Company Registration Number 3740688

STELLAR RESOURCES PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

CONTENTS

CHAIRMAN'S STATEMENT

I am pleased to present the Chairman's report for the year ended 31 December 2014.

Overview

Stellar Resources Plc ("Stellar") has a strong balance sheet with current assets including cash as at 31 December 2014 amounting to £1,456,000.

Investment in Horse Hill Development Limited ("HHDL"):
(10% interest in HHDL)

In February 2014 the Company announced that it had signed a binding agreement (which was later converted into a definitive agreement and completed) to acquire a 7.5% interest in a special purpose company, Horse Hill Developments Limited ("HHDL") for £450,000, which held the option to become operator and 65% interest holder in two Petroleum Exploration and Development Licences ("PEDL") PEDL 137 and 246 in the northern Weald Basin between Gatwick Airport and London.

On 19 June 2014, the Company announced it had acquired a further 2.5% equity interest in HHDL for £150,000 taking its interest from 7.5% to 10%.

The PEDL 137 licence covers 99.29 square kilometres (24,525 acres) to the north of Gatwick Airport in Surrey and contains the Horse Hill prospect and several other exploration leads. PEDL 246 covers an area of 43.58 square kilometres (10,769 acres) and lies immediately adjacent and to the east of PEDL137. In September 2014, HHDL subsequently completed the farm-in to the two PEDLs to obtain the planned 65% working interest.

The Horse Hill-1 well is located approximately 7.5 kilometres southeast of the producing Brockham Oilfield and approximately 15 kilometres southwest of the Palmers Wood Oilfield. The pre-drill primary target reservoir horizons were the Portland Sandstone, which is productive in the Brockham Oilfield, and the Corallian Formation, which is the producing horizon in the Palmers Wood Oilfield. Secondary targets for the well included the Triassic, which is productive in the nearby Wessex Basin and has previously tested gas in the Weald Basin, and the Greater Oolite Formation.

On 2 September 2014, the Horse Hill-1 ("HH-1") well commenced drilling operations with 20-inch surface casing being set at 84 feet below ground level. By 22 September 2014, the Marriott-50 rig was installed on the well and the drilling of 17 1/2-inch hole to intermediate 13 3/8-inch casing depth at 1,795 feet measured depth ("MD") was completed on 28 September 2014. Drilling continued in 12 ½-inch hole and after a further intermediate casing was set at 6,612 feet MD and the well reached total depth at 8,870 feet MD on the 4 November 2014.

Evaluation of electric logs and other data collected from the well resulted in the announcement on 24 October 2014 of a conventional Upper Portlandian Sandstone discovery with a preliminary most likely estimate of 3.1 million barrels ("mmbbls") of gross oil in place in a 102-foot zone. A further 16.8 mmbbls of possible gross un-risked prospective oil in place were estimated in the Lower Portlandian Sandstone, in what was believed at the time, to be an untested fault block to the south of the well. Further hydrocarbon indications in the Kimmeridgian Formation were observed and were subject to additional analysis. The anticipated Triassic reservoir was not found to be present and the well was terminated in older Palaeozoic formations.

In December 2014, after the initial announcement of a Portlandian discovery further work, integrating the well results with a vertical seismic profile ("VSP") and electric logs, demonstrated that the Collendean Farm-1 and Horse Hill-1 wells were in communication at Portland reservoir level and the fault previously interpreted to lie adjacent to HH-1 was a seismic artefact. The best estimated gross oil in place at the combined Portlandian Sandstone level was upgraded to 8.2 mmbbls. In May 2015, an independent reserves review by the Xodus Group was released which saw this estimate substantially increased again to 21.0 mmbbls.

The estimated gross oil in place in the Portland Sandstone at the various stages of evaluation are tabulated in Table 1 below.

Table 1: Gross estimated discovered oil initially in place ("STOIIP") in Portlandian Sandstone at Horse Hill (mmbbls)

Source	Date	Low (P90)	Best (P50)	High (P10)	Mean
Company Internal estimate	24 October 2014	1.5	3.1	4.8	na
Company Internal estimate	17 December 2014	5.7	8.2	12.1	na
Xodus Group	11 May 2015	14.3	21.0	30.4	21.8

na = not available

A flow test is planned to be performed in 2015 to test the Portlandian Sandstones in order to establish the feasibility of a commercial development of the oil estimated to be in place in the reservoir.

During drilling it was also noted that the Kimmeridge limestones and surrounding shale contained oil and following the completion of the drilling of the well extensive geochemical analysis was conducted which showed the Kimmeridge formation was mature for oil generation.

NUTECH Inc. ("Nutech"), an industry specialist in tight reservoir analysis, was contracted to conduct further detailed petrophysical evaluation of the electric logs. This work resulted in the announcement in April 2015 of a potentially significant play with estimated gross oil in place of over 150 million barrels per square mile.

