MINERAL & FINANCIAL INVESTMENTS LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2014

CONTENTS

REPORTS

FINANCIAL STATEMENTS

COMPANY INFORMATION

DIRECTORS:	Jacques Vaillancourt (Chairman) Alastair Ford (Chief Investment Officer) Laurence Read
REGISTERED OFFICE:	190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
COMPANY NUMBER:	Incorporated in the Cayman Islands with registered number 141920
SECRETARY:	Walkers SPV Limited
NOMINATED ADVISER:	W H Ireland 24 Martin Lane London EC4R 0DR
BROKER:	W H Ireland 24 Martin Lane London EC4R 0DR
REGISTRARS:	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
SOLICITORS:	Charles Russell Speechlys 5 Fleet Place London EC4M 7RD
AUDITORS:	Welbeck Associates Registered Auditor Chartered Accountants 30 Percy Street London W1T 2DB

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 December 2014

Dear Shareholders,

I am pleased to present the results of your Company for the year ended 31 December 2014.

Mineral & Financial Investments' NAV increased to 10.06 pence during 2014, up 29.5% year-on year. Although this is a good appreciation in our NAV we are, nonetheless, dissatisfied not to have succeeded in completing our first strategic investment. It is not a shortage of opportunities that has slowed us, but it has been a shortage of acceptable opportunities.

M&FI intends to be a mining finance house. Our strategic investments business will provide capital to finance mining companies. We will seek to provide financing in return for meaningful ownership levels, and board representation. We will act as a good partner and provide value-additive advisory services and make follow-on investments, if, and when appropriate.

Until we have made strategic investments, our capital will be cautiously exposed to metal and mineral investments so that our shareholders can prudently benefit from mining sector performance. We continue to address legacy investments and, when appropriate, liberate value from these holdings.

Meanwhile, the lack of new significant mineral discoveries, production cutbacks and continued slow, but positive global economic growth brings us, in my opinion, one year closer to the inflection point for metal prices and the mining industry.

We believe that the mining super cycle remains intact, and that the period of correction in the mining sector is approaching its conclusion. We do not expect an explosive reversal in the short term. However, the absence of grassroots exploration in virtually all metal and mineral segments will result in tighter metal markets, despite slower growth from China. Global economic growth has been positive despite a significant increase in foreign exchange volatility and the long expected increase in US rates, which remain an important reference point for global interest rates. We anticipate that demand growth for metals will continue to exceed supply growth. This should lead to a gradual and sustained tightening of metal markets.

2014 was a very difficult year for commodities due to the slowing growth of China and, in the second half of the year, very rapidly rising US dollar. We take heart in the positive changes occurring in India, and elsewhere in emerging markets. However, there were a few select areas of positive performance within the metal markets. While silver was down 34%, zinc was up 13%. We were fortunate to have purchased zinc earlier in the year to benefit from the positive price movement. We continue to believe that zinc's fundamentals are very attractive for the next several years.

During the year we were successful in trading an investment in the uranium sector. This is another commodity that we believe has been oversold and deserves our attention. However, we continue to be more positive towards precious metals than base metals. Our least favoured segment of the mining sector continues to be the bulk commodities. Although we recognize that bulk commodity miners will benefit from lower oil prices, they remain plagued by slowed demand growth and excess supply.

The current environment continues to be fraught with risks, but we are optimistic as we face the future and see the opportunities before us. Nevertheless, we will continue to be cautious and vigilant on behalf of our shareholders.

Jacques Vaillancourt
Executive Chairman

4 June 2015

www.mineralandfinancial.com

CHIEF INVESTMENT OFFICER'S REVIEW

FOR THE YEAR ENDED 31 December 2014

During the period mining equity markets remained under severe pressure as commodity prices continued to be depressed, albeit with some notable exceptions, and as capital remained scarce. The majors continued significant programmes of rationalisation and at the more junior end of the market new projects were thinner on the ground, liquidity was constrained and share prices weak.

