Paternoster Resources plc

Financial Statements

for the year ended 31 December 2013

Company no: 269566

COMPANY INFORMATION

DIRECTORS :	N Lee (Executive Chairman) G Haselden
SECRETARY :	G Haselden
REGISTERED OFFICE :	30 Percy Street London W1T 2DB
COMPANY REGISTRATION NUMBER :	269566
REGISTRAR AND TRANSFER OFFICE :	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
BANKERS :	Barclays Bank Plc 77 Albion Street Leeds LS1 5AW
SOLICITORS :	Adams & Remers LLP Dukes Court 32 Duke Street St James's London SW1Y 6DF
INDEPENDENT AUDITOR :	Welbeck Associates Registered Auditors Chartered Accountants 30 Percy Street London W1T 2DB
NOMINATED ADVISOR AND JOINT BROKER:	Westhouse Securities Limited One Angel Court London EC2R 7HJ
JOINT BROKER:	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ

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EXECUTIVE CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

The year ended 31 December 2013, has been a year of investment for the Company. During this period, it has invested over £1 million in opportunities in the natural resources sector.

FINANCIAL

During 2013, no significant investment realisations were made and the running costs of the Company were broadly offset by investment income received, resulting in a small loss from continuing operations of £33,148 (2012: profit of £449,833). The net asset value of the Company as at 31 December 2013 was £2,644,268 (2012: £2,656,343).

The Company's investment portfolio at 31 December 2013, is divided into the following categories:

Category	Principal investments	Cost or valuation (£)
Unlisted/pre IPO	Bison Energy Services Limited and Andiamo Exploration Limited	374,692
Listed special situations	Brady Exploration plc, Astar Minerals plc, Plutus Resources plc and Shumba Coal Limited	828,816
Listed value opportunities	Glencore Xstrata plc, Quadrise Fuels International plc, Cairn Energy plc, Ophir Energy plc, BG Group plc, Red Rock Resources plc, Jubilee Platinum plc and North American Petroleum plc	825,476
Total investment portfolio		2,028,984
Cash		411,739
Total		2,440,723

The unlisted/pre IPO category includes investments where there are short-term milestones which are either likely to lead to a liquidity event or a significant uplift in value.

The listed special situations category includes investments where the Company has a more significant level of influence and, whilst these companies are listed, it is likely that a significant event will need to take place before returns can be fully realised.

The listed value opportunities category comprises investments where the Company seeks to take advantage of interesting value plays but in situations that have a good degree of liquidity so that they can be converted to cash quickly and easily when required.

At 31 December 2013, the Company had cash balances of £411,739 (2012: £1,454,495) reflecting the investments made during the year. However, it is important to note that the majority of investments held in the listed value opportunities category can easily be moved into cash if required.

REVIEW OF THE YEAR

Details of the investments made in the year, together with development of investments during the year and significant developments since the year end are set out in the Strategic Report.

EXECUTIVE CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

OUTLOOK

The Company is focused on achieving further returns from within its current portfolio, whilst seeking to add more interesting and attractive investments. At the same time, given the current market environment, the Company is keen to ensure that it maintains a healthy cash balance or cash equivalents in order to take advantage of new opportunities as they arise.

The current portfolio represents an exciting mix of companies, a number of which are poised for significant further developments.

I firmly believe that shareholders can continue to look forward to a very exciting and financially rewarding future for the Company.

Nicholas Lee
Executive Chairman

5 June 2014

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their Strategic Report on the Group for the year ended 31 December 2013.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

INVESTMENTS MADE DURING THE YEAR

During the year new investments have been made in:

- Jubilee Platinum plc – a platinum producer listed on AIM
- Andiamo Exploration Limited – a private company exploring for copper and gold in Eritrea
- Plutus Resources plc – a cash shell investment company listed on AIM focused on the natural resources sector
- Shumba Coal Limited – a private company with a billion tonne JORC coal resource in Botswana
- North American Petroleum plc – a company newly created on ISDX focused on acquiring oil assets in North America

DEVELOPMENTS ON INVESTMENTS DURING THE YEAR

Astar Minerals plc was re-focused to become an investment company pursuing opportunities in the natural resources sector. Additional funds of £336,000 were raised to enable it to pursue this new strategy and to settle outstanding creditors.

