ASTAR MINERALS PLC

Annual Report and Financial Statements

For the year ended 31 December 2013

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COMPANY INFORMATION

DIRECTORS	Andrew Frangos (Non-Executive Chairman) Stefan Olivier (Chief Executive Officer) Lynda Chase-Gardener (Non-Executive Director) Nicholas Lee (Non-Executive Director)
REGISTERED OFFICE	4th Floor 18 St Swithin's Lane London EC4N 8AD
COMPANY NUMBER	05311866
SECRETARY	Lynda Chase-Gardener
NOMINATED ADVISER	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
BROKER	Peterhouse Corporate Finance 31 Lombard Street London EC3V 9BQ
REGISTRARS	Computershare Investor Services Plc The Pavilions Bridgewater Road Bristol BS99 7NH
SOLICITORS	Adams & Remers LLP Dukes Court 32 Duke Street London SW1Y 6DF
INDPENDENT AUDITOR.	Welbeck Associates Statutory Auditor Chartered Accountants 30 Percy Street London W1T 2DB

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 December 2013

INTRODUCTION

I am very pleased to be making my first Chairman's statement, having joined the Board in March this year

2013 was a year of significant change for the Company During this period, the Company had sought to increase its scale of activities in the US and Canada by entering into a management contract to operate a number of additional quarries and sites However, it was not possible to implement this strategy and so the Board decided that it was no longer viable to continue with its existing aggregates operations and therefore this business was sold In April 2013, new funds were raised and the Company changed its strategy to become an investment company focused on the natural resources sector

In March 2014, Stefan Oliver and I joined the Board as CEO and non-executive Chairman respectively, as part of a £1 05 million fund raising for the Company Whilst still focused on investment in the natural resources sector, we believed that the Company should look more closely at the oil and gas sector in Mexico

In 2012, Mexico produced approximately 3 million barrels of oil per day, making it the world's ninth largest oil producer According to the BP Statistical Review of World Energy 2013, Mexico is estimated to have the 18th largest oil reserves in the world with some 11 4 billion barrels The Energy Information Administration ("EIA") estimates that Mexico has the world's eighth largest tight oil resources, being oil that is trapped in impermeable formations such as shale or sedimentary rocks that require artificial fractures to allow the hydrocarbons to flow, at 13 billion barrels As an example, the prolific Eagle Ford Shale formation across the border in Texas, which produces natural gas, condensate, oil and natural gas liquids at margins more favourable than other shale plays in the US, extends into Mexico where it is largely under-exploited due to insufficient capital and lack of access to technology and expertise Similarly, there has been very little activity in Mexico's portion of the Gulf of Mexico compared to the US due to lack of technical capacity to effectively explore or produce from deep water areas

As a result of recent regulatory reforms to attract greater foreign investment and expertise, Mexico's energy sector is being reopened for the first time since 1938 allowing for the exploitation and development of its hydrocarbon reserves Following discussions with relevant members of the Government of Mexico and business leaders, we believe that, as well as the need to attract capital into Mexico to develop its resources, appropriate technical capability and expertise are also required Attractive opportunities therefore exist with companies and individuals with knowledge of the Mexican energy sector and with the skills and equipment required

In May 2014, we executed a joint venture with Nogal Holdings LLC ("Nogal Holdings"), which also covered Nogal Energy Partners LLC ("Nogal Energy Partners"), a related company by virtue of its common directors and shareholders, to assist with the new strategy of gaining exposure to the deregulating Mexican oil and gas sector Both companies are run by the same principals who are highly experienced oil and gas personnel, the CEO having previously spent 20 years working for Lewis Energy Group, most recently as COO for Latin America In this role he was involved in all areas of oil field operations, including designing and supervising drilling and completion of the first Eagle Ford well in Mexico jointly with Pemex

The two companies have a number of affiliate and subsidiary companies focused on the oil and gas industry, the personnel of which varies depending on the activity but all have in common the principals of Nogal Holdings The subsidiaries of Nogal Energy Partners includes Nogal Energy LLC, whose trading subsidiary is TripleT Coil Tubing LLC ("Triple T") Triple T has executed multiple master service agreements with a number of significant oil and gas operators to whom it has delivered oil services These include BHP Billiton, Lewis Energy, Apache Corporation, Halcon Resources Corporation, Sanchez Oil and Gas, Venado Oil & Gas, Hilcorp Energy and Hopewell Operating