In that context, Mineral & Financial adopted a cautious approach, limiting exposure to larger companies and preferring to look for upside in direct exposure to certain favoured commodities. In addition the Company continued the process of streamlining the assets inherited from the previous investment manager.

At the end of the period a significant part of the Company's stake in Tern PLC was sold into the market, and post the period end the rest of the stake was divested. Mineral & Financial continues to consider options for its two remaining non-core stakes, Sutherland Health and Milamber.

A summary of the current major positions follows.

Gold

As at the last NAV update, released on 5th May 2015, Mineral & Financial held around four per cent of its assets via a physical-backed gold ETF run by Zuercher Bank. Although the gold price has been fluctuating somewhat in the past couple of months, the Company continues to believe in the long-term strength of gold. The increasing global reliance on fiat money, a tendency by all governments to devalue, ongoing global political instability in the Middle East and economic uncertainty in Europe and elsewhere all tend towards this view. Recent US dollar strength has, admittedly, pared back gains that would otherwise have been made, but the US economic recovery remains fragile at best.

Platinum

The outlook for platinum has been decidedly mixed of late, as structural problems within the industry have been compounded by weaker demand. Indeed, the World Platinum Investment Council recently downgraded its forecast demand projections for 2015 on the back of lower than expected economic activity in China. Nonetheless, the Council continues to predict that the platinum supply deficit will run at around 190,000 ounces this year, and as stockpiles get more and more run down that dynamic should feed through into a longer-term strengthening in the price.

Zinc

Zinc is one of the metals that Mineral & Financial is most bullish on in the current market. The fundamentals are simple: major zinc mines like Century and Lisheen are set to close, following on from the recent closure of some of the world's largest suppliers like Perserverence and Brunswick. Meanwhile, demand continues to rise, as the Chinese car market grows and China shuts its own high-polluting mines. Glencore, the world's number one supplier, has forecast that an additional one million tonnes of zinc will be needed to satisfy demand in 2016. With no new major mines set to open, it's hard to see where that metal is likely to come from. The Company holds just over four per cent of its portfolio in zinc via an ETF.

Rhodium

Mineral & Financial holds slightly less than three per cent of its assets in rhodium. The Company believes that recent declines in production in South Africa will lead to a further tightening of a market that looks to have bottomed out some time in 2013. Around 80 per cent of rhodium is consumed in autocatalysts and demand is likely to mirror increased growth in global automobile sales, particularly in China and the USA.

Glencore

The Company's position in Glencore has not performed as well as we had anticipated, primary due to selling pressure generated by a significant recent fall in the copper price. That said, the company's view is that Glencore remains the best positioned of the majors at the current time, partly because copper is likely to come back, partly because it is the world's largest producer of zinc, a commodity which the company is very bullish on, and partly because unlike the other majors it lacks significant exposure to iron ore, the pricing of which looks set to continue to be weak.

Cap Energy

A recent re-interpretation of seismic data from Cap's exploration off-shore Guinea-Bissau has highlighted the presence of several large prospective structures in water depths ranging from 1,000 to 3,500 metres and at depths below the seabed of between 800 metres to 2,650 metres. This is highly encouraging and the Company looks forward to further updates on exploration progress and on Cap's plans for listing on AIM.

CHIEF INVESTMENT OFFICER'S REVIEW

FOR THE YEAR ENDED 31 December 2014

UMC

UMC's joint venture with the Chinese oil giant CNOOC continues to investigate the potential of licenses both onshore and offshore Papua New Guinea, with CNOOC providing the funds for the geological work on the understanding that it will be repaid from future cashflows from production.

Toro Gold

Toro Gold continues to progress with work on the definitive feasibility study for its two million ounce Mako gold project in Senegal. The latest infill drilling results continue to show good grades over long intersections either from surface or from near surface.