The results of the work by Nutech have subsequently been independently verified in May 2015 by Schlumberger, one of the world's leading oil and gas service companies, using their proprietary modelling developed in tight reservoirs in the USA and applied extensively in the USA and elsewhere. Schlumberger's estimate of oil in place in the Kimmeridge, Oxford and Lias mudstones and limestones is approximately 255 million barrels per square mile (gross). If confirmed, this largely unconventional play in the Kimmeridge opens up large areas of the Weald Basin that may have potential for oil production, not limited to the PEDL137 licence area where Horse Hill is located.

Investment in Gold Mines of Wales Limited ("GMOW"):
(49% interest in GMOW)

GMOW – 2014 Activities

Stellar owns 49% of GMOW, a Jersey registered private company.

Technical work undertaken during 2014 has been both desk and field based, with activity both regionally and in and around Clogau. SRK Consulting UK Ltd ("SRK") was instructed to undertake an independent review of the Clogau mine and nearby targets, with their report being delivered in November 2014.

SRK completed a comprehensive data and literature review, including public domain sourced material, Electromagnetic ("EM") survey data of the Harlech dome, as well as documents from the Gold Mines of Wales ("GMOW") database. The latter included historical reports and various scanned mine plans of historical workings of the Clogau and Gwynfynydd mines. Surface geological data for the entire licence area was available digitally from Edina Digimap at a scale of 1:50,000. The geology around Clogau was sourced at higher resolution from British Geological Survey ("BGS") sources and supplemented by surface mapping at a scale of 1:2,500.

Surface mapping and structural geological interpretation was undertaken, specifically around Clogau, with the aim of updating the current BGS 1:50,000 scale map and locating additional parallel lodes at surface. The mapping data has been incorporated into an updated 3D geological model in order to determine whether satellite lodes exist south of the Main reef. SRK also reviewed EM geophysical data collected during 1972-1973. This has resulted in the identification of a series of anomalous zones which warrant further investigation, initially by ground proofing. SRK (2014) conclude that additional targets do exist, which validates previous recommendations by Snowden Mining Industry Consultants Ltd in 2011.

At Clogau, continuation of a grab sampling programme of stopes and drives on the Clogau Tyn-y-Cornel level. Some 55 samples (>400 kg) were collected and submitted to the ALS Mineral Laboratory in Ireland for 0.5 kg LeachWELL assay. The results of these assays were reported publically by STG in February, April and November 2014. It should be noted that these samples are from broken material on the floor of the drives and are not in-situ rock samples. The results indicate the presence of gold within the floor material, which may provide an immediate small source of gold.

The purchase and installation of the 2 tonne per hour crushing, grinding and gravity processing plant has been an important development during the year. The unit is situated in the Llechfraith site buildings and is operational. Material from the Tyn-y-Cornel floor stock samples was processed.

GMOW – 2015 Activities

January 2015 saw the appointment of Dr Simon Dominy to GMOW as Director of Operations. Dr Dominy has extensive experience in the Dolgellau gold-belt, both at Clogau and Gwynfynydd, as well as on numerous other high-nugget narrow vein projects globally.

During the first half of 2015, extensive work has been undertaken as to the best options and approaches for regional exploration. A number of independent exploration contractors have been contacted with regard to assisting with the regional programme. An exploration programme and budget are in preparation.

Dr Dominy undertook a site visit with structural geologist, Dr Ian Platten in April 2015 to review exploration approaches both regionally and at Clogau. An underground visit to Clogau was undertaken. Discussions during that site visit were reflected in contact with exploration providers.

At Clogau, regular visits have been undertaken underground to check the status of the workings, which remain in a relatively good condition. Planning has been undertaken as to the best options and approaches for re-evaluation of the mine and near-mine targets. This will initially include safety and infrastructure works, followed by surveying, mine mapping and sampling, computer modelling and a phase of diamond drilling.

No further work has been undertaken, as of June 2015 GMOW still awaits finalisation of its Option Agreement from the Crown Estate.

Licence Extension

Stellar has been advised by GMOW that it is confident that the Crown Estate will agree to grant to GMOW a renewal of its exclusive Option Agreement over an area of 120km2 which contains the Dolgellau Gold Belt. However, GMOW and the Crown Estate are still in the process of negotiating the terms of the renewal documentation, including duration and size of the granted area, and a further update will be made in due course. Whilst the timeliness of this renewal process has been very frustrating, the Company appreciates the work undertaken by both parties.

Other Investments:

In January 2014, Stellar acquired an initial 20% shareholding in Boletus Resources Limited ("Boletus"), a special purpose company for developing the Bengkulu Coal Project, for $400,000. Since the time of the original investment in Boletus, the price of coal globally and domestically in Indonesia has fallen significantly, so much so that the board have decided not to make any further investments in Boletus at this time and remain a minority investor in this special purpose company. This decision may change in the future should the coal prices improve back to the levels of earlier this year.

In the meantime, Boletus have reviewed their options with the lease owner of the Bengkulu Coal Project to ascertain if a commercially viable coal operation is indeed possible. At this stage it is not deemed viable.