As a result of our relationship with Nogal Holdings and its principals, Astar executed a head of terms with Geo Estratos S A de C V ("Geo Estratos") to enter into a joint venture Geo Estratos is a technically driven Mexican oil and gas services business that covers a broad spectrum of oil services activities such as geophysics, geology, drilling, construction and environmental They have been providing services to Pemex (and its subsidiaries) since 1995 and have worked for companies including CFE (National State Electricity Company of Mexico), Petrofac Mexico, Weatherford and Dupont

The intention to joint venture with Geo Estratos forms part of the Board's plan to access E&P opportunities and align the Company with partners with the experience and connections to develop relationships and opportunities in Mexico

OUTLOOK

There are some very interesting opportunities in the Mexican oil and gas sector The Company has started to put in place the means to access such opportunities through agreements with local partners I firmly believe that shareholders can now look forward to an exciting future for the Company

Andrew Frangos
Chairman
27 June 2014

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013 (continued)

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

RESULTS AND DIVIDENDS

The Company made a loss after taxation from continuing operations of £51,000 (2012 £193,000) The Directors do not propose a dividend (2012 £nil)

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS DURING THE YEAR

As highlighted in the Chairman's statement, during the year the Company decided to dispose of its Canadian operations and become an investment company focused on the natural resources sector As part of this, the Company raised £336,000 gross in April 2013, to enable it to do this and to settle various outstanding creditors, including the amount owed under the CVA

Since the year end, the Company has raised additional equity funds of £1 05 million and has implemented its investing policy, having satisfied the requirements of Rule 15 of the AIM rules for companies In addition in May 2014, the Company signed a joint venture agreement with Nogal Holdings and Nogal Energy Partners ,, and in June the Company announced that it had signed heads of terms to form a joint venture with Geo Estratos , an established oil services business Both agreements are in line with the Company's strategy to explore investment opportunities in Mexico's energy sector as more full explained in the Chairman's Statement

KEY PERFORMANCE INDICATORS ("KPIs")

The Company's activity has changed to that of an investing company and as such going forward the Directors will focus principally on the development of the Company's net asset value

The key performance indicators are therefore set out below

COMPANY STATISTICS	**31 December 2013**	**31 December 2012**
Net asset value	£71,000	n/a
Net asset value – fully diluted per share	0 024p	n/a
Closing share price	0 115p	n/a
Market capitalisation	£341,000	n/a

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 can be either unquoted or quoted, 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 Details of other financial risks and their management are given in Note 16 to the financial statements

GOING CONCERN

As disclosed in Note 2, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

ON BEHALF OF THE BOARD

L. Chase-Gardener

Lynda Chase-Gardener
Director
27 June 2014

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2013 (continued)

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

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

Lynda Chase-Gardener	
Euan McAlpine	(Resigned 31 March 2014)
Nicholas Lee	
Andrew Frangos	(Appointed 31 March 2014)
Stefan Olivier	(Appointed 31 March 2014)
Dr Anton Schrafl	(Resigned 28 February 2013)

DIRECTORS' INTERESTS

The Directors' beneficial interests in the ordinary share capital of the Company as at 31 December 2013 were as follows

Name of director	Number of ordinary shares 2013	% of ordinary share capital and Voting rights 2013
L Chase-Gardener	600,000	0 20%
E McAlpine	3,301,805	1 11%

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 23 June 2014 were as follows