Anglo Pacific

Anglo Pacific provides Mineral & Financial exposure to royalty interests on gold, vanadium, coal, iron ore and uranium projects. The Company is encouraged to note that Julian Treger, Anglo Pacific's chief executive has recently increased his shareholding to 3.18%

Sutherland Healthcare

Sutherland was recently recognised as one of the most ambitious companies in the South of England when it won an award from an independent panel comprising judges from Baker Tilly, Rawlison Butler and Endgame Insight. Mineral & Financial continues to regard this investment as non-core.

Milamber

The Company retains a residual stake in Milamber, a media and conferencing business with a growing investment portfolio. This investment is not in resources and remains non-core for Mineral & Financial, and we continue to explore options for a potential exit.

Alastair Ford
Chief Investment Officer

4 June 2015

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2014

The Directors present their Strategic Report on the Company for the year ended 31 December 2014.

RESULTS

The Group made a profit after taxation of £302,000 (2013: Loss of £663,000). The Directors do not propose a dividend (2013: £nil).

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the business in the period and of future developments is set out in the Chief Investment Officer's review, which should be read as part of the strategic review.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

COMPANY STATISTICS	**31 December 2014**	**31 December 2013**	**Change %**
Net asset value	£1,380,000	£1,066,000	+29%
Net asset value – fully diluted per share	10.0p	7.8p	+29%
Closing share price	7.7p	4.3p	+82%
Share price discount to net asset value – fully diluted	(23%)	(45%)	
Market capitalisation	£1,063,000	£583,000	+82%

PRINCIPAL RISKS AND UNCERTAINTIES

The key risk facing shareholders is that the value of the investments falls and that future returns to shareholders are therefore lower than they could have been.

Details of the financial risk management objectives and policies are provided in Note 14 to the financial statements.

GOING CONCERN

The Directors have prepared cash flow forecasts through to 30 June 2016 which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity and the forecasts demonstrate that the Company is able to meet its obligations as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

For and on behalf of the Board

Jacques Vaillancourt
Director

4 June 2015

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 December 2014

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

During the year the Company continued to act as an investment company.

On 28 November 2013 the Company adopted a New Investing Policy. The Company's New Investing Policy is to invest in the natural resources sector through investments in companies or other assets, which it considers to represent good value and offer scope for significant returns to shareholders over the long term. In particular, the Company will focus on providing new capital for mining companies that require finance for their projects.

Investments will be made in the securities of quoted and un-quoted companies and their assets, units in open-ended investment companies, exchange traded funds, physical commodities, derivatives, and other hybrid securities. As the Company's assets grow the intention is to diversify company, geographic, and commodity risks.

The Company will have a blend of passive and active investments and, if and when appropriate, it may seek to gain control of an investee company. Returns to shareholders are expected to be by way of growth in the value of the Company's ordinary shares.

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

DIRECTORS

The Directors of the Company during the year and subsequently are set out below.

Jacques Vaillancourt
Alastair Ford
Laurence Read

SUBSTANTIAL SHAREHOLDINGS

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 1 May 2015 were as follows:

	Ordinary shares of 0.25p each number	Percentage of capital %
Vidacos Nominees Limited	3,404,478	24.8%
*Mount Everest Finance SA	3,107,000	22.6%
Barclayshare Nominees Limited	928,391	6.8%
TD Direct Investing Nominees Limited	599,367	4.4%
HSDL Nominees Limited	425,353	3.1%

*Jacques Vaillancourt is the sole shareholder of Mount Everest Finance SA

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 December 2014

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company was incorporated as a corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board have resolved that the Company will follow applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs) when preparing its annual financial statements.

The Directors are responsible for the preparation of the Company's financial statements which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information held on the Company's website.

AUDITORS

The auditors Welbeck Associates have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

For and on behalf of the Board

Jacques Vaillancourt
Director

4 June 2015

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 December 2014

The requirements of the combined code of corporate governance are not mandatory for companies traded on AIM. However, the Directors recognise the importance of sound corporate governance and have adopted corporate governance principles that the Directors consider are appropriate for a company of its size.

BOARD OF DIRECTORS

The Board of Directors is responsible for the Company's system of corporate governance. It comprises an executive chairman, the Chief Investment Officer and one other executive director. The Chairman of the Board is Jacques Vaillancourt.