Shumba Coal Limited was successfully listed on the Botswana stock exchange and the company is continuing to progress its listing in Mauritius which is expected to lead to enhanced liquidity. It is continuing to develop its major coal asset in Botswana. It has completed additional drilling in order to increase its measured and indicated resources and acquired four new licences. Opportunities continue to open up for the company regarding local power generation and export opportunities.

North American Petroleum plc continued to acquire acreage within the US onshore oil sector.

The Company's investment in Quadrise Fuels International plc continued to increase in value and the Company has taken the opportunity to realise some significant gains.

DEVELOPMENTS ON INVESTMENTS SINCE THE YEAR END

There have been a number of significant developments within the Company's portfolio since the year end.

On 13 January 2014, Ortac Resources Limited, a mining company listed on AIM, agreed to invest $1.5 million in Andiamo, with an option to invest a further $2 million, to finance its exploration and development activities. Since then, Andiamo has achieved some very good results from its various drilling activities.

On 16 January 2014, Plutus Resources plc acquired 25% of Attune Energy, a business focused on the generation of power from flexible stand by power generation farms to produce revenues through the sale of this power to established national energy suppliers during periods of peak electricity demand or grid instability. The company is continuing to progress a reverse takeover of this business and expects to make further announcements shortly.

On 18 February 2014, North American Petroleum plc raised an additional £725,000, at the prevailing market price, to finance its continued expansion into US onshore oil assets. North American Petroleum's current proven reserves have been assigned a value of over US$21 million. The Company made an additional investment of £50,000 as part of this fund raising.

On 14 March 2014, Astar Minerals plc announced that it has raised around £1 million, implemented its investment policy and strengthened the board. Furthermore, within the natural resources sector the company has stated its intention to look closely at opportunities in the oil and gas sector in Mexico. The company recently announced that it had entered into a joint venture with a local partner to further develop these opportunities.

On 21 May 2014, Brady Exploration plc announced that it had raised £400,000 to pursue a revised investment strategy, focusing on opportunities in the Far East. At the same time the board has been strengthened in order to pursue this strategy.

The investors in Bison Energy Services Limited are continuing to actively work on ways to create value from this investment and expect to be able to announce how this is progressing in due course.

The Company has continued to take profits on its investment in Quadrise Fuels International plc and has now sold its entire holding.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

COMPANY STATISTICS	31 December 2013	31 December 2012	Change %
Net asset value	£2,644,268	£2,656,343	-0%
Net asset value – fully diluted per share	0.43p	0.43p	+0%
Closing share price	0.34p	0.31p	+10%
Share price discount to net asset value – fully diluted	(21%)	(28%)	
Market capitalisation	£1,965,000	£1,791,000	+10%

KEY RISKS AND UNCERTAINTIES

Early stage investments in the natural resources sector carry a high level of risk and uncertainty, although the rewards can be outstanding. At this stage there can be no certainty of outcome and, in addition, there is often a lack of liquidity in the Company's investments which are either unquoted or quoted on AIM, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company. Details of other financial risks and their management are given in Note 19 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Group's financial risk management objectives and policies are set out in Note 19 to these financial statements.

GOING CONCERN

The Group's assets comprise mainly cash and quoted securities and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, the directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

ON BEHALF OF THE BOARD

Nicholas Lee
Executive Chairman

5 June 2014

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of investment in the natural resources sector.

RESULTS AND DIVIDENDS

The Group made a loss after taxation of £33,148 (2012: profit of £449,833). The Directors do not propose a dividend (2012: £nil).

The key performance indicators are shown in the Executive Chairman's statement.

DIRECTORS

The Directors of the Company at the end of the year are listed below. All served on the Board throughout the year, unless otherwise stated.

The Directors' beneficial interests in the shares of the Company were as follows:

	Percentage of issued share capital	31 December 2013	31 December 2012
N Lee	–	–	-
G Haselden	0.1%	25,000	25,000

Details of the Directors' options and warrants are shown below:

Name of Director	Number outstanding at 31 December 2013	Exercise price	Vesting date	Expiry Date
OPTIONS:				
N Lee	28,000,000	0.32p	Various	26.10.2021
N Lee	14,000,000	0.48p	Various	13.03.2022
	42,000,000			
WARRANTS				
G Haselden	50,000	10p	20.11.2011	20.11.2014

Refer to Note 9 for further information.