Name of shareholder	Ordinary shares of 0.10p each Number	Percentage of capital %
Jim Nominees Ltd (Jarvis)	51,506,527	38 25%
TD Direct Investing Nominees (Europe) Limited	23,839,393	8 04%
Barclayshare Nominees Limited	23,015,701	7 76%
HSDL Nominees Limited	9,444,027	7 01%
Paternoster Resources plc*	7,400,000	5 50%
Hargreaves Lansdown (Nominees) Limited [15942]	6,631,597	4 92%
Barclayshare Nominees Limited	6,301,396	4 68%
LR Nominees Limited [NOMINEE]	6,151,371	4 57%
TD Direct Investing Nominees (Europe) Limited [SMKTNOMS]	5,183,108	3 85%
TD Direct Investing Nominees (Europe) Limited [SMKTISAS]	4,722,928	3 51%
HSDL Nominees Limited [MAXI]	4,665,658	3 46%
Hargreaves Lansdown (Nominees) Limited [VRA]	4,180,997	3 10%

* Paternoster Resources plc is interested in 86,000,000 shares and the Non-Executive Director, Nicholas Lee, is Chairman of Paternoster Resources plc

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2013 (continued)

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 four directors, the non-executive chairman Andrew Frangos, the Chief Executive Officer Stefan Olivier, and two non-executive directors Lynda Chase-Gardener and Nicholas Lee

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 Company'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 Company 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 Company has well established procedures which are considered adequate given the size of the business

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 14 to these financial statements

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2013 (continued)

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

- On 31 March 2014 the Company announced that, following approval by the shareholders, the existing issued ordinary share capital of 296,655,248 ordinary shares of 0 1p would be consolidated on the basis of 10 Existing Ordinary Shares for one new ordinary share of 1p The total number of New Ordinary Shares following the consolidation would be 29,665,524
- On 31 March 2014 the Company announced that it had completed a placing of 105,000,000 shares to raise £1 05 million
- On 22 April 2014, the Company announced that it had invested approximately £650,000 in a number of quoted companies, all of which have operations in the natural resources sector, in line with its investing policy
- On 24 April 2014 the Company announced that had implemented its investing policy
- On 27 May 2014 the Company announced that it had signed a joint venture agreement with Nogal Holdings and Nogal Energy Partners, to gain exposure to the deregulating Mexican oil and gas sector
- On 19 June 2014 the Company announced that it had signed heads of terms to form a 51%/49% joint venture with Geo Estratos, an established oil services business in Mexico The joint venture will evaluate, explore, develop and produce hydrocarbons in Mexico

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2013 (continued)

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

L Chase. Gardener

Lynda Chase-Gardener
Director

27 June 2014

REPORT ON DIRECTORS' REMUNERATION

FOR THE YEAR ENDED 31 December 2013

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

The Board is responsible for the overall remuneration package for the Executive and Non-Executive Directors

DIRECTORS' EMOLUMENTS

Full details of all elements in the remuneration package of each Director for the year are set out below

Director	2013 £'000	2012 £'000
Euan McAlpine	8	28
Lynda Chase-Gardener	8	15
Nicholas Lee	8	3
Thomas Masney	-	86
Dr Anton Schrafl	-	10
	24	142

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2013 (2012 £nil)

BENEFITS IN KIND

The directors did not receive any benefits in kind for the year ended 31 December 2013 (2012 £nil)

ON BEHALF OF THE BOARD

Lynda Chase-Gardener
Director

27 June 2014

REPORT OF THE INDEPENDENT AUDITOR

FOR THE YEAR ENDED 31 December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTAR MINERALS PLC

We have audited the financial statements of Astar Minerals plc for the year ended 31 December 2013 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and the related notes The financial reporting framework that has been applied in the preparation of the 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 7, 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 2013 and of the company's loss for the year then ended,
- the 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

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 company, or returns adequate for our audit have not been received from branches not visited by us, or

the 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
Statutory Auditor, Chartered Accountants

30 Percy Street
London
W1T 2DB

27 June 2014

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2013

	Note	2013 £'000	2012 £'000 (RESTATED)
Continuing operations			
Administrative expenses		**(92)**	**(193)**
Operating loss	**3**	**(92)**	**(193)**
Other gains and losses	**4**	**41**	**(4,506)**
Loss on ordinary activities before taxation		**(51)**	**(4,699)**
Taxation	**6**	–	–
Loss for the year from continuing activities		**(51)**	**(4,699)**
Loss for the year and total comprehensive loss		**(51)**	**(4,699)**
Basic and diluted loss per share			
From continuing and total operations	**7**	**(0.03)p**	**(5.86)p**
		(0.03)p	**(5.86)p**

