AVNEL GOLD MINING LIMITED
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and conform to IAS34 interim financial statements. There have been no changes to the Group's accounting policies during the year. The interim financial statements have not been audited and have been prepared by management.

"Howard Miller"	"Alan McFarlane"
Howard Miller	Alan McFarlane
Chief Executive Officer	Chief Financial Officer

Avnel Gold Mining Limited

Condensed consolidated statement of financial position

September 30, 2014 and December 31, 2013

Expressed in thousands of US Dollars

	Notes	Sept 30 2014 $'000	December 31 2013 $'000
NON-CURRENT ASSETS			
Exploration and evaluation assets	10	1,402	-
Property, plant and equipment	11	12,768	15,329
Total non-current assets		14,170	15,329
CURRENT ASSETS			
Inventories	7	3,179	3,817
Other receivables	8	1,768	1,579
Cash and cash equivalents	9	8,766	5,799
Total current assets		13,713	11,195
TOTAL ASSETS		27,883	26,524
CURRENT LIABILITIES			
Trade and other payables	12	2,494	2,566
Total current liabilities		2,494	2,566
NON-CURRENT LIABILITIES			
Other derivative financial liability	13*	3,276	-
Provisions	14	3,098	3,004
Total non-current liabilities		6,374	3,004
Net Assets		19,015	20,954
Common equity:			
Issued equity	15	56,794	50,550
Warrant/option reserve	16	2,796	2,527
Foreign exchange reserve		519	1,402
Retained deficit		(28,194)	(22,634)
Total shareholders' equity		31,915	31,845
Non-controlling interest		(12,900)	(10,891)
Total Equity		19,015	20,954

Notes;

13* Share purchase warrants identified as a derivative financial instrument are accounted for as a liability but the liability has no cash, actual cost or tax effect on the Company and will be transferred to the Company's equity account on exercise, or if not exercised, the revaluation will be recorded in the Statement of Total Comprehensive Income. As the derivative liability is not a cash liability, the Company will exclude it when reporting working capital

Avnel Gold Mining Limited

Condensed consolidated statement of total comprehensive income

For the periods ended Sept 30, 2014 and 2013

Expressed in thousands of US Dollars

(except share and per share information)

	Note	3 months ended Sept 30 2014 $'000	3 months ended Sept 30 2013 $'000	9 months ended Sept 30 2014 $'000	9 months ended Sept 30 2013 $'000
Revenue		2,709	2,930	8,302	11,811
Cost of operations					
Production costs		3,259	3,693	10,014	10,844
Exploration costs		-	128	392	155
Depletion and depreciation	11	497	500	1,504	1,557
		3,756	4.321	11,910	12,556
Gross loss		(1,047)	(1,391)	(3,608)	(745)
Administration expense		805	844	2,375	2,491
Operating loss		(1,852)	(2,235)	(5,983)	(3,236)
Other income/(expense)					
Net profit on other financial derivatives	13*	(719)	-	(719)	1,600
Other finance expense		(14)	(14)	(43)	(42)
Interest income		4	1	4	5
Foreign exchange gain/(loss)		(498)	482	(607)	228
		(1,227)	469	(1,365)	1,791
Loss before tax from continuing operations		(3,079)	(1,766)	(7,348)	(1,445)
Taxation		-	-	-	-
Net loss		(3,079)	(1,766)	(7,348)	(1,445)
Other comprehensive income:					
Exchange differences		(966)	596	(1,104)	310
Total comprehensive loss		(4,045)	(1,170)	(8,452)	(1,135)
Attributable to:					
Equity holders of the parent		(3,076)	(755)	(6,443)	42
Non-controlling interests		(969)	(415)	(2,009)	(1,177)
Basic (loss)/profit per share	6	(0.012)	(0.004)	(0.031)	0.000
Diluted (loss)/profit per share	6	(0.012)	(0.004)	(0.031)	0.000

Notes;

13*Net profit on financial derivative liabilities arise as a result of the revaluation at each period end of share purchase warrants previously issued by the Company. In accordance with IFRS share purchase warrants issued or denominated in a currency other than the Company's reporting currency of US dollars are classified as a derivative financial instrument and accounted for as a liability and subject to revaluation at each period end with the gain or loss on revaluation recognised in the Statement of Total Comprehensive Income. The associated liability has no cash cost or tax effect on the Company.

Avnel Gold Mining Limited

Consolidated Statement of Changes in Equity

For the periods ended September 30, 2014 and 2013, and the year ended December 31, 2013
Expressed in thousands of US Dollars