The Board met regularly throughout the year. It has a schedule of matters referred to it for decision, which includes strategy and future developments, allocation of financial resources, investments, annual and interim results, and risk management. Matters which would normally be referred to appointed committees, such as the audit and remuneration committees, are dealt with by the full Board.

INTERNAL CONTROL

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

REPORT ON REMUNERATION
FOR THE YEAR ENDED 31 December 2014

DIRECTORS' REMUNERATION

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and it is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the effective contributions of the Directors and employees who are compensated accordingly.

DIRECTORS' REMUNERATION

The remuneration of the Directors was as follows:

	Year ending 31 December 2014			Year ending 31 December 2013		
	Salary and fees	Pension	Total	Salary and fees	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Jacques Vaillancourt	25	-	25	4	-	4
Alastair Ford	26	-	26	26	-	26
Laurence Read	18	-	18	12	-	12
Jennifer Allsop	-	-	-	21	-	21
	69	-	69	63	-	63

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2014, or for the year ended 31 December 2013.

BENEFITS IN KIND

The Directors did not receive any benefits in kind, either in the year ended 31 December 2014, or in the year ended 31 December 2013.

BONUSES

There were no bonuses payable either for the year ended 31 December 2014, or for the year ended 31 December 2013.

SHARE OPTION INCENTIVES

Directors held options as follows. Further details of options are disclosed in note 13.

	At beginning of year	Granted in period	Cancelled in period	At end of period	Exercise price
Jacques Vaillancourt	-	105,000	-	105,000	7.89p
Laurence Read	-	185,000	-	185,000	7.89p
Alastair Ford	-	210,000	-	210,000	7.89p
Alastair Ford	18,292	-	-	18,292	82.00p

For and on behalf of the Board

Jacques Vaillancourt
Director

4 June 2015

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF MINERAL & FINANCIAL INVESTMENTS LIMITED
FOR THE YEAR ENDED 31 December 2014

We have audited the financial statements of Mineral & Financial Investments Limited for the year ended 31 December 2014 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the Company's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union.

Jonathan Bradley-Hoare
Senior Statutory Auditor
for and on behalf of Welbeck Associates
Statutory Auditor, Chartered Accountants

30 Percy Street
London
W1T 2DB

4 June 2015

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2014

	Notes	2014 £'000	2013 £'000
Investment income		2	3
Net losses on disposal of investments		(513)	(450)
Net change in fair value of investments		991	22
		480	(425)
Operating expenses		(170)	(225)
Operating profit/(loss)	3	310	(650)
Finance cost	10	(8)	(13)
Profit/(loss) before taxation		302	(663)
Taxation expense	5	-	-
Profit/(loss) for the year from continuing operations and total comprehensive income, attributable to owners of the Company		302	(663)
Profit/(Loss) per share attributable to owners of the Company during the year from continuing and total operations:	6	Pence	Pence
Basic (pence per share)		2.2	(5.3)
Diluted (pence per share)		2.1	(5.3)

STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2014

	Notes	2014 £'000	2013 £'000
CURRENT ASSETS			
Investments held at fair value through profit or loss	7	990	469
Trade and other receivables	8	3	16
Cash and cash equivalents		596	797
		1,589	1,282
CURRENT LIABILITIES			
Trade and other payables	9	40	55
		40	55
NET CURRENT ASSETS		1,549	1,227
NON-CURRENT LIABILITIES			
Convertible unsecured loan notes	10	169	161
		169	161
NET ASSETS		1,380	1,066
EQUITY			
Share capital	11	2,882	2,882
Share premium		4,537	4,537
Loan note equity reserve	12	85	85
Share option reserve		12	-
Capital reserve		15,736	15,736
Retained earnings		(21,872)	(22,174)
Equity attributable to owners of the Company and total equity		1,380	1,066

The financial statements were approved by the Board and authorised for issue on 4 June 2015.

