

The following are some of the risks that may affect the Delta Minerals' business.

#### ***Market risk***

The company's future development is, to a certain extent, dependent on the general economic climate. The global economy is driven by the demand for sand and minerals in the same way as the peaks and troughs in the global construction industry are determined by the global markets. A recession could reduce demand for the company's products and services and thereby have an adverse effect on Delta Minerals activity, earnings and financial position.

#### ***Currency risk***

Exchange rate fluctuations and uncertainties of future exchange rates may affect the company's reported earning capacity.

#### ***Geological estimates***

All estimates of minerals and the recovery of the sand reserves are based on estimates. Although the company has used international standards for the exploration of the potential reserves, there is no guarantee that the estimates are correct or remain unchanged over time. The actual reserves may be less than anticipated, which negatively affects the company's financial position.

#### ***Key staff***

Delta Minerals' Management team is small, thus creating a risk that one or more key employees would leave the company in the short term.

#### ***Risk of natural disasters***

Delta Minerals operates in a risky environment. Monsoon from May to October may cause flash floods in the area and can slow down or stop production. Natural disasters also occur in this region, although this risk is small.

#### ***Liquidity risk***

Delta Minerals has limited working capital on hand. In the short term, the company's liquidity is limited, which can lead to liquidity problems. The company is dependent on that it can meet its liquidity needs.

***The public perception of the company***

As a mineral company's operations can be adversely affected by the public's perception of the company.

## Corporate Governance

Corporate governance in Delta Minerals AB (publ) is based on Swedish legislation, particularly the Companies Act, and rules for issuers issued by AktieTorget in Sweden.

### Share price and trading post

Delta Minerals AB (publ.) is a Swedish public limited company, which shares since July 2014 are traded on AktieTorget.

ISIN code: SE0005620051

Short Name: DEMI B

### Board of Directors, Management and Auditors

Delta Minerals Board consists of four people, including the CEO, and the company is having its registered office in Stockholm. Board members are elected annually at the annual general meeting until the end of the next annual general meeting. Presented below is the current Board.

#### *Hakan Gustafsson, Board Chairman since 2013*

Hakan Gustafsson is the Chairman of Dome Energy AB (publ) since 2011 and a board member since 2010. He has been operating in the Philippines since 2009. Hakan Gustafsson has an extensive international background with senior positions as CEO/Division Manager in Sweden as well as internationally in the oil & gas and minerals among other Kuwait Petroleum, Swedish Match and Dellner Couplers. He has a MBA degree in economics from University of Lund and an International Management education. Hakan manages International Advisory Management AB since 2008.

Hakan Gustafsson 2 577 814 shares in Delta Minerals (class A and B shares).

#### *Thomas Lundgren, Chief Executive Officer and Director since 2013*

Thomas Lundgren has been Managing Director of Kopparberg Mineral as well as CFO for Scan Mining, both publicly traded mining companies on the Swedish stock exchange. Thomas Lundgren was co-founder of Nordic Iron Ore and has acquired the Lundin Exploration as CEO of Kopparberg Mineral. He has held several senior positions in Sweden, Germany and Switzerland. He holds an MBA from INSEAD in France and a degree in engineering physics from the Royal Institute of Technology, Stockholm.

Thomas Lundgren holds 2 153 890 shares in Delta Minerals (class A and B shares).

#### *Patric Perenius Board since 2013*

Patric Perenius was a Board member of Commodity Quest AB (publ), now Dome Energy 2010-2012. He has worked in the Philippines since 2011. Patric Perenius has extensive experience in oil business from many years in the Swedish Petroleum Exploration, Norsk Hydro, United Kingdom SECAB and Capital Oil. He has extensive knowledge in the field of the exploration and extraction of metals with missions in Wermland Gold Mining, Aurex, Central Asia Gold and Gexco. Has a degree in engineering from the Royal Institute of Technology, Stockholm.

Patric Perenius holds 2 203 696 shares in Delta Minerals (class A and B shares).

#### *Tore Hallberg, Board Member since 2014*

Tore Hallberg was elected to the Board on March 15, 2014, as an independent member. He is a geologist from the University of Gothenburg and has 36 years of experience in technical and administrative positions through work with Swedish and international exploration and extraction of oil, gas and minerals, including oil companies

such as Amoco Norway, Norsk Hydro, Norsk Hydro, GECO and Swedish SECAB. SECAB drilled including for oil and gas in Skåne during the 1980s. In addition to CEO of publicly traded SECAB has Tore Hallberg been CEO for eg Wermland Gold Mining, Aurex and Gexco. He is currently CEO of Archelon, a commodity company listed on AktieTorget.

Tore Hallberg holds no shares in Delta Minerals.

### **Auditor**

The authorized accounting firm Öhrlings Pricewaterhouse Coopers AB was elected at the annual general meeting in 2014 for the period until the end of the annual general meeting to be held in 2015 as auditors.

#### *Auditor:*

Peter Burholm, born 1968, certified public accountant and a member of the Professional Association FAR.

## MANAGEMENT REPORT

The Board and the CEO of Delta Minerals AB (publ), Reg. No. 5565935-5711, based in Stockholm, hereby presents the annual report and consolidated financial statements for the fiscal year 2014.

### ACTIVITIES

Delta Minerals AB holds rights to implement environmental projects in the Philippines with the support of regional/local authorities. The company's objective goal is to commence operations in estuaries of Northwestern Philippines for extraction of minerals and sand.

### SEASONAL VARIATIONS

Delta Minerals' activity may be affected by monsoons during May-October, which may affect production.

### IMPORTANT EVENTS DURING 2014

#### Cagayan province

##### *Agreement with the Cagayan province*

The company has agreed with the Governor of Cagayan, to investigate the future extraction of minerals and sand in the Cagayan River. Cagayan River is the largest river in the Philippines and situated in Northern Luzon. The agreement gives the right to explore the Cagayan River from Magapit and upstream; Furthermore, also for the Sta. Ana, Abolog, Pamplona, Claveria and other tributaries. The company has initiated investigations in suitable areas.

Cagayan River is the largest river in the Philippines and located in Northern Luzon and North of Vigan. It has a production area of 27 281 km<sup>2</sup> and a length of 520 kilometers, and flows in a northerly direction from the inflow of Nueva Vizcaya to the estuary of the Babuyan channel in Aparri, Cagayan. The Cagayan River has accumulated sand and sediment, which drastically has deteriorated the river transport capacity. Although typhoons, do not regularly occur in Cagayan, the river is flooded, when heavy rainfall occur upstream. The frequent flooded areas in the Cagayan River and its tributaries are about 186,000 hectares and include 52 villages in the region. In particular villages with areas for agricultural production are being hit. This has led to an unsustainable situation with flooding along the Cagayan River including tributaries with loss of life, livestock and crops. The company gets synergies by adding another river area and more projects in our portfolio reduces vulnerability, if we would encounter problems in a specific area. The Cagayan River is larger than Abra River in the Vigan area and we think this/these projects will make an important contribution to the company in the future.

Delta Minerals has estimated mineral resources for the Cagayan River and the Aparri plant. The total mineral asset is calculated to 2.000.720.000 MT (Metric tons), with an average concentration of 3% Fe.

##### *Agreement with Nova International*

The company has signed a final agreement with Nova International; a Korean company, as operators of Nova's process plant at Aparri, Cagayan River. Thereby Delta Minerals has gained access to a pilot plant. Delta Minerals completed the refurbishment of the plant according to the Delta Process in mid-September. The agreement also includes valid permits. Delta Minerals has reached an agreement with Nova of a monthly fee, which is deducted from the final amount as from start of production. Nova also receives a royalty on magnetite and the parties have also agreed on a profit formula. The results will be published as Delta Minerals get more experience from the pilot production. Delta Minerals has also the right to acquire 50% of the plant within three years. Payments or investments of Delta Minerals will be deducted from the final purchase price. Nova International is responsible for ensuring that all permits are valid. The Delta Process, which is being developed at this facility, will also be used on additional production facilities.