	Common Equity		Warrant/option	Retained	Foreign exchange reserve	Total	Non –controlling interest	Total
	Shares	Amount	Reserve	Deficit				Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$,000
At December 31, 2012	**191,743,724**	**50,550**	**2,620**	**(21,359)**	**939**	**32,750**	**(9,257)**	**23,493**
Stock based compensation	-	-	37	-	-	37	-	37
Warrants/options expired	-	-	(130)	130	-	-	-	-
Other comprehensive income	-	-	-	-	248	248	62	310
Loss for the year	-	-	-	(206)	-	(206)	(1,239)	(1,445)
Total Comprehensive profit/(loss)	-	-	-	(206)	248	42	(1,177)	(1,135)
At Sept 30, 2013	**191,743,724**	**50,550**	**2,527**	**(21,435)**	**1,187**	**32,829**	**(10,434)**	**22,395**
Other comprehensive income	-	-	-	-	215	215	54	269
Loss for the year	-	-	-	(1,199)	-	(1,199)	(511)	(1,710)
Total Comprehensive (loss)/profit	-	-	-	(1,199)	215	(984)	(457)	(1,441)
At December 31, 2013	**191,743,724**	**50,550**	**2,527**	**(22,634)**	**1,402**	**31,845**	**(10,891)**	**20,954**
Issuance of common shares for cash	69,586,400	7,138	142	-	-	7,280	-	7,280
Issue costs	-	(907)	-	-	-	(907)	-	(907)
Stock based compensation	100,000	13	127	-	-	140	-	140
Other comprehensive income	-	-	-	-	(883)	(883)	(221)	(1,104)
Loss for the year	-	-	-	(5,560)	-	(5,560)	(1,788)	(7,348)
Total Comprehensive loss	-	-	-	(5,560)	(883)	(6,443)	(2,009)	(8,452)
At Sept 30, 2014	**261,430,124**	**56,794**	**2,796**	**(28,194)**	**519**	**31,915**	**(12,900)**	**19,015**

Avnel Gold Mining Limited
Consolidated Statement of Cash Flows
For the nine months ended Sept 30 2014 and 2013
Expressed in thousands of US Dollars

	Sept 30 2014 $'000	Sept 30 2013 $'000
Cash flows from operating activities:		
Net profit/(loss) for the period	(7,348)	(1,445)
Adjusted for:		
Change in reclamation liability	43	42
Depletion and Depreciation	1,504	1,557
Stock based compensation	140	37
Tax creditor provision	51	125
Finance income	(4)	(5)
	(5,614)	311
Net changes in working capital items		
Inventories	638	234
Prepaid and other receivables	(189)	22
Trade and other payables	(67)	(24)
Other derivative financial liability	719	(1,600)
Net cash used in operating activities	**(4,513)**	**(1,057)**
Cash flows from investing activities:		
Exploration and evaluation asset expenditure	(1,402)	-
Purchases and development of Property, plant and equipment	(47)	(88)
Net cash used in investing activities	**(1,449)**	**(88)**
Cash flows from financing activities:		
Issue of share capital	9,836	-
Issue costs	(907)	-
Net cash provided by financing activities	**8,929**	**-**
Total increase/(decrease) in cash and cash equivalents	**2,967**	**(1,145)**
Cash and cash equivalents at beginning of period	5,799	7,979
Cash and cash equivalents at end of period	**8,766**	**6,834**

Avnel Gold Mining Limited
Notes to the Unaudited Consolidated Financial Statements
For the period ended Sept 30, 2014

1. Nature of Operations, Liquidity and going concern

Corporate information

Avnel Gold Mining Limited (the "Company") was incorporated under the laws of Guernsey on February 18, 2005 with the purpose of becoming the holding company for, and to carry on the business of, Avnel Gold, Limited, a Cayman Islands company ("Avnel Cayman"), pursuant to a reorganisation which was completed on February 22, 2005.

Avnel Cayman was incorporated in the Cayman Islands on September 28, 2001. On February 14, 2003 it entered into a Foundation Agreement with the Government of the Republic of Mali for the development of the existing gold mining property at Kalana. Under the terms of the Foundation Agreement, a subsidiary company, SOMIKA, was established in Mali to develop the mining property. Eighty per cent of the voting equity is held by Avnel Cayman and 20 per cent is held beneficially by the Government of Mali.

Gold production commenced in January 2004 and the principal markets are European based bullion trading concerns.

The U.S. Dollar is the functional currency of the Company's principal operations.

Kalana Permit

Avnel entered into an agreement (the "Option Agreement") with IAMGOLD Corporation ("IAMGOLD") on August 10, 2009 pursuant to which IAMGOLD had the right to earn a 51% interest in Avnel's interest in the Kalana Permit by spending $11 million over a three year period and making two payments to Avnel of $1 million each on August 10, 2009 and August 10, 2010. The IAMGOLD work programme focussed primarily on the evaluation of the Kalana Mine and its environs to examine the potential for a large scale, bulk mineable resource. The objective was to define a minimum resource of 2 million ounces that would entitle IAMGOLD to earn a 51% of the project if it committed to the carrying out of a feasibility study under an agreed work program. IAMGOLD substantially completed the drill programs at Kalana by the end of 2012. Avnel and IAMGOLD agreed to extend the exploration phase of the joint venture arrangements from August 9, 2012 to December 31, 2012. This was further extended to 28 February 2013.
The Option Agreement automatically lapsed on March 1, 2013 as IAMGOLD did not produce a Resource Study as defined in the Option Agreement under the timescale allowed. IAMGOLD had invested $32.5 million on the Kalana project during the course of the Option Agreement.

Upon the lapse of the Option Agreement, under the terms of the agreement, IAMGOLD's $32.5 million cost receivables from SOMIKA were assigned to Avnel Cayman and all technical data, studies and other documents relating to the exploration activities not previously shared with Avnel (including financial models) were delivered to Avnel.