Jacques Vaillancourt
Director

Alastair Ford
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December 2014

	Share capital £'000	Share premium £'000	Share option reserve £'000	Loan note reserve £'000	Capital reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2013	2,859	4,423	–	104	15,736	(21,511)	1,611
Loss for the year	–	–	–	–	–	(663)	(663)
Total comprehensive expense for the year	–	–	–	–	–	(663)	(663)
Repayment of loan notes	–	–	–	(19)	–	–	(19)
Share issues	23	114	–	–	–	–	137
At 31 December 2013	2,882	4,537	–	85	15,736	(22,174)	1,066
Profit for the year	–	–	–	–	–	302	302
Total comprehensive income for the year	–	–	–	–	–	302	302
Share options granted	–	–	12	–	–	–	12
At 31 December 2014	2,882	4,537	12	85	15,736	(21,872)	1,380

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2014

	2014 £'000	2013 £'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation	302	(663)
Adjustments for:		
Share based payment expense	12	–
Loss on disposal of trading investments	513	450
Fair value gain on trading investments	(991)	(22)
Investment income	(2)	(3)
Finance costs	8	13
Operating cash flow before working capital changes	(158)	(225)
Decrease in trade and other receivables	13	1
(Decrease)/increase in trade and other payables	(15)	26
Net cash outflow from operating activities	(160)	(198)
INVESTING ACTIVITIES		
Continuing operations:		
Purchases of investments	(398)	(215)
Disposals of investments	355	743
Investment income	2	3
Net cash inflow from investing activities	(41)	531
FINANCING ACTIVITIES		
Continuing operations:		
Proceeds from share issues	–	137
Redemption of convertible loan notes	–	(306)
Net cash outflow from financing activities	–	(169)
Net (decrease)/increase in cash and cash equivalents	(201)	164
Cash and cash equivalents as at 1 January	797	633
Cash and cash equivalents as at 31 December	596	797

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

1 GENERAL INFORMATION

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. The Board has therefore adopted International Financial Reporting Standards as adopted by the European Union (IFRSs). The Company's shares are listed on the AIM market of the London Stock Exchange.

The Company is an investment company, mainly investing in natural resources, minerals, metals, and oil and gas projects. The registered office of the Company is as detailed in the Company Information on page 2.

2 PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, and in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. All accounting standards and interpretations issued by the International Accounting Standards Board and IFRIC effective for the periods covered by these financial statements have been applied**.**

The principal accounting policies of the Company are set out below.

GOING CONCERN

The Directors have prepared cash flow forecasts through to 30 June 2016 which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

KEY ESTIMATES AND ASSUMPTIONS

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources:

SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group holds investments that have been designated as held at fair value through profit or loss on initial recognition. Where practicable the Group determines the fair value of these financial instruments that are not quoted (Level 3) using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

2 PRINCIPAL ACCOUNTING POLICIES (continued)

STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Group, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to IFRSs: 2010-2012 Amendments to: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets
- Annual Improvements to IFRSs: 2011-2013 Amendments to: IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property
- Annual Improvements to IFRSs: 2012-2014 Cycle Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for periods commencing on or after 1 January 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

2 PRINCIPAL ACCOUNTING POLICIES (continued)

INVESTMENT INCOME

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis. Interest on fixed interest debt securities is recognised using the effective interest rate method.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

FINANCIAL ASSETS

The Group's financial assets comprise investments held for trading, cash and cash equivalents and loans and receivables, and are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

All short term investments are designated upon initial recognition as held at fair value through profit or loss (FVTPL). Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Net change in fair value of investments".

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

LOANS AND RECEIVABLES

Loans and receivable from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

2 PRINCIPAL ACCOUNTING POLICIES (continued)

EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Shares to be issued represents the equity which the Company has committed to issue and which has been issued subsequent to the year end.

The loan note reserve represents the value of the equity component of the nominal value of the loan notes issued.

The capital reserve represents amounts arising in connection with reverse acquisitions.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income together with the cumulative amount of share based expenses transferred to equity.