Note.
The financial statements for the year ended 31 December 2012 were prepared on a consolidated basis, so the comparatives have been restated to reflect the results of the Company only

STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2013

	Notes	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Investment in subsidiaries	8	–	172
		–	172
CURRENT ASSETS			
Trade and other receivables	9	3	–
Cash and cash equivalents	10	104	–
		107	–
CURRENT LIABILITIES			
Trade and other payables	11	36	371
		36	371
NET CURRENT ASSETS/(LIABILITIES)		71	(371)
NET ASSETS/(LIABILITIES)		71	(199)
EQUITY			
Ordinary share capital	12	297	73
Deferred share capital	12	3,866	3,866
Share premium	12	12,852	12,755
Reserve for options granted		172	172
Reserve for warrants granted		–	254
Retained deficit		(17,116)	(17,319)
Equity attributable to owners of the Company and total equity		71	(199)

The financial statements were approved by the Board and ready for issue on 27 June 2014

L. Chase-Gardener

Lynda Chase-Gardener
Director

The accompanying notes form an integral part of these consolidated financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December 2013

	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Reserve for options granted £'000	Reserve for warrants granted £'000	Retained deficit £'000	Total equity £'000
At 1 January 2012	3,905	-	11,949	172	254	(12,620)	3,660
Loss for the year	–	–	–	–	–	(4,699)	(4,699)
Capital reorganisation	(3,866)	3,866	–	–	–	–	–
Issue of new shares	34	–	806	–	–	–	840
At 31 December 2012	73	3,866	12,755	172	254	(17,319)	(199)
Loss for the year	–	–	–	–	–	(51)	(51)
Issue of new shares	224	–	112	–	–	–	336
Share issue costs	–	–	(15)	–	–	–	(15)
Lapsing of warrants	–	–	–	–	(254)	254	–
At 31 December 2013	297	3,866	12,852	172	–	(17,116)	71

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 December 2013

	2013 £'000	2012 £'000
OPERATING ACTIVITIES		
Loss before taxation	(51)	(4699)
Adjustments for		
Impairment of advances and investment	–	3,692
Loss on disposal of investments	172	–
Credit arising from CVA	(175)	–
Amounts written off post CVA creditors	(38)	–
Operating cashflow before working capital changes	(92)	(1007)
Increase in receivables	(3)	–
Decrease in trade and other payables	(122)	(26)
Net cash outflow from operating activities	(217)	(1,033)
FINANCING ACTIVITIES		
Continuing operations		
Issue of ordinary share capital	336	840
Share issue costs	(15)	–
Net cash inflow from financing activities from operations	321	840
Net (decrease)/increase in cash and cash equivalents	104	(193)
Cash and cash equivalents as at 1 January	–	193
Cash and cash equivalents as at 31 December	104	–

The accompanying notes form an integral part of these consolidated financial statements

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

2 PRINCIPAL ACCOUNTING POLICIES (continued)

STATEMENT OF COMPLIANCE

The financial statements comply with International Financial Reporting Standards as adopted by the European Union At the date of realisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU)

		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 enttites	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 when the relevant Standards come into effect for periods commencing on or after 1 January 2014

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

Financial assets are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

The Company's financial assets are classified into the following specific categories 'available for sale investments', and 'loans and receivables' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition

All Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' Loans and receivables are measured at amortised cost using the effective interest method, less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

AVAILABLE FOR SALE INVESTMENTS

Investments are initially measured at fair value plus incidental acquisition costs Subsequently, they are measured at fair value in accordance with IAS 39 In respect of quoted investments, this is either the bid price at the period end date or the last traded price, depending on the convention of the exchange on which the investment is quoted, 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 or net asset value

Investments are recognised as available-for-sale financial assets Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, which are recognised directly in profit or loss Where the investment is disposed of or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss

Investments are assessed for indicators of impairment at each balance sheet date Investments are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the investment, the estimated future cash flows of the investment have been affected

For quoted and unquoted investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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 trade and other payables

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

SHARE BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied The cumulative expense is not adjusted for failure to achieve a market vesting condition