Fougadian Permit

On October 17, 2006, Avnel was awarded the Fougadian Exploration Permit which lies south of the Kalana Permit. The Fougadian Exploration Permit covers an area of 150 square kilometres including a portion of the Niessoumala exploration area. The permit was awarded in accordance with the 1999 Mining Code and a foundation agreement (the "Foundation Agreement") was signed between Avnel Mali, a 100% wholly-owned subsidiary of Avnel, and the Government of the Republic of Mali. The Foundation Agreement provides for the exploration and exploitation of Group 2 minerals as defined in the 1999 Mineral Code. Group 2 minerals include gold and silver, and base metals, but exclude precious stones, semi-precious stones and fossils.

Avnel applied for a renewal of the Fougadian Exploration Permit and this was granted in March 2010, with the commencement date December 2009. Avnel has specified a new area of 75 sq. km as required by the Malian Code. This area lies in the northern half of the original permit and includes the largest anomaly Avnel 1 (Maramele). The renewal was for 3 years and Avnel committed to expenditures of $1.9 million over this period.

The Permit expired in December 2012. Avnel applied for a two year extension of the Permit and which was granted in August 2013 effective December 2012. The Permit is for two years and is non-renewable.

Joint Venture Arrangements Agreement Fougadian Permits

In 2010, Avnel Gold and IAMGOLD entered into the Joint Venture Arrangements Agreement whereby IAMGOLD has the option to acquire up to an initial 51% interest in Avnel's 90% interest in the Fougadian Exploration Permit as described below.

The Fougadian Exploration Permit held by Avnel previously covered an area of 150 square kilometres ("sq. km") to the south of and abutting the Kalana Exploitation Permit. Avnel relinquished the southern half of its ground in accordance with the Malian Mining Code and was granted a new exploration licence on the northern half on March 23, 2010. IAMGOLD applied for an exploration permit in respect of the southern 75 sq. km and this was granted on June 20, 2012. This Permit is called the Fougadian South and was granted for 3 years, renewable twice. The combined permits are referred to as the "Fougadian Exploration Permit".

Subsequent to the end of the third quarter of 2014, the IAMGOLD Corporation exited the Fougadian joint venture. Upon the lapse of the Option Agreement, under the terms of the agreement, IAMGOLD's $5 million cost receivables from SOMIKA will be assigned to Avnel Gold Mining Limited and all technical data, studies and other documents relating to the exploration activities not previously shared with Avnel will be delivered to Avnel.

Liquidity and Going Concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will realise its assets and discharge its liabilities in the normal course of business. At Sept 30, 2014 the Company had net current assets $11,219,000 including a cash balance of $8,766,000.

On July 17, 2014 the Company closed the July Private Placement and issued 65,786,400 units of the Company (the "Units") at a price of C$0.15 per Unit (the "Issue Price") for gross proceeds of approximately C$9.9 million.

Each Unit consists of one Ordinary Share (as defined below) (a "Unit Share") and one transferable ordinary share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one ordinary share in the capital of Avnel Gold (a "Ordinary Share") at a price of C$0.20, at any time for a period of 30 months from the date hereof, provided that in the event that the Ordinary Shares trade on the Toronto Stock Exchange (the "TSX"), or other recognized stock exchange or market, as applicable, at a volume weighted average price of C$0.30 or more for a period of at least 20 consecutive trading days, the Company shall be entitled to accelerate the exercise period to a period ending at least thirty days from the date that notice of such acceleration is provided to the holders of Warrants.

On August 19, 2014 the Company closed the second tranche of its previously announced private placement of units of the Company following the receipt of the necessary TSX approval.

The Company issued 1,800,000 Units to MILFAM II L.P. ("M2"), an existing shareholder of the Company, managed by Lloyd I. Miller, III, at a price of C$0.15 per Unit (the "Issue Price") for gross proceeds of approximately C$270,000.

On September 18, 2014 the Company announced that it had closed a C$300,000 non-brokered private placement. All of the shares issued under the Offering were purchased by Mr. Jeremy Link, the Company's recently appointed Vice-President, Corporate Development.

Mr. Link subscribed for 2,000,000 Units at a price of C$0.15 per Unit. Each Unit consisted of one ordinary share in the capital of the Company and one non-transferable ordinary share purchase warrant (a "Warrant"). Each Warrant entitles Mr. Link to purchase one ordinary share of Avnel Gold at a price of C$0.25 at any time for a period of two years from the date of issue of the Warrants.

The closing of the Private Placements will ensure the Company has adequate funds to fully fund a Preliminary Feasibility Study ("PFS") for the Kalana Main Project that is expected to be completed near the end of 2014.