FINANCIAL LIABILITIES

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise convertible loan notes, and trade and other payables.

The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

SHARE BASED PAYMENTS

The Company operates equity settled share based remuneration plans for the remuneration of its employees.

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the income statement with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognized in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2014

2 PRINCIPAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

The Directors consider Sterling to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the date of the transactions. Foreign currency 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 recognised in the income statement. Non-monetary items that are measured at historical costs in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

SEGMENTAL REPORTING

A segment is a distinguishable component of the Company's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Company's investment activities as a whole, the directors have identified a single operating segment, that of holding and trading in investments in natural resources, minerals, metals, and oil and gas projects. The directors consider that it would not be appropriate to disclose any geographical analysis of the Company's investments.

3 OPERATING PROFIT/(LOSS)

	2014 £'000	2013 £'000
Profit/(loss) from operations is arrived at after charging:		
Investment management fee	6	11
Auditors' remuneration:		
- fees payable to the Company's auditors and its associates for the audit of the Company's financial statements	13	13

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

4 EMPLOYEE REMUNERATION

The expense recognised for employee benefits is analysed below:

	2014 £'000	2013 £'000
Wages and salaries	69	63
	69	63

Details of Directors' employee benefits expense are included in the Report on Remuneration on page 10. Remuneration for key management of the Company, including amounts paid to Directors of the Company, is as follows:

	2014 £'000	2013 £'000
Short-term employee benefits	69	63
	69	63

5 TAXATION

No provision has been made in respect of current taxation or deferred taxation as the Company is domiciled in the Cayman Islands and no corporation tax is applicable.

6 EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014 £'000	2013 £'000
Profit/(loss) attributable to owners of the Company - Continuing and total operations	302	(663)

	2014	2013
Weighted average number of shares for calculating basic earnings per share	13,722,062	12,393,723
Weighted average number of shares for calculating fully diluted earnings per share*	14,240,354	12,393,723

	2014 pence	2013 pence
Profit/(loss) per share from continuing and total operations		
- Basic (pence per share)	2.2	(5.3)
- Fully diluted (pence per share)	2.1	(5.3)

* The weighted average number of shares used for calculating the diluted loss per share for 2013 was the same as that used for calculating the basic loss per share as the effect of exercise of the outstanding share options was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

7 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 £'000	2013 £'000
1 January - Investments at fair value	469	1,425
Cost of investment purchases	398	215
Proceeds of investment disposals	(355)	(743)
Loss on disposal of investments	(513)	(450)
Fair value adjustment	991	22
31 December - Investments at fair value	990	469
Categorised as:		
Level 1 - Quoted investments	976	381
Level 3 - Unquoted investments	14	88
	990	469

The Company has adopted fair value measurements using the IFRS 7 fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market criteria.

LEVEL 3 investments

Reconciliation of Level 3 fair value measurement of investments

	2014 £'000	2013 £'000
Brought forward	88	444
Purchases	–	–
Reclassified to Level 1	(60)	–
Fair value adjustment	(14)	(356)
Carried forward	14	88

Level 3 valuation techniques used by the Group are explained on page 18 (Fair value of financial instruments)

8 TRADE AND OTHER RECEIVABLES

	2014 £'000	2013 £'000
Other receivables	–	8
Prepayments	3	8
Total	3	16

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts.

At the balance sheet date in 2014 and 2013 there were no trade receivables past due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

9 TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Trade payables	12	23
Other payables	5	7
Accrued charges	23	25
Total	40	55

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

10 CONVERTIBLE UNSECURED LOAN NOTES

The outstanding convertible loan notes are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount between 31 December 2014 and 31 October 2015.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

	2014 £'000	2013 £'000
Liability component at 1 January	161	435
Repayment of loan notes	–	(306)
Equity component of loan notes repaid or converted	–	19
	161	148
Interest charged	8	13
Liability component at 31 December	169	161

The interest charged during the period is calculated by applying an effective average interest rate of 10% to the liability component for the period since the loan notes were issued.