##### *Aparri Pilot Plant*

On September 12, 2014 was the Aparri plant ready for production. All the equipment was tested and the facility was after minor adjustments/repairs operating. The new hydro cyclones with corresponding slurry pumps for the hybrid flood the spirit were installed. The cyclones added by Delta Minerals are in place, which were intended to process river sand complying with Singapore market requirements are in place.

Delta Minerals has signed a frame agreement with "SUNGLOBE MINING and RESOURCES CORPORATION" for sale of 60 000 ton of magnetite. Shipment are made in batches of approximately 5 000 ton based on the world price of magnetite with customary addition/deduction.



#### *Vigan area*

The geological study in Vigan showed good results. The first results from the analyses of Abra river in the Vigan area came during the year. The average iron content (Fe) in the river was 6.6% with test values between 5.78% and 8.56% Fe. The results are in line with and even slightly better than previous assumptions. Findings from the detailed topographic study used to estimate the initial volume reserve are at least 7 million m<sup>3</sup>. The results are very encouraging and confirm the assumptions of total resources/volumes calculated. Data show that the sand is more or less homogeneous. The work of Cagayan is currently very successful, but nevertheless, the company will also continue its work in the Vigan area for alternate areas and also because the material in Vigan is of high quality.

#### *Buguey Lagoon*

Delta Minerals has agreed with the Mayor of Buguey Lagoon to investigate future extraction of minerals and sand & gravel in the Buguey Lagoon. At a positive outcome, this would lead to a production agreement and thus enhance the natural habitat for brackish water species. The lagoon has since long accumulated minerals such as magnetite.

An initial agreement will be followed by a final agreement.

Buguey Lagoon covers about 994 hectares and extends for 17 km. It is water supply for about 1,500 acres of brackish water. These areas of coastal villages and a multipurpose fishing and farming are of commercial importance. Incoming seawater during high water cannot reach the area due to silting. Thus fresh salt water can't get into the lagoon and seriously it affects species dependent of brackish water.

#### *Singapore Sales Office*

Delta Minerals AB has opened a sales company in Singapore to facilitate sales. This company makes it possible to work closer to our customers in Southeast Asia and optimize cash flow.

### **SIGNIFICANT EVENTS AFTER THE END OF**

No significant events occurred after the financial year end.

### **FUTURE DEVELOPMENT**

The successful development of Cagayan will enable production of magnetite and sand in 2015. The company has now found buyers for magnetite and it has yet to find buyers for the sand. The company will meet potential buyers in early 2015 and our expectation is to begin shipments of sand in 2015.

It is now important to increase the reliability and performance of the work. When this has been done, the company is ready to use the process we develop in Cagayan on more production facilities to increase the total production. The company has started work on an extended operation and to finance this.

## OVERVIEW OF RESULTS AND STANDINGS

	2014-01-01 2014-12-31	2013-06-28 2013-12-31
<b>Amounts in Swedish kronor (SEK)</b>		
<b>Results</b>		
Net Sales	–	–
Operating Loss (EBIT)	-7 659 120	-55 684
Loss before tax	-7 294 197	-55 684
Loss for the year	-7 294 197	-55 684
<b>Financial position</b>		
Total assets	14 984 520	7 840 046
Shareholders ' equity	14 606 477	7 591 046
Equity/Assets Ratio,%	97%	97%
<b>Per share</b>		
Shareholders ' equity per share	0,19	0,33
Earnings per share before dilution	-0,10	0.00
Number of shares	76 012 699	22 706 276

### LIQUIDITY AND POSITION ON THE CONTINUED OPERATION

Per 2014-12-31 the Group's liquid assets amounted to KSEK 4 028. The Group's current assets excluding cash amounted to KSEK 1 941. The short-term debts amounted to KSEK 378. In light of this, the Board has made the assessment that current liabilities can be regulated as they fall due in the next 12 months periods after the submission of this report.

### FINANCIAL RISK MANAGEMENT

Risk management is being handled by Group management. It is the Group management team that identifies, evaluates and hedges financial risks.

### STAFF

The number of employees in the Group at the end of the fiscal year 2014 amounted to 24 people.

### OWNERSHIP

Delta Minerals has about 3,300 shareholders. The company's stock is listed on the stock market under the ticker symbol DEMI (B). The company's share capital amounted as per 31 December 2014 to SEK 1 748 292 distributed of 6 284 130 A-shares and 69 728 569 B-shares. The following describes the ownership structure as of December 31, 2014.

### Largest shareholder in Delta Minerals per 31 December 2014

<u>2014-12-31</u>	<u>A shares</u>	<u>B shares</u>	<u>The total number of shares</u>	<u>Holding</u>	<u>Votes</u>
Håkan Gustafsson	2 115 217	462 597	2 577 814	3,4%	16,3%
Patric Perenius	2 115 217	88 479	2 203 696	2,9%	16,0%
Thomas Lundgren	2 053 696	100 194	2 153 890	2,8%	15,6%
Margareta Smith		8 324 394	8 324 394	11,0%	6,3%
Capensor Capital AB		6 198 286	6 198 286	8,2%	4,7%
Hedenbergs Kapitalförvaltning AB		4 516 525	4 516 525	5,9%	3,4%
Eminova Fondkommission AB		3 353 531	3 353 531	4,4%	2,5%
Kulissen		3 000 000	3 000 000	3,9%	2,3%
Friends		2 818 802	2 818 802	3,7%	2,1%
Mikael Fellbrant		1 263 100	1 263 100	1,7%	1,0%
<b>Total 10 largest shareholders</b>	<b>6 284 130</b>	<b>30 200 908</b>	<b>36 485 038</b>	<b>48,0%</b>	<b>70,2%</b>
Total other owners	-	39 527 661	39 527 661	52,0%	29,8%
<b>Total</b>	<b>6 284 130</b>	<b>69 728 569</b>	<b>76 012 699</b>	<b>100%</b>	<b>100%</b>

### **SHAREHOLDER AGREEMENTS**

As far as the Board of Directors, Executive Management or the company's main shareholders are aware, there are no shareholder agreements in Delta Minerals.

### **ENVIRONMENTAL IMPACT**

Delta Minerals AB has not any activities notifiable or licensable under the environment act. The company's environmental impact comes from its subsidiary Delta Minerals Global Pacific Inc. in the Philippines, which activities are subject to licenses and permits. As far as the Board of Director is aware all permits and licenses are obtained.

### **THE PARENT COMPANY**

The parent company owns and manages the assets of the subsidiary, as well as providing administrative services and financial resources of the Group's operations. The parent company's net sales for the year amounted to KSEK 55 (50). Net profit amounted to KSEK-5 037 (-6).

In 2014, the parent company had 1 employee (0).

### **Proposal for treatment of profit (SEK)**

At the disposal of the annual general meeting are the following earnings:

Share premium reserve	10 632 579
Retained earnings	7 587 886
Loss for the year	<u>-5 036 591</u>
	13 183 874

The Board of Directors proposes that the earning is appropriated as follows:

To be carried forward SEK	13 183 874
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As regards the company's result and financial position in other respects, reference is made to the following income statement and balance sheet, equity bills, cash flow analysis, accounting policy descriptions and notes.

All amounts are expressed in Swedish kronor (SEK) unless otherwise stated.