On March 24, 2014 the Company announced a Mineral Resource Estimate ("MRE") and a Preliminary Economic Assessment ("PEA") of a bulk mineable project at Kalana, both completed by Snowden Mining Consultants Ltd ("Snowden"). The MRE, based on a 0.9g/t cut-off grade, shows indicated resources of 8.5m tonnes at a grade of 4.53g/t resulting in contained gold of 1.25m ounces and inferred resources of 2.1m tonnes at a grade of 3.76g/t resulting in 0.25m ounces of contained gold. The PEA, at a gold price of $1,110 and discount factor of 10% indicates an after tax and imputed interest net present value of $194 million and an internal rate of return of 53%. A Technical Report as required by National Instrument 43-101, prepared by Snowden, has been filed on SEDAR.
On October 15, 2014 the Company announced an updated MRE that is summarized as follows:

On October 15, 2014 the Company announced an updated Mineral Resource estimate at the Kalana Main Project effective September 30, 2014 (the "September MRE") that supersedes the March MRE summarized previously.

The highlights of the September MRE were:

- Indicated Mineral Resources increased 55% to 2 million ounces of gold
  (13.6 million tonnes grading 4.36 g/t at a 0.9 g/t cut-off)
- Inferred Mineral Resource decreased 60% to 0.10 million ounces of gold
  (0.7 million tonnes grading 4.24 g/t at a 0.9 g/t cut-off)
- Diluted Indicated Mineral Resource of 1.96 million ounces of gold
  (19.7 million diluted tonnes at a diluted grade of 3.10 g/t)

The September MRE is part of a series of studies for a Preliminary Feasibility Study ("PFS") for the Kalana Main Project.

Supported by the results of the recently announced September MRE and the March PEA, the directors consider that the Kalana project is a valuable asset. The directors recognise the continuing operations of the Company are dependent upon its ability to raise adequate financing and that additional funding will be required for the feasibility study, and for financing in the longer term to build the proposed open pit mine at Kalana.

The consolidate financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realise its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the consolidated financial statements.

2. Basis of Preparation/consolidation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention except for share based payments that are fair valued at the date of grant and other financial assets and liabilities that are measured at fair value.

The consolidated financial statements of the Company include the accounts of Avnel Gold Mining Limited and its subsidiaries Avnel Gold, Limited (Cayman Islands, 100%), Kalana Mine Services Limited (United Kingdom, 100%), SOMIKA (Mali, 80%) and Avnel Mali SARL (Mali, 100%). All intercompany balances and transactions have been eliminated in the consolidated financial statements.

3. Segmental Reporting

The Group's operating segments are geographic by location of the group's assets. The Group's material assets are in Mali, West Africa. As the Group has only one asset location, management consider that any additional costs arising in the UK or Canada are contributing to the Group's asset in Mali and therefore only one segment is reported.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents
Cash and cash equivalents include highly liquid investments with remaining maturities of three months or less at the date of purchase and which are not subject to significant risk from changes in interest rates.

Inventories
Processed ores are stated at the lower of average cost or net realisable value, where realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale. There were no material amounts of gold in work in progress or held in sand and ore stockpiles. Materials and supplies are stated at average cost. An annual review for obsolescence is carried out by management.

Other receivables
Other receivables are recognised at fair value and are non-interest bearing and are generally on 30-90 day terms.

Mineral exploration, evaluation and development expenditure

(i) Pre-license costs

Pre-license costs relate to costs incurred before the group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period they are incurred.

(ii) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activities include:

- Researching and analysing historic data
- Gathering exploration data through geophysical studies
- Exploration drilling and sampling
- Determining and examining the volume and grade of the resource

These costs are expensed in the period they arise unless the directors conclude that a future economic benefit is more likely than not be realised.
Exploration and evaluation expenditure incurred on licenses where a NI 43-101 compliant resource which has not yet been established is expensed.
Upon establishment of a NI 43-101 compliant resource, and the directors consider that the resource is economic, the Group capitalises any further evaluation expenditure under Exploration and evaluation assets. Capitalised exploration and evaluation expenditure is considered to be a tangible asset.

Upon completion of the mine construction phase expenditure is transferred from Exploration and evaluation asset to property, plant and equipment.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement in determining whether economic benefits may be realised, which are based on assumptions about future events. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, any information becomes available suggesting that the expenditures are not recoverable, the amount capitalised is recognised in the consolidated statement of comprehensive income as impairment in the period when the new information becomes available.

Property, Plant and Equipment
Acquisition, evaluation and development costs associated with properties brought into production are charged to operations using the unit-of-production method based on estimated proven and probable reserves that can be recovered. Acquisition costs were incurred in relation to the purchase of the assets of the gold mining property at Kalana. Development costs represent costs in relation to improving and extending mine infrastructure to access ore bodies at the Kalana mine. Costs of start-up activities and on-going costs to maintain production are expensed as incurred. Property, plant and equipment costs include production facilities and equipment, vehicles and office equipment. Production facilities and equipment are stated at cost and are amortised over the estimated proven and probable reserves which can be recovered from the related property. The weighted average useful life of production facilities and equipment is ten years. Vehicles and office equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years. Maintenance and repairs are charged to expense as incurred. Gains or losses on dispositions are included in operations.

Impairment of Property, Plant and Equipment
The Company assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less cost to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time

value of money and the risk specific to the asset. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

Financial liabilities
The Group's financial liabilities which include trade and other payables, bank overdrafts and loans and borrowings, are recognised initially at fair value and in the case of loans plus directly attributable transaction costs.