The Directors estimate the fair value of the liability component of the loan notes at 31 December 2014 to be approximately £169,000 (2013: £161,000). This fair value has been calculated by discounting the future cash flows at the market rate of 10%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

11 SHARE CAPITAL

	Number of shares	Nominal Value £'000
AUTHORISED		
At 31 December 2013 and 31 December 2014		
Ordinary shares of 1p each	160,000,000	1,600
Deferred shares of 24p each	35,000,000	8,400
		10,000
ISSUED AND FULLY PAID		
At 31 December 2012		
Ordinary shares of 0.25p each	1,143,506,254	2,859
Share reorganisation:		
Ordinary shares of 1p each	11,435,062	114
Deferred shares of 24p each	11,435,062	2,745
Ordinary shares issued in year	2,287,000	23
At 31 December 2013 and 31 December 2014:		
Ordinary shares of 1p each	13,722,062	137
Deferred shares of 24p each	11,435,062	2,745
		2,882

On 12 April 2013 the share capital was reorganised with the effect that the shares were consolidated on a one for one hundred basis into ordinary shares of 1p and deferred shares of 24p. The restricted rights of the deferred shares are such that they have no economic value.

12 LOAN NOTE EQUITY RESERVE

	2014 £'000	2013 £'000
Equity component of convertible loan notes at 1 January	85	104
Equity component of loan notes repaid or converted	–	(19)
Equity component of convertible loan notes at 31 December	85	85

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

13 SHARE OPTIONS

In November 2010 the Company granted 54,878 options to directors and employees. At the year end all these options had vested and are exercisable at any time prior to the fifth anniversary of the date of grant.

On 26 June 2014 the Company granted 500,000 options to directors and employees, exercisable at 7.89p per share. At the year end all these options had vested and are exercisable at any time prior to the fifth anniversary of the date of grant.

The fair value of the options granted during the year was determined using the Black-Scholes pricing model. The significant inputs to the model in respect of the options were as follows:

Date of grant	26 June 2014
Share price at date of grant	6.00p
Exercise price per share	7.89p
No. of options	500,000
Risk free rate	3.0%
Expected volatility	50%
Life of option	5 years
Calculated fair value per share	2.3264p

The share based payment charge for the year was £12,000 (2013: nil).

The movements on share options and their weighted average exercise price are as follows:

	2014		2013	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	54,878	82.00	54,878	82.0
Granted	500,000	7.89	–	–
Lapsed	–	–	–	–
Outstanding at 31 December	554,878	15.22	54,878	82.0

14 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 5% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £49,000 (2013: £23,000).

FOREIGN CURRENCY RISK

The Company's exposure to foreign currencies is limited to its investments which are quoted on overseas stock markets in currencies other than Pounds Sterling and is not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014

14 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK
The Company's financial instruments, which are exposed to credit risk, are considered to be mainly cash and cash equivalents and the Company’s receivables are not material. The credit risk for cash and cash equivalents is not considered material since the counterparties are reputable banks.

The Company's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	2014 £’000	2013 £’000
Cash and cash equivalents	596	797
Other receivables	–	8
	596	805

LIQUIDITY RISK
Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Company’s payment obligations arising from administrative expenses.

CAPITAL RISK MANAGEMENT
The Company's objectives when managing capital are:

- to safeguard the Company 's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company 's growth; and
- to provide capital for the purpose of strengthening the Company 's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2014

15 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	2014 £'000	2013 £'000
Financial assets:		
Cash and cash equivalents	596	797
Investments held at fair value through profit and loss	990	469
	1,586	1,266

FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	2014 £'000	2013 £'000
Financial liabilities at amortised cost:		
Convertible unsecured loan notes	169	161
Trade and other payables	12	23
	181	184

16 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2014 or 31 December 2013.

17 POST YEAR END EVENTS

There have been no material events since the year end.

18 RELATED PARTY TRANSACTIONS

Details of the directors' remuneration and the options granted to directors are disclosed in the remuneration report on page 10.

19 ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be a single ultimate controlling party.