Where warrants or options are issued for services provided to the Company, the fair value of the service is charged to the statement of comprehensive income or against share premium where the warrants or options were issued in exchange for services in connection with share issues Where the fair value of the services cannot be reliably measured, the service is valued using Black Scholes valuation methodology taking into consideration the market and non-market conditions described above
Where the share options are cancelled before they vest, the remaining unvested fair value is immediately charged to the statement of comprehensive income

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

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

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

No segmental analysis was provided in the financial statements given there was no revenue generated in the period for the continuing activities

3 OPERATING LOSS

	2013	2012
	£'000	£'000
Loss from continuing operations is arrived at after charging		
Directors' remuneration	**24**	**142**
Employee salaries and other benefits	**1**	**21**
Auditors' remuneration		
fees payable to the principal auditor for the audit of the Company's annual financial statements	**12**	**10**
fees payables to the Company's auditor and its associates for other services – tax services	**2**	–

4 OTHER GAINS AND LOSSES

	2013	2012
	£	**£**
Credit arising from CVA	**175**	–
Post CVA creditors written down	**38**	–
Loss on disposal of investment in subsidiaries	**(172)**	–
Impairment of investment in subsidiaries	–	**(4,603)**
	41	**(4,603)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

1 GENERAL INFORMATION

The Company is a public limited company incorporated in the United Kingdom and its 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

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 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

As at 31 December 2013 the Company had net assets of £71,000 and Cash and cash equivalents of £104,000 In addition, since the year end the Company has raised £1 05 million in new equity

The Directors have prepared cash flow forecasts through to 30 June 2015 which assume no significant investment activity is undertaken unless sufficient funding is in place 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

5 EMPLOYEE REMUNERATION

The expense recognised for employee benefits for continuing operations is analysed below

	2013 £'000	2012 £'000
Wages and salaries (including directors)	**24**	142
Social security costs	**1**	–
	25	142

Details of Directors' employee benefits expense are included in the Report on Remuneration on page 9

Only the directors are deemed to be key management The average number of employees in the Company was 2 (2012 2)

6 INCOME TAX EXPENSE

	2013 £'000	2012 £'000
Current tax – continuing operations	–	–

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 £'000	2012 £'000
Loss before tax from continuing operations	(51)	(193)
Loss before tax multiplied by rate of corporation tax in the UK of 23 25% (2012 24 5%)	(12)	(47)
Expenses not deductible for tax purposes	2	8
Unrelieved tax losses carried forward	10	39
Total tax	–	–

Unrelieved tax losses of £11,550,000 (2012 £11,500,000) remain available to offset against future taxable profits No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

7 EARNINGS PER SHARE

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

	2013 £'000	2012 £'000
Loss attributable to owners of the Company		
- Continuing operations	(51)	(3,884)
	(51)	(3,884)

	2013	2012
Weighted average number of shares for calculating basic and fully diluted earnings per share	176,316,037	66,117,412

	2013 pence	2012 pence
Earnings per share:		
- Continuing operations (pence per share)	(0 03)	(5 86)
Loss per share from total operations	(0.03)	(5 86)

* The weighted average number of shares used for calculating the diluted loss per share for 2012 and 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

8 INVESTMENT IN SUBSIDIARIES

	2013 £'000	2012 £'000
Cost and net book value		
At 1 January	172	3,864
Impairment	–	(3,692)
Disposals	(172)	–
	–	172

In 2012 the Company recorded a provision of £3,692,000 to reflect the Directors review of the recoverable amounts of its investments In 2013 the Company disposed of all its subsidiaries

9 TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000
Prepayments and accrued income	3	–

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 2013 and 2012 there were no trade receivables past due

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

10 CASH AND CASH EQUIVALENTS

	2013	2012
	£	£
Cash and cash equivalents	104	–

The fair value of cash and cash equivalents is considered by the Directors not to be materially different to carrying amounts

11 TRADE AND OTHER PAYABLES

	2013	2012
	£	£
Trade payables	13	121
Tax and social security	1	–
Other payables	6	250
Accruals and deferred income	16	–
	36	371