Trade and other payables
Trade and other payables amounts represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

Financial liabilities at fair value through profit and loss
Warrant contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Warrant contracts that require to settlement via a variable amount of cash or other financial asset for a fixed number of own equity shares are classified as a derivative financial liability. The liability is measured at fair value with the changes in fair value recorded in the Statement of Comprehensive Income at each period end.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is passed through the income statement.

Decommissioning provision
An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. Such costs arising from decommissioning of plant and other site preparation work, discounted to their net present values, are provided for in full as soon as the obligation to incur costs arises and can be reliably estimated. On recognition of a provision, an addition is made to property, plant and equipment; this addition is then charged against profits on a unit of production basis over the life of the mine. Decommissioning provisions are updated for changes in cost estimates as well as to life of mine reserves, with resulting adjustments made to both the provision balance and the net book value of the associated non-current asset.

Withholding tax provision
A withholding tax provision arises when Malian costs are paid externally and financed by an intercompany loan. On repayment of the intercompany loan withholding tax will be incurred.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset.

Finance leases which transfer to the Group substantially all the risks and benefits of the leased item are capitalised at the commencement of the lease at the lower of fair value or minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability and finance charges are recognised in finance costs in the income statement.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Revenue Recognition
Revenue from the sale of gold is recognised upon delivery and when title passes.

Income Taxes
Current income tax liabilities comprise those obligations to fiscal authorities in the countries in which the Group's subsidiaries operate and generate taxable income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. Deferred tax liabilities are provided in full; deferred tax assets are recognised when there is sufficient probability of utilisation. The Company files income tax returns, including returns for its subsidiaries, as prescribed by the tax laws of the country and state and local jurisdictions in which it operates. The Company's uncertain tax positions are related to tax years that remain subject to examination and are recognised in the consolidated financial statements when management view that they are likely to occur. Withholding taxes are shown as operating costs and they fall outside the scope of IAS12.

Foreign Currency
The functional currency of the entities within the Group is the US dollar, as the currency which most affects revenue, costs and financing. The Group's reporting currency is also the US dollar.
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Risk Management
The Company's main operating subsidiary is incorporated under the laws of Mali, and its principal mining facilities are located in Mali. Accordingly, the Company is directly affected by political and economic conditions in Mali. There can be no assurance that the Government of Mali will be successful in its attempt to keep prices and exchange rates stable. Instability in Mali may have a material adverse effect on the Company.

Since the Company has subsidiaries operating in UK, Mali and the Cayman Islands, exposure also arises from fluctuations in currency exchange rates, political risks and varying levels of taxation. While the Company seeks to manage these risks, many of these factors are beyond its control.

Stock Based Compensation
Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.
When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 10).

Warrant/Option Reserves

The Group re-assessed its accounting for equity-settled transactions with respect to the warrant and option reserves on expiration or exercising.

The Group has previously measured warrant and options using fair value at grant date and recognised these options within warrant/option reserves. On January 1, 2013 the Group elected to change the method of accounting for warrant/option reserves so that on expiration or exercising of the warrants/options, the fair value of the warrants /options recognised at grant date is transferred to retained earnings. This was done to align the reserve with the number of outstanding warrants and options at year-end. The financial statements have been restated to reflect this change in accounting policy.

Earnings/loss per Common Share

The Company presents basic and diluted earnings/loss per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average of common shares outstanding for the effects of all dilutive potential common shares, which comprise of warrants and share options.

Fair value Measurements

The Company establishes a three-level valuation hierarchy for classification of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarised below:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety.

5. Judgements in applying accounting policies and sources of estimation uncertainty

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management’s best knowledge of the relevant facts and circumstances, having regard to prior experience. Actual results could differ from those estimates. The key areas are summarised below:

Functional Currencies

Identification of functional currencies requires a judgement as to the currency of the primary economic environment in which the companies of the Group operate. This is based on analysis of the economic environments and cash flows of the subsidiaries of the Group.

Carrying values of property, plant and equipment

The Group periodically makes judgements as to whether its property, plant and equipment may have been impaired, based on internal and external indicators. Any impairment is based estimates of future cash flows.

Mineral resources and ore reserves

Quantification of mineral resources requires a judgement on the reasonable prospects for eventual economic extraction. Quantification of ore reserves requires a judgement on whether mineral resources are economically minable. These judgements are based on assessment of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors involved, in accordance standards prescribed in National Instrument 43-101. These factors are a source of uncertainty and changes could result in an increase or decrease in mineral resources and ore reserves. This would in turn affect certain amounts in the financial statements such as depreciation and closure provisions, which are calculated on projected life of mine figures.

Provisions and contingent liabilities
Judgements are made as to whether a past event has led to a liability that should be recognised in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgements and estimations. These judgements are based on a number of factors including the nature of the claim or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realised. Each of these factors is a source of estimation uncertainty.

Restoration, Rehabilitation and environmental provisions
The Group reviews its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates 3% (2013 3%) and changes in discount rates 3% (2013 3%). These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. Rehabilitation obligations that arose as a result of the production phase of a mine should be expensed as incurred.