SUBSTANTIAL INTERESTS

The Company is aware that at 28 May 2014, the following, other than the Directors shown above, held in excess of 3% of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Ronald Bruce Rowan	100,000,000	17.31%
Mike Prentice	41,500,000	7.18%
Zoltav Resources Inc	31,500,000	5.45%

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

CORPORATE GOVERNANCE

Although the Company is not required to comply with the principles of corporate governance, this report sets out how the Company does comply with the principles of good corporate governance.

BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of two directors, the executive chairman, Nicholas Lee and a non-executive director, Graham Haselden.

The Directors are subject to re-election every three years and, on appointment, at the first AGM after appointment.

Given the size of the Board, there is no separate nomination committee. All Director appointments are approved by the Board as a whole.

COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Executive Chairman and other members of the Board at the Annual General Meeting.

INTERNAL CONTROL

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

REMUNERATION

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in Note 7 to the financial statements and details of the directors' share options are set out in Note 9.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each person who was a director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

POST YEAR END EVENTS

There have been no material post balance sheet events.

AUDITORS

Welbeck Associates, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

G Haselden
Secretary

5 June 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATERNOSTER RESOURCES PLC
FOR THE YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Paternoster Resources plc for the year ended 31 December 2013 which comprise the group statement of comprehensive income, the group and parent company statements of changes in equity, the group and parent company statements of financial position, the group and parent company statements of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the group and parent company financial statements 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, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 statement of directors' responsibilities set out on page 9, 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 group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATERNOSTER RESOURCES PLC
FOR THE YEAR ENDED 31 DECEMBER 2013

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Bradley-Hoare (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London, United Kingdom

5 June 2014

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
CONTINUING OPERATIONS:			
Net gains on investments	4	164,301	690,806
Investment income	5	65,913	1,209
TOTAL INCOME		230,214	692,015
Operating expenses	6	(263,362)	(241,157)
(LOSS)/PROFIT BEFORE TAXATION		(33,148)	450,858
Taxation	10	–	(1,025)
(LOSS)/PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		(33,148)	449,833
EARNINGS PER SHARE	11		
BASIC:			
- Basic (loss)/earnings per share		(0.006p)	0.078p
FULLY DILUTED:			
- Fully diluted (loss)/earnings per share		(0.006p)	0.073p

The accompanying accounting policies and notes are an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	Share premium £	Other reserves (Note 18) £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2012	3,830,796	2,774,849	31,690	(4,469,244)	2,168,091
Profit for the year and total comprehensive income	–	–	–	449,833	449,833
Share based payment costs	–	–	38,419	–	38,419
Transactions with owners	–	–	38,419	–	38,419
BALANCE AT 31 DECEMBER 2012	3,830,796	2,774,849	70,109	(4,019,411)	2,656,343
Loss for the year and total comprehensive expense	–	–	–	(33,148)	(33,148)
Share based payment costs	–	–	21,073	–	21,073
Transactions with owners	–	–	21,073	–	21,073
BALANCE AT 31 DECEMBER 2013	3,830,796	2,774,849	91,182	(4,052,559)	2,644,268

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £	Share premium £	Other reserves (Note 18) £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2012	3,830,796	2,774,849	31,690	(4,479,175)	2,158,160
Profit for the year and total comprehensive income	–	–	–	447,760	447,760
Share based payment costs	–	–	38,419	–	38,419
Transactions with owners	–	–	38,419	–	38,419
BALANCE AT 31 DECEMBER 2012	3,830,796	2,774,849	70,109	(4,031,415)	2,644,339
Profit for the year and total comprehensive income	–	–	–	(21,144)	(21,144)
Share based payment costs	–	–	21,073	–	21,073
Transactions with owners	–	–	21,073	–	21,073
BALANCE AT 31 DECEMBER 2013	3,830,796	2,774,849	91,182	(4,052,559)	2,644,268

STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
		2013	2012	2013	2012
	Note	£	£	£	£
NON-CURRENT ASSETS					
Investment in subsidiary undertakings	12	–	–	–	–
Investments held for trading	13	2,028,984	1,199,608	2,028,984	1,199,608
		2,028,984	1,199,608	2,028,984	1,199,608
CURRENT ASSETS					
Trade and other receivables	14	237,284	41,680	245,481	40,526
Cash and cash equivalents	15	411,739	1,454,495	400,578	1,441,177
		649,023	1,496,175	646,059	1,481,703
TOTAL ASSETS		2,678,007	2,695,783	2,675,043	2,681,311
CURRENT LIABILITIES					
Trade and other payables	16	33,739	39,440	30,775	36,972
		33,739	39,440	30,775	36,972
NET ASSETS		2,644,268	2,656,343	2,644,268	2,644,339
EQUITY					
Share capital	17	3,830,796	3,830,796	3,830,796	3,830,796
Share premium account		2,774,849	2,774,849	2,774,849	2,774,849
Capital redemption reserve	18	27,000	27,000	27,000	27,000
Share option reserve	18	64,182	43,109	64,182	43,109
Retained losses		(4,052,559)	(4,019,411)	(4,052,559)	(4,031,415)
TOTAL EQUITY		2,644,268	2,656,343	2,644,268	2,644,339

These Financial Statements were approved by the Board of Directors on 5 June 2014 and were signed on its behalf by:

N Lee
Director

Company number: 269566

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
		2013	2012	2013	2012
	Note	£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax - continuing operations		(33,148)	450,858	(21,144)	447,760
Share based payment expense		21,073	38,419	21,073	38,419
Investment income		(65,913)	(1,209)	(74,110)	(1,174)
Net gains on investments		(164,301)	(690,806)	(164,301)	(690,806)
Increase in trade and other receivables		(136,577)	(20,982)	(137,731)	(21,646)
Decrease in trade and other payables		(5,701)	(13,384)	(6,197)	(6,246)
		(384,567)	(237,104)	(382,410)	(233,693)
Tax paid		–	(1,025)	–	–
NET CASH USED BY OPERATING ACTIVITIES		(384,567)	(238,129)	(382,410)	(233,693)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		(892,806)	(1,185,435)	(892,806)	(1,185,435)
Disposal of investments		227,731	2,501,269	227,731	2,501,269
Interest received		6,886	1,131	6,886	1,096
NET CASH FROM INVESTING ACTIVITIES		(658,189)	1,316,965	(658,189)	1,316,930
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,042,756)	1,078,836	(1,040,599)	1,083,237
Cash and cash equivalents at the beginning of the year		1,454,495	375,659	1,441,177	357,940
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	411,739	1,454,495	400,578	1,441,177

The accompanying accounting policies and notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 GENERAL INFORMATION

Paternoster Resources plc is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the AIM stock exchange. The address of its registered office is 30 Percy Street, London W1T 2DB. The Group's principal activities are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the parent company.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

BASIS OF CONSOLIDATION

The consolidated income statement and statement of financial position include the financial information of the Company and its subsidiary undertakings made up to 31 December 2013. Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets of the acquired subsidiary at the date of acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNT 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.

		Effective for accounting periods beginning on or after:
IFRS 2,8,16,24,36	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13, IAS 40	Amendments resulting from Annual Improvements 2011-2013	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities – Amendments for investment entities	1 January 2014
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contribution from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 38	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014

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.

2 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value cannot be readily established, the Group is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

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 for trading 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.

TAXATION

Current taxation is the taxation currently payable on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Group controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position reporting date. All exchange differences are dealt with through the profit or loss as they arise except where they arise from translation on consolidation, where they are recognised in other comprehensive income and reclassified to profit or loss on the disposal of the foreign operation.

SEGMENTAL REPORTING

The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Group's service lines which represent the main products and services provided by the Group. The Directors believe that the Group's continuing investment operations comprise one segment.

FINANCIAL ASSETS

The Group's financial assets comprise investments held for trading, associated undertakings, cash and cash equivalents and loans and receivables.

INVESTMENTS HELD FOR TRADING

All investments are determined upon initial recognition as held at fair value through profit or loss were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. 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 consolidated statement of comprehensive income as "Net gains on investments". 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.

ASSOCIATED UNDERTAKINGS

Associated undertakings are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the statement of financial position at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 "Investment in Associates", which requires investments held by a company as a venture capital provider to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Group has no interests in associates through which it carries on its business.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

LOANS AND RECEIVABLES

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

FINANCIAL LIABILITIES

The Group's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments.

TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

SHARE-BASED PAYMENTS

All share based payments are accounted for in accordance with IFRS 2 – "Share-based payments". The Company issues equity-settled share based payments in the form of share options to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

DIVIDENDS

Dividend distributions payable to equity shareholders are included in "current financial liabilities" when the dividends are approved in general meeting prior to the statement of financial position date.

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents the nominal value of shares repurchased or redeemed by the Company.
- "Option reserve" represents the cumulative cost of share based payments.
- "Retained losses" represents retained losses.

3 SEGMENTAL INFORMATION

The Group is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4 NET GAINS ON INVESTMENTS

	2013 £	2012 £
Net realised gains on disposal of investments	33,641	1,922,265
Movement in fair value of investments	130,660	(1,231,459)
Net gain on investments	164,301	690,806

5 INVESTMENT INCOME

	2013 £	2012 £
Dividends from investments	5,491	–
Deposit interest receivable	1,395	1,209
Other interest receivable	59,027	–
	65,913	1,209

6 OPERATING EXPENSES

	2013 £	2012 £
Operating expenses include:		
Wages and salaries	141,173	94,580
Share based payment expense	21,073	38,419

AUDITOR'S REMUNERATION

During the year the Group obtained the following services from the Company's auditor:

	2013 £	2012 £
Fees payable to the Company's auditor for the audit of the parent company and the Group financial statements	10,000	10,000
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation	2,000	2,000
	12,000	12,000

7 DIRECTORS' EMOLUMENTS

	2013 £	2012 £
Aggregate emoluments	131,000	89,334
Social security costs	10,173	5,246
Share based payment expense	21,073	38,419
	162,246	132,999

Name of director	Fees £	Benefits £	Total 2013 £	Total 2012 £
N Lee	114,000	–	114,000	72,334
G Haselden	17,000	–	17,000	17,000
	131,000	–	131,000	89,334

£42,000 of the fees in respect of Mr N Lee was paid to ACL Capital Limited.

8 EMPLOYEE INFORMATION

	2013 £	2012 £
Wages and salaries	131,000	89,334
Social security costs	10,173	5,246
Share based payment expense	21,073	38,419
	162,246	132,999

Average number of persons employed:

	2013 Number	2012 Number
Office and management	2	2

COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than the Directors of the Company.

9 SHARE BASED PAYMENTS

WARRANTS

In 2010 the Company issued warrants, each entitling the holder to subscribe in cash for one share at a price of 10p per share:

Number of warrants at 1 Jan 2013	Issued in the year	Exercised in the year	Number of warrants at 31 Dec 2013	Exercise price	Vesting Date	Expiry date
2,125,000	–	–	2,125,000	10p	20.11.2011	20.11.2014

The Directors do not consider the fair value of warrants to be material to the Company accordingly a charge has not been recognised in accordance with IFRS.

EQUITY-SETTLED SHARE OPTION SCHEME

The Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 26 October 2011, Nicholas Lee was granted options to subscribe for 28,000,000 new ordinary shares in the Company at an exercise price of 0.32p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively.

On 13 March 2012, Nicholas Lee was granted options to subscribe for 14,000,000 new ordinary shares in the Company at an exercise price of 0.48p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively. The fair value of these options was determined using the Black-Scholes option pricing model and was £0.22p per option.

The significant inputs to the model in respect of the options granted in 2012 and 2011 were as follows:

	2012	2011
Grant date share price	0.48p	0.32p
Exercise share price	0.48p	0.32p
No. of share options	14,000,000	28,000,000
Risk free rate	3%	3%
Expected volatility	40%	40%
Option life	10 years	10 years
Calculated fair value per share	0.22p	0.15p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2013 in respect of the share options granted was £21,073 (2012: £38,419).