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Amount in Swedish kronor (SEK)	2014-01-01 2014-12-31	2013-06-28 2013-12-31
Other income	–	–
<b>Total income</b>	<b>–</b>	<b>–</b>
<b>Operating expenses</b>		
Other external expenses	-6 879 659	-55 684
Employee benefits	-779 461	–
<b>Total operating expenses</b>	<b>-7 659 120</b>	<b>-55 684</b>
<b>Operating Profit/Loss</b>	<b>-7 659 120</b>	<b>-55 684</b>
Financial income	364 928	–
Financial expenses	-5	–
<b>Result from financial items</b>	<b>364 923</b>	<b>–</b>
<b>Profit/Loss before tax</b>	<b>-7 294 197</b>	<b>-55 684</b>
Income Tax	–	–
<b>Profit/Loss for the year</b>	<b>-7 294 197</b>	<b>-55-684</b>

### Consolidated statement of comprehensive income

	2014-01-01 2014-12-31	2013-06-28 2013-12-31
<b>Profit/Loss for the year</b>	<b>-7 294 197</b>	<b>-55-684</b>
<b>Other comprehensive income for the year:</b>		
<i>Records can be recognized on the income statement</i>		
Translation differences	-206 333	-514
<b>Other comprehensive income for the year</b>	<b>-206 333</b>	<b>-514</b>
<b>Total comprehensive income for the year</b>	<b>-7 500 530</b>	<b>-56 198</b>

## CONSOLIDATED BALANCE SHEET

Amount in Swedish kronor (SEK)	Note	2014-12-31	2013-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	10	7 501 787	7 501 787
Equipment, tools, fixtures and fittings	11	5 592	–
Other long-term receivables		57 600	–
<b>Total non-current assets</b>		<b>7 564 979</b>	<b>7 501 787</b>
<b>Current Assets</b>			
Current tax assets		25 545	–
Other receivables	⌘	1 940 164	55 000
Prepaid expenses and accrued income	12	1 425 731	–
Cash and cash equivalents	13	4 028 101	283 259
<b>Total current assets</b>		<b>5 969 541</b>	<b>338 259</b>
<b>TOTAL ASSETS</b>		<b>14 984 520</b>	<b>7 840 046</b>
<b>Amount in Swedish kronor (SEK)</b>			
<b>EQUITY</b>			
	14		
<b>Equity attributable to owners of the parent</b>			
Share Capital		1 748 292	50 000
Other paid in capital		20 414 913	7 597 244
Reserves		-206 847	-514
Retained earnings including results for the year		-7 349 881	-55-684
<b>Total equity</b>		<b>14 606 477</b>	<b>7 591 046</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Payables		32 238	9 000
Other liabilities		41 528	240 000
Prepaid income and deferred expenses	16	304 277	–
<b>Total current liabilities</b>		<b>378 043</b>	<b>249 000</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14 984 520</b>	<b>7 840 046</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amount in Swedish kronor (SEK)	Note	Attributable to parent company's shareholders				Total equity
		Share capital	Other paid in capital	Reserves	Retained earnings, including net income	
<b>Opening balance as at 2013-06-28</b>	<b>14</b>	–	–	–	–	–
<i>Comprehensive Income</i>						
Profit/Loss for the year					-55 684	-55 684
<i>Other comprehensive income</i>						
Translation differences				-514		-514
<b>Total Comprehensive Income</b>		–	–	-514	-55 684	-56 198
<i>Transactions with shareholders</i>						
New share issue, formation of the company		50 000				50 000
Ongoing non-registered new share issue			3 674			3 674
Shareholders contribution			7 593 570			7 593 570
<b>Total Transactions with shareholders</b>		50 000	7 597 244	–	–	7 647 244
<b>Balance as at 2013-12-31</b>		<b>50 000</b>	<b>7 597 244</b>	<b>-514</b>	<b>-55 684</b>	<b>7 591 046</b>
<b>Opening balance as at 2014-01-01</b>		<b>50 000</b>	<b>7 597 244</b>	<b>-514</b>	<b>-55 684</b>	<b>7 591 046</b>
<i>Comprehensive Income</i>						
Profit/Loss for the year					-7 294 197	-7 294 197
<i>Other comprehensive income</i>						
Translation differences				-206 333		-206 333
<b>Total Comprehensive Income</b>		–	–	-206 333	-7 294 197	-7 500 530
<i>Transactions with shareholders</i>						
New issues		1 698 292	15 100 644			16 798 936
Costs related to new share issues			-2 282 975			-2 282 975
<b>Total Transactions with shareholders</b>		1 698 292	12 817 669	–	–	14 515 961
<b>Balance as at 2014-12-31</b>		<b>1 748 292</b>	<b>20 414 913</b>	<b>-206 847</b>	<b>-7 349 881</b>	<b>14 606 477</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Amount in Swedish kronor (SEK)	Note	2014-01-01 2014-12-31	2013-06-28 2013-12-31
<b>Cash flow from operating activities</b>			
Operating profit/loss		-7 659 120	-5 684
Interest received		96 567	-
Interest paid		-5	-
<b>Cash flow from operating activities before change in working capital</b>		<b>-7 562 558</b>	<b>-5 684</b>
<u>Changes in working capital</u>			
Increase/decrease in inventories		-169 920	-
Increase/decrease in other current assets		-1 613 091	-
Increase/decrease in other liabilities		97 911	238 218
Increase/decrease in accounts payables		23 238	9 000
<b>Total changes in net working capital</b>		<b>-1 654 862</b>	<b>142 218</b>
<b>Cash flow from operating activities</b>		<b>-9 217 420</b>	<b>136 534</b>
<b>Cash flow from investing activities</b>			
Acquisitions of subsidiaries, net of acquired cash and cash equivalents		-	93 051
Investments in tangible fixed assets		-5 592	-
Investments in financial fixed assets		-57 600	-
<b>Cash flow from investing activities</b>		<b>-63 192</b>	<b>93 051</b>
<b>Cash flow from financing activities</b>			
New share issue	14	13 065 961	53 674
<b>Cash flow from financing activities</b>		<b>13 065 961</b>	<b>53 674</b>
<b>Net cash flow for the year</b>		<b>3 785 349</b>	<b>283 259</b>
Cash and cash equivalents at beginning of year		283 259	-
Exchange rate difference in cash and cash equivalents		-40 507	-
<b>Cash and cash equivalents at year-end</b>	13	<b>4 028 101</b>	<b>283 259</b>



## THE PARENT COMPANY'S INCOME STATEMENT

<b>Amount in Swedish kronor (SEK)</b>	Note	<b>2014-01-01 2014-12-31</b>	<b>2013-06-28 2013-12-31</b>
<i>Operating income</i>			
Other income	18	55 000	50 000
<b>Total income</b>		<b>55 000</b>	<b>50 000</b>
<i>Operating expenses</i>			
Other external expenses	7	-5 053 096	-55-684
Employee benefits	8	463 309	–
<b>Total operating expenses</b>		<b>-5 516 405</b>	<b>-55-684</b>
<b>Operating Profit/Loss</b>		<b>-5 461 405</b>	<b>-5 684</b>
Interest income and similar profit/loss items	9	424 819	–
Interest expenses and similar profit/loss items	9	-5	–
<b>Result from financial items</b>		<b>424 814</b>	<b>–</b>
<b>Profit/loss before tax</b>		<b>-5 036 591</b>	<b>-5 684</b>
Income tax		–	–
<b>Profit/Loss for the year</b>		<b>-5 036 591</b>	<b>-5 684</b>

### Parent company statement of comprehensive income

	Note	<b>2014-01-01 2014-12-31</b>	<b>2013-06-28 2013-12-31</b>
<b>Profit/Loss for the year</b>		<b>-5 036 591</b>	<b>-5 684</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>		<b>-5 036 591</b>	<b>-5 684</b>
<b>Total comprehensive income attributable to:</b>			
The parent company's shareholders		-5 036 591	-5 684
<b>Total net income</b>		<b>-5 036 591</b>	<b>-5 684</b>