Other derivative financial liabilities
The calculation of the fair value of other derivative financial instruments requires judgements, estimates and assumptions related to the risk-free rate and volatility. These inputs are taken from active markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

Future Accounting Policies

The following new standards and amendments to standards and interpretations were not yet effective as of the balance sheet date, and have not been applied in preparing these consolidated financial statements. These are summarised below:

IFRS 9 *Financial Instruments: Classification and Measurement*
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Company will assess the effect in conjunction with the other phases, when the final standard including all phases is issued.

6. Profit/(loss) per share

Basic profit/(loss) per share amounts are calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted profit/(loss) per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average of number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

Basic and diluted (loss)/profit per share

	3 Months Sept 2014	3 Months Sept 2013	9 Months Sept 2014	9 Months Sept 2013
	$,000	$,000	$,000	$,000
Net (loss)/profit attributable to ordinary equity holders of the parent	(3,076)	(755)	(6,443)	42
Weighted average number of ordinary shares for basic earnings per share	246,538,062	191,743,724	210,209,219	191,743,724
Basic (loss)/profit per share attributable to ordinary equity holders of the parent	(0.012)	(0.004)	(0.031)	0.000
Effect of dilutive potential ordinary shares granted of warrants and options granted	-	79,880	-	79,880
Diluted weighted average number of ordinary shares for basic earnings per share	246,538,072	191,823,604	210,209,219	191,823,604
Basic (loss)/profit per share attributable to ordinary equity holders of the parent company	(0.012)	(0.004)	(0.031)	0.000

7. Inventories

	Sept 30 2014 $'000	Dec 31 2013 $'000
Metal inventory	795	893
Materials and supplies	2,384	2,924
	3,179	3,817

8. Other receivables

	Sept 30 2014 $'000	Dec 31 2013 $'000
Refundable VAT in Mali	1,511	1,393
Prepayment and other	257	186
	1,768	1,579

9. Cash and cash equivalents

	Sept 30 2014 $'000	Dec 31 2013 $'000
Cash at bank and in hand	2,421	1,299
Short term bank deposits	6,345	4,500
	8,766	5,799

The short term bank deposits are held with Barclays Bank Plc. for a period not more than three months.

10. Exploration and evaluation assets

	Sept 30 2014 $'000	Dec 31 2013 $'000
At January 1,	150	-
Additions	1,252	-
At September 30, 2014 and December 31. 2013	1,402	-

The costs incurred to September 30, 2014 relate to the PFS at the Kalana Main Project, which have been capitalised in line with the Company's Accounting Policy.

11. Property, Plant and Equipment

	Mine acquisition costs $'000	Mine Capitalized Development $'000	Mine equipment $'000	UK Office equipment $,000	Total $,000
Cost					
Balance December 31, 2013	3,862	21,725	11,272	126	36,985
Additions	-	-	42	5	47
Exchange adjustments	(303)	(1,705)	(884)	(2)	(2,894)
Balance Sept 30, 2014	**3,559**	**20,020**	**10,430**	**129**	**34,138**
Accumulated Depreciation					
Balance December 31, 2013	2,042	11,263	8,275	76	21,656
Expense for year	81	466	932	25	1,504
Exchange adjustments	(165)	(914)	(709)	(2)	(1,790)
Balance Sept 30, 2014	**1,958**	**10,815**	**8,498**	**99**	**21,370**
Net Book Value					
December 31, 2013	1,820	10,462	2,997	50	15,329
Sept 30, 2014	**1,601**	**9,205**	**1,932**	**30**	**12,768**

12. Trade and other payables

	Sept 30 2014 $'000	Dec 31 2013 $,000
Trade payables	941	1,019
Accrued expenses	1,553	1,547
	2,494	2,566

13. Other derivative financial liabilities

	3 Months Sept 2014 $,000	3 Months Sept 2013 $,000	9 Months Sept 2014 $,000	9 Months Sept 2013 $,000
Net (loss)/profit on other financial derivatives	(719)	-	(719)	1,600
	(719)	-	(719)	1,600

The (loss)/gain arising in the 9 months to September 2014 and 2013 on derivative financial liabilities relates to the revaluation, in accordance with IFRS, of share purchase warrants issued as part of Private Placements. The proceeds of the issue of the Units were allocated on a fair value basis between the shares and warrants issued. The warrants issued require settlement for an amount in Canadian dollars, a currency different to the Company's functional currency of US dollars, and therefore do not meet the definition of an equity instrument. The share purchase warrants are therefore carried on the balance sheet as other derivative financial instruments. IFRS requires that shares issued for the extinguishment of liabilities are measured at their fair value at each period end. Any difference between the carrying amount of the financial liability extinguished and the measurement of the initial amount of the equity instrument and the value of the other derivative financial instrument issued is included in the Company's Statement of Comprehensive Income for the period. This reported accounting profit/loss is a fair value adjustment only and has no cash effect on the Company.

The fair value of the warrants granted in each period is calculated using a binomial pricing model to allow for dilution.

The share purchase warrants issued as part of the 2010 Private Placement and Equitisation were initially valued at $620,000, assuming a volatility of 57% and a risk free rate of 1.73% and an expected 3 year life. The fair value of the warrants increased to $1,600,000 at December 31, 2012 and then decreased to zero at March 31, 2013, as a result of a decrease in the share price and the resultant gain passed through the profit and loss account in the 9 months to September 2013.