Number of options at 1 Jan 2013	Issued in the year	Exercised in the year	Number of options at 31 Dec 2013	Exercise price	Vesting Date	Expiry date
9,333,334	–	–	9,333,334	0.32p	26.10.2012	26.10.2021
4,666,667	–	–	4,666,667	0.48p	13.03.2013	13.03.2022
9,333,333	–	–	9,333,333	0.32p	26.10.2013	26.10.2021
4,666,667	–	–	4,666,667	0.48p	13.03.2014	13.03.2022
9,333,333	–	–	9,333,333	0.32p	26.10.2014	26.10.2021
4,666,667	–	–	4,666,666	0.48p	13.03.2015	13.03.2022
42,000,000	–	–	42,000,000	0.37p		

10 INCOME TAX EXPENSE

	2013 £	2012 £
Current tax - continuing operations	–	1,025

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the Consolidated entities as follows:

	2013 £	2012 £
(Loss)/profit before tax from continuing operations	(33,148)	450,858
(Loss)/profit before tax multiplied by rate of corporation tax in the UK of 20% (2012: 24.5%)	(6,630)	110,460
Expenses not deductible for tax purposes	800	543
Unrelieved tax losses carried forward	5,830	–
Brought forward tax losses utilised	–	(109,978)
Total tax	–	1,025

Unrelieved tax losses of £3,555,000 (2012: £3,525,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

11 EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2013 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2013 £	2012 £
(Loss)/profit attributable to equity holders of the Group:		
(Loss)/profit from continuing operations	(33,148)	449,833
(Loss)/profit for the year attributable to equity holders of the Group	(33,148)	449,833
Weighted average number of ordinary shares in issue for basic earnings	577,857,956	577,857,956
Weighted average number of ordinary shares in issue for fully diluted earnings*	577,857,956	616,797,847
(LOSS)/EARNINGS PER SHARE		
BASIC:		
- Basic (loss)/earnings per share from continuing and total operations	(0.006p)	0.078p
FULLY DILUTED:		
- Fully diluted (loss)/earnings per share from continuing and total operations	(0.006p)	0.073p

For 2013 the share options in issue are anti-dilutive in respect of the loss per share calculation and have therefore not been included.

12 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	COMPANY	
	2013	2012
	£	£
COST		
As at 1 January and 31 December	1,480,098	1,480,098
PROVISIONS		
As at 1 January and 31 December	1,480,098	1,480,098
NET BOOK VALUE	–	–

The Company has investments in the following subsidiary undertakings :

Name of subsidiary undertaking	Status of Company	Country of incorporation	Nature of business	Description of holding	Proportion held
Viridas GmbH	Private	Germany	Dormant	EURO 25,000 Registered shares	100%
Viridas Brasil Agronegocios Ltd	Private	Brazil	Dormant	R$ 100,000	100%

Viridas GmbH was dissolved in January 2014.

ASSOCIATED UNDERTAKINGS

At the year end the Company held 27% of the issued share capital of Brady Exploration plc ("Brady"), 29% of the issued share capital of Astar Minerals plc ("Astar") and 28% of the issued share capital of Plutus Resources plc (Plutus"). Nicholas Lee is a director of Brady and Astar. The extent of the Group's involvement in these companies allows it to participate in their financial and operating policies and it is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. These investments have not been equity accounted for (as permitted by IAS 28), and have been included in investments held for trading (Note 13). Brady and Astar are considered to be related parties (Note 21).

13 INVESTMENTS HELD FOR TRADING

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
At 1 January - fair value	1,199,608	1,760,086	1,199,608	1,760,086
Acquisitions	892,806	1,249,985	892,806	1,249,985
Disposal proceeds	(227,731)	(2,501,269)	(227,731)	(2,501,269)
Net gain on disposal of investments	33,641	1,922,265	33,641	1,922,265
Movement in fair value of investments	130,660	(1,231,459)	130,660	(1,231,459)
.At 31 December - fair value	2,028,984	1,199,608	2,028,984	1,199,608
Categorised as:				
Level 1 - Quoted investments	1,554,292	1,029,011	1,554,292	1,029,011
Level 2 - Unquoted investments	100,000	–	100,000	–
Level 3 - Unquoted investments	374,692	170,597	374,692	170,597
	2,028,984	1,199,608	2,028,984	1,199,608

13 INVESTMENTS HELD FOR TRADING (continued)

The table of investments sets out the 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 within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading".

LEVEL 2 FINANCIAL ASSETS

Level 2 financial assets comprise a convertible instrument valued by reference to the bid price of the underlying equity and taking into account the contractual arrangements in place regarding the asset.