## THE PARENT COMPANY'S BALANCE SHEET

Amounts in Swedish kronor (SEK)	Note	2014-12-31	2013-12-31
<b>ASSETS</b>			
<b>Subscribed but not paid-up capital</b>	14	<b>1 450 000</b>	<b>0</b>
<b>Non-current assets</b>			
<b>Financial assets</b>			
Participations in Group companies	20	7 593 570	7 593 570
Receivables from Group companies	18	4 250 906	–
Other long-term receivables		57 600	–
<b>Total financial assets</b>		<b>11 902 076</b>	<b>7 593 570</b>
<b>Total non-current assets</b>		<b>11 902 076</b>	<b>7 593 570</b>
<b>Current Assets</b>			
<b>Short-term receivables</b>			
Receivables from Group companies	18	55 000	–
Other receivables		327 244	105 000
Prepaid expenses and accrued income	12	127 500	–
<b>Total current receivables</b>		<b>509 744</b>	<b>105 000</b>
<b>Cash and cash equivalents</b>		<b>3 542 523</b>	<b>191 990</b>
<b>Total current assets</b>		<b>4 052 267</b>	<b>296 990</b>
<b>TOTAL ASSETS</b>		<b>17 404 343</b>	<b>7 890 560</b>

Amounts in Swedish kronor (SEK)	Note	2014-12-31	2013-12-31
<b>EQUITY AND LIABILITIES</b>	14		
<b>Shareholders ' equity</b>			
<b>Restricted equity</b>			
Share Capital		1 748 292	50 000
New share issue in progress		2 188 764	–
<b>Total restricted equity</b>		3 937 056	53 674
<b>Non-restricted equity</b>			
Share premium reserve		10 632 579	–
Retained earnings		7 587 886	7 593 570
Profit/Loss for the year		-5 036 591	-5 684
<b>Total non-restricted equity</b>		13 183 874	7 587 886
<b>Total equity</b>		<b>17 120 930</b>	<b>7 641 560</b>
<b>Current liabilities</b>			
Trade payables		32 238	9 000
Other liabilities		41 532	200 000
Accrued expenses and deferred income	16	209 643	40 000
<b>Total current liabilities</b>		<b>283 413</b>	<b>249 000</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>17 404 343</b>	<b>7 890 560</b>
<b>Pledged assets, blocked funds in bank accounts</b>	17	100 000	50 000
<b>Contingent Liabilities</b>		–	–

## CHANGES IN PARENT COMPANY'S SHAREHOLDERS EQUITY

Amount in Swedish kronor (SEK)	Note	Share Capital	New share issue in progress	Share premium reserve	Retained earnings	Profit /Loss for the year	Total equity
<b>Shareholders ' equity as at 2013-06-28</b>		–	–	–	–	–	–
<b>Total Results:</b>							
Loss for the year						-5 684	-5 684
<b>Other comprehensive income</b>							
		–	–	–	–		
<b>Total comprehensive income</b>		–	–	–	–	-5 684	-5 684
<b>Transactions with shareholders</b>							
The company's formation		50 000					50 000
Shareholders contribution					7 593 570		7 593 570
Ongoing non-registered new share issue			3 674				3 674
<b>Total transactions with shareholders</b>		<b>50 000</b>	<b>3 674</b>	<b>–</b>	<b>7 593 570</b>	<b>–</b>	<b>7 647 244</b>
<b>Shareholders ' equity as at 2013-12-31</b>		<b>50 000</b>	<b>3 674</b>	<b>–</b>	<b>7 593 570</b>	<b>-5 684</b>	<b>7 641 560</b>
<b>Shareholders ' equity as at 2014-01-01</b>		<b>50 000</b>	<b>3 674</b>	<b>–</b>	<b>7 593 570</b>	<b>-5 684</b>	<b>7 641 560</b>
<b>Total Results:</b>							
This year's results						-5 036 591	-5 036 591
Profit/loss allocation as decided at the annual general meeting							
Result carried forward					-5 684	5 684	–
<b>Other comprehensive income</b>							
		–	–	–	–		
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>-5 684</b>	<b>-5 030 907</b>	<b>-5 036 591</b>
<b>Transactions with shareholders</b>							
New share issue		1 698 292	2 185 090	12 915 554			16 798 936
Costs related to new share issues				2 282 975			-2 282 975
<b>Total transactions with shareholders</b>		<b>1 698 292</b>	<b>2 185 090</b>	<b>10 632 579</b>	<b>–</b>	<b>–</b>	<b>14 515 961</b>
<b>Shareholders ' equity as at 2014-12-31</b>		<b>1 748 292</b>	<b>2 188 764</b>	<b>10 632 579</b>	<b>7 587 886</b>	<b>-5 036 591</b>	<b>17 120 930</b>

## PARENT COMPANY CASH FLOW STATEMENT

<b>Amount in Swedish kronor (SEK)</b>	Note	<b>2014-01-01 2014-12-31</b>	<b>2013-06-28 2013-12-31</b>
<b>Cash flow from operating activities</b>			
Operating loss		-5 461 405	-5 684
Interest received		96 567	–
Interest paid		-5	–
<b>Cash flow from operating activities before change in working capital</b>		<b>-5 364 843</b>	<b>-5 684</b>
<u>Changes in working capital</u>			
Increase/decrease in other current assets		-76 492	-105 000
Increase/decrease in other current liabilities		11 175	249 000
Increase/decrease in account payables		23 238	–
<b>Total changes in net working capital</b>		<b>-42 079</b>	<b>144 000</b>
<b>Cash flow from operating activities</b>		<b>-5 406 922</b>	<b>138 316</b>
<b>Cash flow from investing activities</b>			
Acquisitions of subsidiaries, net of acquired cash and cash equivalents		–	-7 593 570
Increase of financial fixed assets		-4 308 506	–
<b>Cash flow from investing activities</b>		<b>-4 308 506</b>	<b>-7 593 570</b>
<b>Cash flow from financing activities</b>			
New share issue		13 065 961	7 647 244
Shareholders contribution		–	7 647 244
<b>Cash flow from financing activities</b>		<b>13 065 961</b>	<b>7 647 244</b>
<b>Net cash flow</b>		<b>3 350 533</b>	<b>191 990</b>
Cash and cash equivalents at beginning of year		191 990	–
<b>Cash and cash equivalents at end of year</b>		<b>3 542 523</b>	<b>191 990</b>

## Notes

### Note 1 General information

Delta Minerals AB (publ) with subsidiaries ("Delta Minerals Group") is a company with rights to pursue environmental projects in the Philippines with the support of regional/local authorities. The company's objective is to be operating river deltas in the Philippines for the extraction of minerals and sand and gravel for the construction and filling material.

The parent company is a limited company registered in Sweden and has its domicile in Stockholm. Visiting address of the office is Delta Minerals AB (publ), Box 26, SE-182 11 Danderyd.

The parent company is listed on AktieTorget.

On April 1, 2015, the consolidated financial statements and the annual report were approved by the Board for publication.

All amounts are reported in Swedish kronor (SEK) unless otherwise stated.

### Note 2 Effects of transition to IFRS

This is the first annual report for Delta Minerals AB established pursuant to RFR 2. The accounting policies set out in the notes have been applied when the income statement and balance sheet have been prepared as at 31 December 2014 and for the comparative information presented per 31 December 2013 and in the preparation of the report on the financial position of period (the opening IFRS balance sheet) as at 28 June 2013 (the parent's date of transition to RFR 2). The opening IFRS balance sheet in accordance with RFR 2 has not resulted in an adjusted amount compared to the previous years' accounts reported in accordance with the Accounting Board's general counsel.

#### Effects at the Group's transition to International Financial Reporting Standards (IFRS)

This is the first annual report for Delta Minerals Group. The accounting policies set out in notes have been applied when the consolidated accounts are drawn up at 31 December 2014 and for the comparative information presented on 31 December 2013.