Warrants issued	Expiry date	No. warrants	Fair value at inception	Fair value at Dec 31 2011	Fair value at June 30 2012	Fair value at Dec 31 2012	Fair value at Sept 30 2013
			US$'000	US$'000	US$'000	US$'000	US$'000
35c August 5, 2010	*August 5, 2013	42,258,692	620	6,643	3,247	1,600	-

* 62,683 35c warrants were exercised in 2011 leaving 42,196,009 warrants at December 31, 2012 and June 30, 2013 to be exercised. The warrants lapsed on August 5, 2013 without being exercised.

The share purchase warrants issued as part of the July 2014 Private Placement were initially valued at $2,465,000, assuming a volatility of 80% and a risk free rate of 1.25% and an expected 2.5 year life. The share purchase warrants issued as part of the September 2014 Private Placement were initially valued at $92,000, assuming a volatility of 83% and a risk free rate of 1.00% and an expected 2 year life. The fair value of the warrants increased to $3,276,000 at September 30, 2014 as a result of an increase in the Company's share price and volatility, and the resultant loss of $719,000 passed through the profit and loss account in the 9 months to September 30, 2014.

Warrants issued	Expiry date	No. warrants	Fair value at inception	Fair value at Sept 30 2014
			US$'000	US$'000
20c July 17, 2014	January 17, 2017	67,586,400	2,465	3,184
25c Sept 18, 2014	September 18, 2016	2,000,000	92	92
		69,586,400	2,557	3,276

14. Provisions

	Withholding Tax Provision	Decommissioning Provision	Total
	$,000	$,000	$,000
At December 31, 2013	1,079	1,925	3,004
Arising during the year	51	-	51
Unwinding of discount rate	-	43	43
Closing balance Sept 30, 2014	1,130	1,968	3,098

Decommissioning provision
The Company commissioned an environmental report by an independent party. This estimated an increase in estimated cash flow for the retirement and rehabilitation of Kalana Mine from $1,000,000 to $2,236,000. The environmental liability is based on the work required to be carried out on the tailings facilities to ensure stabilisation of the facility and re-vegetation of the tailings surface area, the capping of the underground shafts and the reclamation of plant, workshops and buildings where appropriate. The area disturbed by mining operations will then be re-vegetated. There will then be an ongoing monitoring of the water quality and re-vegetation programmes. The timing of the decommissioning work is 2018.

The Company has used a discount rate of 3.0% for future cash flows in arriving at the fair value of its asset retirement and rehabilitation obligations. The Company considers that 3.0% is an appropriate discount rate. It is possible that the closure plan will change if a new open pit mine is developed. This will be dependent on ongoing exploration and a future feasibility study.

Withholding tax provision
The long-term tax creditor relates to withholding tax which may arise in Mali when SOMIKA's inter-company loan is repaid to Avnel Gold Mining Limited. Management are unable to determine the timing of the settlement of the provision at this date.

15. Share Capital

	No.	$'000
At December 31, 2013	191,743,724	50,550
Issued during the period	69,686,400	6,244
At Sept 30, 2014	261,430,124	56,794

Avnel's authorised share capital consists of an unlimited number of common shares of no par value. The total number of common shares issued is shown in the Consolidated Statement of Changes in Equity.

On July 17, 2014 Avnel closed a brokered private placement. Pursuant to the Private Placement, the Company issued 65,786,400 Units of the Company at a price of C$0.15 per unit for gross proceeds of approximately C$9.9 million. Each Unit consisted of an ordinary share and a share purchase warrant. Each Warrant entitles the holder to purchase one ordinary share of the Company at a price of C$0.20 at any time for a period of two and a half years from the date of issue of the Warrants.
The Company also issued 100,000 shares of the Company as part compensation to Haywood Securities corporate finance.

On August 19, 2014 the Company closed the second tranche of its previously announced private placement following the receipt of the necessary TSX approval. The Company issued 1,800,000 units to an existing shareholder of the Company at a price of C$0.15 per unit for gross proceeds of approximately C$270,000. Each Unit consisted of an ordinary share and a share purchase warrant. Each Warrant entitles the holder to purchase one ordinary share of the Company at a price of C$0.20 at any time for a period of two and a half years from the date of issue of the Warrants.

On September 18, 2014 the Company closed a non-brokered private placement issuing 2,000,000 units at a price of C$0.15 per unit for gross proceeds of approximately C$300,000. Each Warrant entitles the holder to purchase one ordinary share of Avnel Gold at a price of C$0.25 at any time for a period of two years from the date of issue of the Warrants.

16. Warrant/option reserve

	Sept 30 2014	December 31 2013
	$'000	$'000
At January 1,	2,527	2,620
Warrants /options expired during the year	-	(130)
Issued during the year	269	37
At September 30, 2014 and December 31, 2013	2,796	2,527

The warrant/option reserve includes warrants issued to brokers as part of private placements undertaken by the Company as well as stock based compensation options issued to employees.

These warrants issued to the brokers fall within the scope of IFRS 2 as the warrant issuance to the brokers represents an equity based payment to non-employees. As the fair value of the equity instrument can be reliably measured, this is the fair value recognised by Avnel, and is recorded within warrant reserves.