LEVEL 3 FINANCIAL ASSETS

Reconciliation of Level 3 fair value measurement of financial assets

	2013	2012
	£	£
Brought forward	170,597	–
Purchases	204,095	170.597
Carried forward	374,692	170,597

Level 3 valuation techniques used by the Group are explained on page 20 (Fair value of financial instruments)

14 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Other receivables	169,846	–	169,846	–
Amounts owed by group company	–	–	8,197	–
Prepayments and accrued income	67,438	8,374	67,438	8,374
	237,284	41,680	245,481	40,526

Other receivables include short term loans made on normal market terms. The Directors consider that the carrying amount of short term loans and other receivables is approximately equal to their fair value.

15 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Cash and cash equivalents	411,739	1,454,495	400,578	1,441,177

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

16 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2013	2012	2013	2012
	£	£	£	£
Trade payables	11,406	24,972	11,406	24,972
Social security and other taxes	–	1,017	–	–
Accrued expenses	22,333	13,451	19,369	12,000
	33,739	39,440	30,775	36,972

The Directors consider that the carrying amount of trade payables approximates to their fair value.

17 SHARE CAPITAL

	Number of shares		Share capital	
	Deferred	Ordinary	Deferred	Ordinary
			£	£
ISSUED AND FULLY PAID:				
At 1 January 2012:				
Deferred shares of 9.9p each	32,857,956	–	3,252,938	–
Ordinary shares of 0.1p each	–	577,857,956	–	577,858
At 31 December 2012 and 2013	32,857,956	577,857,956	3,252,938	577,858

18 OTHER RESERVES

	Capital redemption reserve	Share option reserve	Total Other reserves
	£	£	£
Balance at 1 January 2012	27,000	4,690	31,690
Share based payment costs	–	38,419	38,419
Balance at 31 December 2012	27,000	43,109	70,109
Share based payment costs	–	21,073	21,073
Balance at 31 December 2013	27,000	64,182	91,182

19 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks the Group is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

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

The Group 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 Group 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.

CREDIT RISK

The Group's financial instruments, that are subject to credit risk, are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions. The credit risk for loans and receivables is mainly in respect of short term loans, made on market terms, which are monitored regularly by the Board.

The Group's maximum exposure to credit risk is £581,585 (2012: £1,487,801) comprising cash and cash equivalents and loans and receivables.

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

FOREIGN CURRENCY RISK

The Group's foreign currency risk arises from financial assets held in currencies other than pounds sterling

Net foreign currency monetary assets: Functional currency of the operation	Euro £	Total £
Sterling	11,161	11,161

The Directors do not consider the Group has significant exposure to movements in foreign currency in respect of its monetary assets.

MARKET PRICE RISK

The Group's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Group manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Group's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Group's net asset value and statement of comprehensive income increasing or decreasing by £155,000 (2012: £103,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

20 FINANCIAL INSTRUMENTS

The Group uses financial instruments, other than derivatives, comprising cash to provide funding for the Group's operations.

CATEGORIES OF FINANCIAL INSTRUMENTS

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2013	2012
	£	£
FINANCIAL ASSETS:		
Cash and bank balances	411,739	1,454,495
Loans and receivables	169,846	33,306
Investments held for trading	2,028,984	1,199,608

FINANCIAL LIABILITIES AT AMORTISED COST:

The IAS 39 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2013	2012
	£	£
Trade and other payables	11,406	25,989

21 RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The compensation payable to Key Management personnel comprised £131,000 (2012: £89,334) paid by the Group to the Directors in respect of services to the Group. Full details of the compensation for each Director are provided in Note 7.

Nicholas Lee is a director and controlling shareholder of ACL Capital Limited which invoiced the Company £42,000 in respect of consultancy fees due for the year (2012: £37,000). £3,500 of this amount was invoiced and paid after the year end. No other amounts were owed at 31 December 2013.

Nicholas Lee is also a director of Brady Exploration plc (“Brady”) and Astar Minerals plc (“Astar”).

The Company has a 27% shareholding in Brady. In addition the Company made a loan in April 2013 of £60,000 to Brady on open market terms, which was repayable on 29 April 2014. Since the year end the repayment date has been extended to 29 October 2014.

During the year the Company subscribed £111,000 for 74,000,000 shares as part of a placing of Astar Minerals plc shares and at the year end held 29% of Astar’s issued share capital.

22 POST YEAR END EVENTS

There were no significant post year end events.