#### Reconciliation between the previously applied accounting policies and IFRS

The transition from previous GAAP to IFRS has had no effect on the financial statements of the parent company more than the presentation of financial statements.

### Note 3 Summary and significant accounting policies

#### 3.1 Basis for the establishment

The consolidated financial statements of Delta Minerals Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, and RFR 1 supplementary accounting rules for groups of companies and the annual accounts Act.

This financial report is Delta Minerals ABs first financial report with the consolidated accounts in accordance with IFRS.

The principal accounting policies applied in the consolidated accounts drawn up stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

The parent company's accounting policies are consistent with the group, where not otherwise specified. See separate title for the parent company at the end of these accounting principles.

To draw up reports in accordance with IFRS requires the use of some key assessments for accounting purposes. Further requires that management make certain judgments in applying the Group's accounting policies. The areas involving a high degree of discretion, which is complex, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in note 5.

The principal accounting policies applied in the consolidated accounts drawn up stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

### **New and amended standards adopted by the Group in the current period**

New and changed standards are to be applied for annual periods beginning 1 January 2014 or later.

Below are the standards that the Group applies for the first time for the financial year beginning 1 January 2014 and a description of the impact that the introduction of these standards and statements has on Delta Minerals financial reports:

IFRS 10 "Consolidated Financial Statements "is based on already existing policies when it identifies the control that the decisive factor in determining whether a company should be included in the consolidated financial statements. The standard provides further guidance to assist in the determination of control when this is difficult to assess. Application of IFRS has not brought any effects 10 for Delta Minerals.

IFRS 12 "Disclosure of Interests in Other Entities "includes disclosure requirements for all forms of holdings in other companies, such as subsidiaries, cooperation arrangements, associates and non-consolidated structured entity.

Other standards, amendments and interpretations which enter into force for the fiscal year that begins on January 1, 2014 have no material impact on the Group's financial statements.

### **Standards, amendments and interpretations to existing standards that have not yet entered into force and that has not been applied prematurely by Delta Minerals**

When preparing the consolidated financial statements as of December 31, 2014, a number of standards and interpretations has been published which are not yet entered into force and which are applicable for Delta Minerals. The following is a preliminary assessment of the impact that the introduction of these standards and statements can get at Delta Minerals financial reports:

IFRS 9 "Financial Instruments "manages classification, valuation and accounting for financial assets and liabilities. The full version of IFRS 9 was released in July 2014. It replaces the parts of IAS 39 which manages the classification and measurement of financial instruments. IFRS 9 retains a mixed evaluation but simplifies this approach in some respects. This standard should be applied for annual periods beginning 1 January 2018. Earlier application is permitted. The Group has not yet evaluated the impact of the introduction of the standard.

IFRS 15 "Revenue from contracts with customers" regulates how accounting of revenue should occur. The principles of IFRS 15 rely on is to provide users of financial reports more useful information about the company's revenue. IFRS 15 replaces IAS 18 Revenue and IAS 11 construction contracts and related SIC and IFRIC. IFRS 15 enters into force 1 January 2017. Early application is permitted. The Group has not yet evaluated the impact of the introduction of the standard.

No other of the IFRS or IFRIC interpretations, which has not yet entered into force, is expected to have a material effect on the Group.

## **3.2. Consolidated financial statements and business combinations**

### *Subsidiaries*

The Group controls a company when it is exposed to or has the right to variable returns from its holding in the company and has the opportunity to influence the return through his influence in the company. Subsidiaries are included in the consolidated accounts from the date on which the group controls the subsidiary. They are excluded from the consolidated accounts from the date when control ceases.

The acquisition method is used for the presentation of the Group's acquisitions of subsidiaries. The cost of an acquisition is the fair value of assets given as compensation, equity instruments issued and liabilities incurred or assumed by the transfer date, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of any minority interest. The surplus is the difference between the

acquisition cost and the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities are recognized directly in the profit and loss account for the difference.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated, but any losses are seen as an indication that an impairment loss may arise. The accounting policies of subsidiaries have been changed where necessary to ensure a consistent application of the Group's principles.

### **3.3. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the senior decision maker. The senior decision maker is the function that is responsible for the allocation of resources and assessment of operating segment's results. In this function, the Group has identified the Board of Directors of Delta Minerals that makes strategic decisions. At the closing moment Delta Minerals has one segment which entirety covers the operations in the Philippine subsidiary.

### **3.4. Conversion of foreign currency**

#### *Functional currency and reporting currency*

Items included in the financial statements for the various entities of the Group are measured in the currency of the economic environment in which each company mainly operates (functional currency). In the consolidated financial statements are used Swedish kronor (SEK), which is the parent company's functional currency and presentation currency.

#### *Transactions and balance sheet items*

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end Exchange rates, are recognized in the income statement and included in the net financial income.

Foreign exchange gains and losses relating to loans and liquid assets are recognized in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognized in the item other operating income or other external costs in the income statement.

#### *Group Companies*

Results and financial position of all the Group companies (of which none have a hyperinflationary currency as the functional currency) that have a functional currency other than the reporting currency are translated into the Group's presentation currency as follows:

- a) Assets and liabilities for each balance sheet are translated at the closing rate;
- b) Income and expenses for each income statements are translated at average exchange rates (unless this average rate is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, otherwise the income and expenses are translated at the exchange rate of transaction), and
- c) All translation differences arising are recognized as a separate component of other comprehensive income and recognized in equity under the separate fund known as Reserves.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of this business and translated at the closing rate. Exchange differences are recognized in other comprehensive income.

### **3.5 Intangible assets**

The Group's intangible assets consist exclusively of goodwill attributable acquisition in the Group, which took place in December 2013.

#### **Goodwill**

Goodwill represents the amount by which cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is accounted for as intangible assets.



Goodwill is tested annually in order to separately identify impairment and carried at cost less accumulated impairment losses. Impairment of goodwill is not reversed. Gain or loss on the disposal of an entity includes the carrying amount of the remaining goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units at the examination of possible impairment. The allocation is made at the cash-generating units or groups of cash-generating units that are expected to be favored by the business combination that gave rise to goodwill. Delta Minerals allocate the original goodwill which arose when Delta Minerals Group was formed in 2013 to an operational segment, the activity in the Philippine subsidiary that existed at the time the original goodwill arose.

### **3.6. Tangible fixed assets**

All tangible fixed assets are reported at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on tangible assets, to distribute their cost down to the estimated residual value over the estimated useful life, is made on a straight-line basis as follows:

Inventories 5 years

### **3.7 Impairment of non-financial fixed assets**

Assets with an indeterminable useful life, for example goodwill, are not written off without trying annually for impairment. Property, plant and equipment and intangible assets that are written off are assessed with respect to impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A write-down is made with the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs and its value in use.

### **3.8. Financial instruments**

The Group classifies financial assets into the following categories: loans and accounts receivables and other financial liabilities.

#### *Loans and accounts receivables*

Loans and receivables are financial assets that are not derivatives, which have fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for items with a due date more than 12 months after the balance sheet date which are classified as fixed assets. Loans and receivables are recognized as trade and other receivables in the balance sheet. While cash and cash equivalents are included in this category. In the parent company are included in this category are requirements on Group companies.

#### *Other financial liabilities*

Other financial liabilities are recognized at the acquisition date at amortized cost using the effective interest method. Delta Minerals do not have any liabilities to credit institutions in 2014 or 2013.

Accounts payable are classified as other financial liabilities.

#### *Impairment of financial instruments*

The Group assesses at the end of each reporting period whether there is objective evidence of impairment exists for a financial asset or a group of financial assets. A financial asset or group of financial assets is impaired and is written down only if there is objective evidence of impairment as a result of one or more events occurred after the asset recognized for the first time (a "loss event") and that this event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably. In the parent company will also be assessed where there is impairment in carrying intra-group receivables at the end of each reporting period.