In connection with the private placements in July/August 2014 the Company issued 2,032,776 warrants and 810,000 rights to the brokers. Each warrant entitles the holder to purchase one ordinary share of Avnel at a price of C$0.15 and each right entitles the holder to purchase one ordinary share of Avnel at the price of C$0.20 at any time for a period of 24 months from the date of issue of the Warrants.

The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option pricing model and the related stock-based compensation expense is recognised over the vesting period. The fair value of stock options granted to employees is measured at the date of the grant. Compensation charged in the nine months to Sept 30, 2014 amounted to $127,000 (2013: $37,000).

A summary of options or rights to purchase common shares of Avnel is shown in the following table:

	As at December 31, 2013	Forfeited or expired	Granted	Exercised	As at Sept 30, 2014
Broker Warrants issued on private placement on July/August , 2014 @ C$0.15	-	-	2,032,776	-	**2,032,776**
Broker Warrant rights on private placement on July/August, 2014@ C$0.20	-	-	810,000	-	**810,000**
Stock Option Plan	**5,019,000**	(400,000)	2,085,000	-	**6,704,000**
Meade Compensation Option	**2,500,000**	-	-	-	**2,500,000**
Options or rights to purchase common shares	**7,519,000**	**(400,000)**	4,927,776	-	**12,046,776**

17. Commitments and operating leases

Future operating leases are as follows:

	Sept 30 2014 $'000	December 31 2013 $'000
Within one year	148	141
Within two to five years	112	312
	260	453

The Company has entered into operating leases for office space and equipment with a company related to Fern. Pursuant to these leases, which expire in June 2016, future minimum payments will amount to $260,000.

18. Related Party Transactions

The Company has entered into an operating lease for office space with Fern. Rent expense amounted to $120,000 in the nine months to September 30, 2014 (2013: $108,000). The rental payments are denominated in Sterling, the U.S. Dollar amount payable is subject to fluctuation with the movement in exchange rates between Sterling and the U.S. Dollar.

SOMIKA purchased $477,000 of explosives in the half year to Sept 30, 2014 (2013: $521,000) from African Explosives Limited ("AEL"). Mr. Ibrahim Kantao, a director of Avnel and SOMIKA, is also the Director-General of AEL Mali.

Remuneration of key management personnel

In accordance with IAS 24- Related party transactions, key management personnel, including all executive and non-executive directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	3 Months Sept 2014 $'000	3 Months Sept 2013 $'000	9 Months Sept 2014 $'000	9 Months Sept 2013 $'000
Wages and salaries	320	239	932	729
Directors' fees	23	23	67	67
	343	262	999	796

Key Management's interest in the Long Term Incentive Plan (LTIP)

Share options held by the Company's LTIP to purchase ordinary shares have the following expiry dates and exercise prices:

Issue Date	Expiry date	Exercise price	Number outstanding Sept 30, 2014	Number outstanding December 31, 2013
31/08/05	19/8/2015	C$0.76	899,000	899,000
13/08/08	06/08/2018	C$0.45	1,500,000	1,500,000
09/11/10	09/11/2015	C$0.28	125,000	125,000
01/01/11	31/12/2016	C$0.35	500,000	500,000
15/11/11	15/11/2021	C$0.60	1,500,000	1,500,000
05/04/13	25/03/2023	C$0.35	50.000	50,000
05/09/14	05/09/19	C$0.25	300,000	-
05/09/14	05/09/19	C$0.20	1,160,000	-
Total			6,034,000	4,574,000

Issue Date	Expiry date	Exercise price	Number outstanding Sept 30, 2014	Number outstanding December 31, 2013
23/02/05	23/02/2023	US$0.275	2,500,000	2,500,000
Total			2,500,000	2,500,000

The table below sets out charges during the first nine months of 2014 and the year-ended December 31, 2013 between the Company and Group companies that were not wholly owned, in respect of management fees and interest on loans.

$'000 **2014**	Avnel Gold Mining Limited	Avnel Gold Mining Limited	$'000 **2013**	Avnel Gold Mining Limited	Avnel Gold Mining Limited
	Charged nine months to Sept 30, 2014	Balance Sept 30, 2014		Charged in year December 31, 2013	Balance December 31, 2013
SOMIKA	4,289	68,536		5,424	60,830
Total	**4,289**	**68,536**		**5,424**	**60,830**

19. Contingent Liabilities

Malian Taxation

The three-year period Malian tax audit on SOMIKA for the years ended 2009, 2010 and 2011 was carried out during 2012 and resulted in a partial report received in December 2012 covering only the 2009 year. A further report covering 2010 and 2011 was received in November 2013. The inspector was claiming $7.2 million including penalties, disputing various tax items including tax allowances on interest, withholding tax on foreign suppliers and VAT exemption. Management believe strongly that the majority of the tax claims are incorrect and have taken external advice. Management responded to the inspector in December 2013 contesting the claim and held a working clarification meeting in January 2014. A re- assessment was received on July 14, 2014 for $6.5 million, which does not give rise to an obligation to pay. A letter disputing the re-assessment has been sent and discussions continue