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

12 CALLED UP SHARE CAPITAL

	Number of ordinary shares	Value £'000	Number of deferred shares	Value £'000	Share Premium £'000
Issued and fully paid					
At 1 January 2012 (ordinary share of 1p)	3,904,536,792	3,905	–	–	11,949
Share reorganisation (ordinary shares of 0 1p)	39,045,248	39	3,865,491,544	3,866	11,949
Shares issued in year	33,610,000	34	–	–	806
At 31 December 2012	72,655,248	73	3,865,491,544	3,866	12,755
Shares issued in year (see note below)	224,000,000	224	–	–	112
At 31 December 2013	**296,655,248**	**297**	**3,865,491,544**	**3,866**	**12,867**

On 25 April 2013, 224,000,000 ordinary shares of 0 1p were issued at 0 15p each as a result of a placing, raising £336,000 before expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

13 SHARE OPTIONS AND WARRANTS

At 31 December 2013 the following share options and warrants have been granted and are outstanding in respect of the ordinary shares

No options were granted in the year or in the previous year

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

	2013		2012	
		Weighted average exercise price		Weighted average exercise price
	Number	**(pence)**	Number	(pence)
Outstanding at 1 January and 31 December	**912,500**	**48.00**	912,500	48 00

The weighted average exercise price of share options outstanding as at 31 December 2013 was £0 48 and they had an average remaining contractual life of 1 9 years (at 31 December 2012, average exercise price was £0 48 and average contractual remaining life was 2 9 years)

Warrants:	**2013**		2012	
		Weighted average exercise price		Weighted average exercise price
	Number	**(pence)**	Number	(pence)
Outstanding at 1 January 2013	**17,712,222**	**5 81**	1,446,039	15 28
Granted	–	–	16,805,000	5 00
Lapsed	**(17,712,222)**	5 81	(538,817)	15 28
Outstanding at 31 December 2013	–	–	17,712,222	5 81

14 RISK MANAGEMENT OBJECTIVES AND POLICIES

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 2013

14 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Management review the Company's exposure to currency risk, interest rate risk, liquidity risk on a regular basis and consider that through this review they manage the exposure of the Company on a near term needs basis

There is no material difference between the book value and fair value of the Company's cash

INTEREST RATE RISK

The Company and Company manage the interest rate risk associated with the Company cash assets by ensuring that interest rates are as favourable as possible, whilst managing the access the Company requires to the funds for working capital purposes

Interest rates are based on respective CDN LIBOR and other bank prime interest rates

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates Short-term receivables and payables are not exposed to interest rate risk

CREDIT RISK

The Company's financial instruments, which are exposed to credit risk, are considered to be mainly cash and cash equivalents 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

	2013	2012
	£'000	£'000
Cash and cash equivalents	**104**	–
	104	–

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 The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

15 CONTINGENT LIABILITIES

There were no material commitments or contingent liabilities as at 31 December 2013 (2012 nil)

16 RELATED PARTY TRANSACTIONS

The remuneration of the Directors, who are key management personnel of the Company, is set out in the report on directors remuneration

17 POST BALANCE SHEET EVENTS

On 31 March 2014 the Company announced that, following approval by the shareholders, the existing issued ordinary share capital of 296,655,248 ordinary shares of 0 1p would be consolidated on the basis of 10 Existing Ordinary Shares for one new ordinary share of 1p The total number of New Ordinary Shares following the consolidation would be 29,665,524

On 31 March 2014 the Company announced that it had completed a placing of 105,000,000 shares to raise £1 05 million

On 22 April 2014, the Company announced that it had invested approximately £650,000 in a number of quoted companies, all of which have operations in the natural resources sector, in line with its investing policy

On 24 April 2014 the Company announced that had implemented its investing policy

On 27 May 2014 the Company announced that it had signed a joint venture agreement with Nogal Holdings and Nogal Energy Partners, to gain exposure to the deregulating Mexican oil and gas sector

On 19 June 2014 the Company announced that it had signed heads of terms to form a 51%/49% joint venture with Geo Estratos , an established oil services business in Mexico The joint venture will evaluate, explore, develop and produce hydrocarbons in Mexico