### **3.9. Cash and cash equivalents**

Cash and cash equivalents include cash, bank deposits and other short-term investments with maturity date within three months from the date of acquisition as well as frozen bank deposits. Cash and cash equivalents in the cash flow statement is not consistent with the definition of cash and cash equivalents in the balance sheet

because the escrow bank balances are not included as these are expected to be settled after 3 months from the balance sheet date. At the balance sheet date, the Group has bank accounts in the form of settlement on the trust account of the external party amounting to SEK 738 764 which are included in cash and cash equivalents.

### **3.10. Share capital**

Ordinary shares are classified as equity. Any transaction costs directly attributable to the issue of new shares are reported, net of tax, in equity as a deduction from the proceeds. Delta Minerals AB reports loss for 2013 and 2014 and have made the assessment that the fiscal deficit cannot be used within an indefinite period of time. For this reason tax effects are not taken into account in issuing costs accounted for over equity.

### **3.11 Trade payables**

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method. The carrying amount of trade payables are assumed to correspond to its real value, because this post is short term in nature.

### **3.12. Current and deferred tax**

Period tax expense comprises current and deferred tax. Tax is recognized in the income statement, except when the tax relates to items recognized in other comprehensive income or directly in equity. In such cases it is recognized also the treasure in other comprehensive income or shareholders ' equity.

Deferred tax is recognized on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is recognized, however, if it occurs as a result of the initial recognition of goodwill. Deferred tax is recognized either not if it occurs as a result of a transaction which constitutes the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither accounting nor fiscal results. Deferred income tax is calculated using tax rates (and laws) that have been decided or announced at the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

At the balance sheet date, it is not recognized any deferred tax assets on the balance sheet because it is uncertain when the fiscal deficit can be used. Non recognized loss carry forwards amount to approx. 5 TSEK.

### **3.13. Employee benefits**

#### *Termination benefits*

Termination benefits paid when an employee's employment is terminated before the normal retirement by Delta Minerals time or when an employee accepts voluntary departure in return for such benefits. Delta Minerals is accounting for severance pay, when the Group definitely is required either to terminate employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary resignation. Benefits due more than 12 months after the balance sheet date are discounted to present value. Notice period for the CEO is 6 months from both parties.

#### *Pension Obligations*

The business units have only defined contribution pension plans. For defined contribution pension plans pay Delta Minerals' contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The fees are recognized as staff costs when the employee performs its services. Prepaid fees are recognized as an asset to the extent that cash refund or a reduction in future payments can be credited to the group.

### **3.15 Leasing**

Leases where a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the leasing period (less any incentives from the lessor) are expensed in the income statement on a straight-line basis over the lease term. All leases held by Delta Minerals are classified as operating leases.

### **3.15 Share capital**

Ordinary shares are classified as equity. Any transaction costs directly attributable to the issue of new shares are reported, net of tax, in equity as a deduction from the proceeds. Delta Minerals Group reports loss for 2013 and 2014 and have made the assessment that the fiscal deficit cannot be used within an indefinite period of time. For this reason do not have tax effects are taken into account in issuing costs accounted for over equity.

### **3.16 Dividends**

Dividends to parent company's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the parent company's shareholders. No dividend is proposed for the 2015 annual meeting.

### **3.17 The parent company's accounting principles**

In connection with the transition to accounting under IFRS in the consolidated financial statements, the parent company put into applying RFR 2 accounting for legal entities. The transition has not brought any quantitative effects or effects on how results and balance sheet items are presented. However, the transition meant expanded additional disclosure requirements.

The parent company applies the other accounting principles than the group in the cases listed below.

#### *Presentation of income statement and balance sheet*

The parent company applies the layouts shown in the annual accounts Act, which, among other things, leads to another presentation of equity applied. Otherwise, results and balance sheet are presented in the same way as in group. Some names in the profit and loss account differ between the Group and the parent company, which has links to the concepts used in the Swedish annual accounts Act and IFRS standards. Any provisions recognized in the parent company under a separate heading.

#### *Shares in subsidiaries*

Shares in subsidiaries are carried at cost less any impairment losses. Dividends received are recognized as revenue when the right to receive payment has been established. Then impairment is done of the subsidiary to which the dividend relates. When there is an indication that stocks and shares in a subsidiary have decreased in value an estimate of the recoverable amount is done. If this is lower than the carrying amount and impairment is done. Impairment losses are recognized in the income from participations in Group companies.

## **Note 4 financial risk management**

### *Financial risk factors*

The Group's business is exposed for a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial results. Risk management is handled by the CEO. The CEO identifies, evaluates and hedges financial risks.

#### a) Market risk

##### (ii) Currency risk

#### Transaction Exposure

The Group's revenue is accounted for mainly in USD, why currency fluctuations can have significant effects on the company's operating profit.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. dollars (USD) and the Philippine Peso (PHP). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group has investments in foreign operations, whose net assets are exposed to foreign exchange risk.

##### (ii) Interest rate risk relating to cash flows and fair values

Because the Group does not hold any significant interest-bearing assets or liabilities, the Group's revenue and cash flow from operations substantially independent of changes in market interest rates.

b) Credit risk

Credit risk is managed at Group level. Credit risk arises from cash and cash equivalents and deposits at banks and financial institutions as well as credit exposures to the Group's customers, including outstanding receivables and contracted transactions. The Group is currently exposed only in small scale of credit risks.

c) Liquidity risk

The Group's liquidity risk consists in that the Group lacks cash for payment of its obligations.

As of 31 December 2014, the Group has a liquidity amounting to KSEK 4 028 (283). Management is working continuously to ensure that future liquidity needs are secured.

Future undiscounted cash flows corresponding to the outgoing posted values for these debts.

***Fair value***

The Group holds no financial assets or liabilities that are measured at fair value. The carrying amount of assets and liabilities in the balance sheet, which fall within the scope of information in accordance with IFRS 13.97, are judged equivalent to the fair value.

**Note 5 Critical accounting estimates when applying the Group's accounting policies**

Estimates and assessments are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

**Significant estimates and assumptions for accounting purposes**

The Group makes estimates and assumptions concerning the future. The estimates for accounting purposes arising from these will, by definition, seldom equal to the actual outcome. The estimates and assumptions where there is a significant risk of material adjustment in the carrying amounts of assets and liabilities during the next financial year are listed in main features below.

*Assessment of impairment of goodwill*

The company examines every year if any impairment loss for goodwill, in accordance with the accounting policy described in note 3.7 impairment of non-financial fixed assets. Recovery values for cash-generating units have been determined by calculating value in use. For these calculations, some estimates are made, see note 10 intangible assets.

*Valuation of loss carryforwards*

The Group investigates each year if no impairment exists for deferred tax assets for tax loss carryforwards. In addition, the group is examining the possibility to activate new deferred tax assets on tax loss carryforwards of the year if applicable. Deferred tax assets are only recorded in the case it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Group reported no deferred tax asset in 2014 or 2013.

**Note 6 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that is responsible for the allocation of resources and assessment of the operating segments' results. In this function, the Group has identified the Board of Directors of Delta Minerals AB that makes strategic decisions. At the closing moment Delta Minerals has one segment which entirety covers the operations in the Philippine subsidiary.

## Note 7 Other external costs

### Disclosure of the remuneration of the Auditor

<b>Group</b>	<b>2014-01-01</b>	<b>2013-06-28</b>
	<b>2014-12-31</b>	<b>2013-12-31</b>
PWC		
Audit Assignments	143 250	20 000
Other advisory services	33 350	20 000
<b>Total</b>	<b>176 600</b>	<b>40 000</b>

<b>The Parent Company</b>	<b>2014-01-01</b>	<b>2013-06-28</b>
	<b>2014-12-31</b>	<b>2013-12-31</b>
PWC		
Audit Assignments	143 250	20 000
Other advisory services	33 350	20 000
<b>Total</b>	<b>176 600</b>	<b>40 000</b>

Audit assignments refers to the examination of the annual accounts, the accounting records and the administration of the Director's management, other tasks as it is for the auditor to perform as well as counseling or other assistance which prompted by observations at such review or implementation of such other duties. Everything else is divided on tax consultations and other advisory services.

## Note 8 Staff costs

<b>Employee benefits Group</b>	<b>2014-01-01</b>	<b>2013-06-28</b>
	<b>2014-12-31</b>	<b>2013-12-31</b>
Wages and salaries	668 692	–
Social security costs	110 769	–
<b>Total</b>	<b>779 461</b>	<b>–</b>

Of the total salary cost covers SEK 0 (0) Chief Executive Officer. The CEO has during the year received a consultancy fee of 1 151 TSEK, se chart below.

**Salaries and other remunerations and social security costs**

	<b>2014-01-01 2014-12-31</b>		<b>2013-06-28 2013-12-31</b>	
	<b>Salaries and other remuneration (including bonus)</b>	<b>Pension costs</b>	<b>Salaries and other remuneration (including bonus)</b>	<b>Pension costs</b>
<b>Group</b>				
Directors, CEO and other senior executives	438 261	–	–	–
(of which bonus)	7 790	–	–	–
Other employees	341 200	–	–	–
(of which bonus)	35 543	–	–	–
<b>Total</b>	<b>779 461</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>The Parent Company</b>				
Directors, CEO and other senior executives	352 540	–	–	–
Other employees	–	–	–	–
<b>Total</b>	<b>352 540</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Average number of employees**

	<b>2014-01-01 2014-12-31</b>		<b>2013-06-28 2013-12-31</b>	
	<b>Average number of employees</b>	<b>Of whom men</b>	<b>Average number of employees</b>	<b>Of whom men</b>
<b>The Parent Company</b>				
Sweden	1	100.0%	–	–
<b>Total parent company</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Subsidiaries</b>				
The Philippines	23	100.0%	–	–
<b>Total in subsidiaries</b>	<b>23</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Group</b>	<b>24</b>	<b>100%</b>	<b>–</b>	<b>–</b>

	Number on the balance sheet date	Of whom men	Number on the balance sheet date	Of whom men
<b>Group</b>				
Board Members	5	100.0%	3	100.0%
Chief Executive Officer and other senior executives	1		1	100.0%
<b>Group total</b>	<b>6</b>	<b>100.0%</b>	<b>4</b>	<b>100.0%</b>
<b>The Parent Company</b>				
Board Members	3	100.0%	3	100.0%
Chief Executive Officer and other senior executives	1	100.0%	1	100.0%
<b>Parent company total</b>	<b>5</b>		<b>4</b>	

#### Board Fees

	2014	2013
Håkan Gustafsson (Chairman of the Board)	125 000	–
Thomas Lundgren	75 000	–
Tore Hallberg	75 000	–
Patric Perenius	75 000	–
	350 000	0

#### Consultancy fees to Board members

	2014	2013
Håkan Gustafsson (Chairman of the board)	748 372	–
Thomas Lundgren	1 151 016	–
Patric Perenius	277 540	–
	2 176 928	0

Consultancy fee and board remuneration to Patric Perenius is included in the salary amounts above, 352 TSEK.

#### Note 9 Financial income and expenses

Group	2014-01-01 2014-12-31	2013-06-28 2013-12-31
<b>Financial income</b>		
Interest Income	364 928	–
<b>Total financial income</b>	<b>364 928</b>	–
<b>Financial expenses</b>		
Interest Expenses	-5	–
<b>Total financial expenses</b>	<b>-5</b>	–
<b>Result from financial items, net</b>	<b>364 923</b>	–

	<b>2014-01-01</b>	<b>2013-06-28</b>
<b>The Parent Company</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
<b>Interest income and similar profit/loss items</b>		
Interest income, group companies	54 895	–
Interest Income	369 924	–
<b>Total interest income and similar profit/loss items</b>	<b>424 819</b>	<b>–</b>
<b>Interest expenses and similar profit/loss items</b>		
Interest Expenses	-5	–
<b>Total interest expenses and similar profit/loss items</b>	<b>-5</b>	<b>–</b>
<b>Result from financial items, net</b>	<b>424 814</b>	<b>–</b>

### Note 10 Intangible assets

<b>Goodwill</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
Opening acquisition cost	7 501 787	–
Acquired in business combination	–	7 501 787
<b>Closing accumulated acquisition cost</b>	<b>7 501 787</b>	<b>7 501 787</b>
<b>Closing net book value</b>	<b>7 501 787</b>	<b>7 501 787</b>

The goodwill that group holds arose in connection with the acquisition of operations in the Philippines in November 2013.

**Assessment of impairment of goodwill** The company examines every year if any impairment loss for goodwill, in accordance with the accounting policy described in note 3.7 impairment of non-financial fixed assets. Recovery values for cash-generating units have been determined by calculating value in use. For these calculations, some estimates are made. Impairment test is based on the Group's forecasts and signed contracts for sold magnetite and sand. The present value of estimated future cash flows are based on predictions and assessed during the planning horizon that extends to 5 years. The assessed prices are expected average price for 5 years. Projected cash flows from the asset discounted at a real discount rate before tax at 15%, which corresponds to the weighted cost of capital. The Group's goodwill is allocated to activities in the sale of magnetite and sand from the Philippines. Value in use of the Group's assets is estimated to exceed the carrying amounts and thus deemed no impairment exists.

Although the estimated growth rate applied for the discounted cash flows after the forecast 5-year period had been 1% instead of management's assessment of 2%, no impairment of goodwill would occur. If the estimated discount rate before tax that applied to the discounted cash flows had been 18% instead of management's assessment of 15%, no impairment of goodwill would occur. A reduction in forecast prices by 10 percent would not give rise to any impairment, and similarly, a decrease in forecasted sales volumes by 10 per cent nor lead to any impairment. With an assumption of unchanged price levels would be a weakening of the USD by 10 per cent against the SEK did not lead to any impairment.



### Note 11 Equipment, tools, fixtures and fittings

<b>Group</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
Opening acquisition cost	0	0
Investments	5 592	0
<b>Closing accumulated acquisition cost</b>	<b>5 592</b>	<b>0</b>
Opening depreciation	0	0
Depreciation for the year	0	0
<b>Closing accumulated depreciation</b>	<b>0</b>	<b>0</b>
<b>Closing net book value</b>	<b>5 592</b>	<b>0</b>

### Note 12 Prepaid expenses and accrued income

<b>Group</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
Advances to suppliers	1 298 219	0
Other	127 512	0
<b>Total</b>	<b>1 425 731</b>	<b>0</b>

<b>The Parent Company</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
Other	127 500	0
<b>Total</b>	<b>127 500</b>	<b>0</b>

### Note 14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and in the cash flow statement include:

<b>Group</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
<b>Balance Sheet</b>		
Cash and bank balances	3 289 337	283 259
Paid-in share issues of trust account	738 764	–
<b>Total cash and cash equivalents in the balance sheet</b>	<b>4 028 101</b>	<b>283 259</b>
<b>The Cash Flow Statement</b>		
Cash and bank balances	3 289 337	283 259
Paid-in share issues of trust account	738 764	–
<b>Total cash and cash equivalents in the cash flow statement</b>	<b>4 028 101</b>	<b>283 259</b>

## Note 14 Share capital and other capital reserves

Specification of changes in equity is included in the report, changes in equity, which follows immediately after the balance sheet.

Class Of Shares	Number of shares	Par Value	Number of votes per share
A-shares	6 284 130	0.023	10
B-shares	69 728 569	0.023	1
<b>Total</b>	<b>76 012 699</b>		

The shares have a par value of SEK 0.023 per share. Subscribed but not paid-up capital amounts at the reporting date to SEK 1 450

New share issues have increased stockholders' equity by SEK 14 516 in 2014 after taking into account transaction costs at KSEK 2 283. The implemented issues have brought the company cash and cash equivalents with KSEK 13 066.

Share capital includes the registered share capital the share capital of the parent company. Changes in share capital has been made in 2014, see "Changes in the parent company's shareholders' equity".

Other paid in capital includes the sum of the transactions Delta Minerals has had with the shareholders' group. The transactions that have taken place with the shareholders' group is issued at a premium. The amount presented in this component corresponds to obtained capital (reduced by transaction costs) in addition to the nominal amount of the issue.

Reserves consist of the revenues and expenses in accordance with certain standards to be recognized in equity. In Delta Mineral's case this record consists of exchange differences arising from translation of foreign subsidiaries according to IAS21.

Retained earnings represent the accumulated gains and losses generated in total in the group.

In other respects, reference is made to the specification "consolidated statement of changes in equity".

The following shareholders had 31 December 2014 more than five per cent of the voting power in the company.

<u>2014-12-31</u>	<u>A shares</u>	<u>B shares</u>	<u>The total number of shares</u>	<u>Holding</u>	<u>Votes</u>
Hakan Gustafsson	2 115 217	462 597	2 577 814	3.4%	16.3%
Patric Perenius	2 115 217	88 479	2 203 696	2.9%	16.0%
Thomas Lundgren	2 053 696	100 194	2 153 890	2.9%	15.6%
Margaret Smith		8 324 394	8 324 394	11.0%	6.3%

## Note 15 Financial instruments by category

### Group

	Loan receivables and accounts receivable	Total
<b>2014-12-31</b>		
<b>Assets in the balance sheet</b>		
Other receivables	490 164	<b>490 164</b>
Cash and cash equivalents	4 028 101	<b>4 028 101</b>
<b>Total</b>	<b>4 518 265</b>	<b>4 518 265</b>

	Other financial liabilities	Total
<b>2014-12-31</b>		
<b>Liabilities in the balance sheet</b>		
Trade payables	32 238	<b>32 238</b>
Other payables	41 528	<b>41 528</b>
<b>Total</b>	<b>73 766</b>	<b>73 766</b>

### Group

	Loan receivables and accounts receivable	Total
<b>2013-12-31</b>		
<b>Assets in the balance sheet</b>		
Other receivables	55 000	<b>55 000</b>
Cash and cash equivalents	283 259	<b>283 259</b>
<b>Total</b>	<b>338 259</b>	<b>338 259</b>

	Other financial liabilities	Total
<b>2013-12-31</b>		
<b>Liabilities in the balance sheet</b>		
Trade payables	9 000	<b>9 000</b>
Other payables	240 000	<b>240 000</b>
<b>Total</b>	<b>249 000</b>	<b>249 000</b>

Financial instruments, accounts receivable, accounts payable and other non-interest-bearing financial assets and liabilities which are carried at amortized cost less impairment, if any, are assessed fair value correspond to the carrying amount.

### The Parent Company

The parent company's financial assets consist of shares in Group companies amounting to KSEK 7 594 carried at historical cost.

## Note 16 Accrued expenses and deferred income

<b>Group</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
Other	304 277	–
<b>Total accrued expenses and deferred income</b>	<b>304 277</b>	<b>–</b>

### **The Parent Company**

Other	209 643	40 000
<b>Total accrued expenses and deferred income</b>	<b>209 643</b>	<b>40 000</b>

## Note 17 Pledged assets and contingent liabilities

<b>Group</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
For own liabilities and provisions:		
Deposits	22 185	–
Blocked funds in bank accounts	100 000	50 000
	122 185	50 000
<b>The Parent Company</b>		
Blocked funds in bank accounts	100 000	50 000
	100 000	50 000

## Note 18 Transactions with related parties

Milonga Resources AB has through Thomas Lundgren invoiced KSEK 1 235 company for consulting and board fees. Thomas Lundgren is the CEO in Delta Minerals.

International Advisory Management AB (IAM) has through Håkan Gustafsson invoiced KSEK 873 for consulting and board fees. Håkan Gustafsson is the Chairman of the board in Delta Minerals.

Geokraft Tore Hallberg AB has invoiced the company for KSEK 65 consulting and board fees. Tore Hallberg is a member of the Board in Delta Minerals.

Transactions with related parties are prized according to market terms.

<b>Subsidiary</b>	<b>Year</b>	<b>Sale of goods and services to related parties</b>	<b>Purchases of goods and services from related parties</b>
<b>Delta Global Pacific Minerals Inc</b>	2014	55 000	-
<b>Delta Global Pacific Minerals Inc</b>	2013	50 000	-

  

<b>Subsidiary</b>	<b>Year</b>	<b>Interest income</b>	<b>Receivable from Related parties on Dec. 31</b>
<b>Delta Global Pacific Minerals Inc</b>	2014	54 895	4 250 906
<b>Delta Global Pacific Minerals Inc</b>	2013	-	-

## Note 19 Events after the balance sheet date

No significant events after the balance sheet day have occurred.

## Note 20 Participations in Group companies

<b>The Parent Company</b>	<b>2014-12-31</b>	<b>2013-12-31</b>
Opening acquisition cost	7 593 570	0
Investment	0	7 593 570
<b>Net book amount</b>	<b>7 593 570</b>	<b>7 593 570</b>

The parent company's  
holdings in Group  
companies

<b>Name</b>	<b>Reg. no</b>	<b>Domicile</b>	<b>Holding</b>	<b>Share</b>	<b>Book value</b>	
					<b>2014-12-31</b>	<b>2013-12-31</b>
Delta Minerals Global Pacific Inc	CS201320356	Manilla	100	100	7 593 570	7 593 570

The Philippine subsidiary Delta Minerals Global Pacific Inc was formed in 2013 by Dome Energy AB-previous owner of Delta Minerals AB. Delta Minerals AB acquired the shares in the subsidiary in November 2013. The purchase price amounted to SEK 7 593 570 and was regulated by Dome Energy AB settled the debt against a given shareholder contributions. No transaction costs occurred in connection with the acquisition.

The acquisition has been accounted for as a business combination under IFRS 3. At the time of acquisition was reported net assets of 131 442 SEK in the acquired subsidiary. The subsidiary's main asset was the contacts and initiating contract negotiations worked out with local authorities regarding the possibility of extracting the magnitit in designated flood areas. Because at the time there was no signed agreement, rights or other identifiable assets all the difference between the purchase price and reported net assets recognized as goodwill in the group.

The parent company's and the group's income statement and balance sheet will be submitted to the annual general meeting 2015-04-21 for approval.

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU, and give a true and fair view of the Group's financial position and earnings. The annual accounts have been prepared in accordance with accounting standards and give a true and fair view of the parent company's financial position and earnings.

The Board of Directors report for the Group and the parent company provides a fair review of the development of the Group's and parent company's operations, financial position and earnings and describes significant risks and uncertainty factors that the parent company and the companies included in the group face.

Stockholm 1 April 2015

Thomas Lundgren  
CEO and Board Member

Håkan Gustafsson  
Chairman of the Board

Tore Hallberg  
Board Member

Patric Perenius  
Board Member

Our audit report was issued on 1 April 2015

Öhrlings PricewaterhouseCoopers AB

Peter Burholm  
Authorized Public Accountant

Mikael Winkvist  
Authorized Public Accountant