Financial Results

Group operating loss was £462,000 (2013 - £391,000 loss). The net loss after tax was £560,000 (2013: £478,000). Current assets including cash at 31 December 2014 amounted to £1,456,000 (2013: £2,645,000).

Outlook

Your Board is confident that the investments made by the Company since it changed its investment strategy are both encouraging and potentially very rewarding. We will look to realise this potential over the future years in addition to continuing to review further investment opportunities.

The directors would like to take this opportunity to thank our shareholders, staff and consultants for their continued support.

Donald Strang
Chairman
18 June 2015

Glossary:

bbls	= barrels of oil
discovery	= a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
electric logs	= tools used within the wellbore to measure the rock & fluid properties of the surrounding formations
HH-1	= Horse Hill-1 well
MD	= measure depth
mmbbls	= million barrels of oil
PEDL	= Petroleum Exploration and Development Licence
play	= a set of known or postulated oil or gas accumulations sharing similar geologic properties
reserves	= those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
reservoir	= a subsurface rock formation containing an individual natural accumulation of moveable petroleum

COMPANY INFORMATION

Directors	D Strang E Priestley
Secretary	D Strang
Registered Office:	Suite 3B, 38 Jermyn Street, London, SW1Y 6DN
Company Registration Number:	03740688
Country of Incorporation:	United Kingdom
Nominated Adviser and Broker	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Auditor	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Bankers	Bank of Scotland, Threadneedle Street London, EC2R 8AH
Solicitors	Kerman & Co LLP 200 The Strand London WC2R 0ER
Registrars	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham, Surrey GU9 7LL

INFORMATION ON THE BOARD OF DIRECTORS

Donald Strang, Executive Director

Mr. Strang is a member of the Australian Institute of Chartered Accountants and has been in business over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. Mr. Strang has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently a director on various AIM listed companies.

Emma Priestley , Executive Director

Emma Priestley has a background in mining and financial services having worked with mining companies and consultants GVA Grimley and IMC Mackay & Schnellmann, investment bank CSFB, advisers VSA Resources, Ambrian Partners, where she worked as corporate broker and adviser. Until its successful takeover, Emma was an executive director of Lonrho Plc, which focussed on the development of business opportunities in infrastructure, transportation, support services and natural resources in African. Her role developed from analysing business opportunities and attracting investors to them, to acting as the Director on the ground. Most recently she has joined the boards of Obtala Resources Plc and Stratex International Plc as business development and market liaison, in conjunction with this she is a director with African Resource Capital, which is an advisory focussed on natural resources and infrastructure on the African Continent. Emma is a graduate of Camborne School of Mines, is a chartered Mining Engineer and Chartered Mineral Surveyor

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2014.

Principal Activities
Stellar Resources plc is an investing company with a focus on minerals exploration.

Results
The results for the year are set out on page 12 and are stated in UK sterling. The Company made an operating loss on continuing operations of £0.462 million (2013 - loss of £0.391 million). The Directors do not recommend payment of a dividend (2013 - Nil).

The loss on operations after taxation amounted to £0.560 million (2013 - loss of £0.478 million).

Review of the Business
A review of the business for the year is set out in the Chairman's Statement on pages 1 to 4.

Key Performance Indicators
Due to the current status of the Company, the Board has not identified any performance indicators as key.

Future Developments
Future Developments are outlined in the Outlook section of the Chairman's Statement.

Going Concern
The Directors have prepared cash flow forecasts and budgets that show that, for a period of at least twelve months from the date of signing these Financial Statements, the Company expects to have sufficient resources to continue its business. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

Events After the Reporting Period
Events After the Reporting Period are outlined in Note 18 to the Financial Statements.

Directors
Details of Directors are set out on pages 6. Details of Directors' interests in share options and warrants are set out in note 15 to the Financial Statements.

Substantial Shareholding
As at 17 June 2015, the Company had been notified of the following substantial shareholdings in the ordinary share capital, over 3%;

	Number of ordinary shares	%
JIM Nominees Ltd	98,487,697	12.92
TD Direct Investing Nominees (Europe) Ltd	58,712,850	7.70
Barclayshare Nominees Ltd	56,715,160	7.44
HSDL Nominees Ltd	44,755,830	5.87
Hargreaves Lansdown (Nominees) Ltd - 15942	40,252,820	5.28
Investor Nominees Ltd	30,642,842	4.02
Hargreaves Lansdown (Nominees) Ltd – HL NOM	29,263,077	3.84
Lawshare Nominees Ltd	28,775,388	3.77
Mrs V Maslennikova	26,422,000	3.46
Hargreaves Lansdown (Nominees) Ltd - VRA	25,500,944	3.34
HSBC Client Holdings Nominee (UK) Ltd	25,028,972	3.28

REPORT OF THE DIRECTORS

Corporate Governance

Audit and Remuneration Committees have been established and in each case comprise Donald Strang and Emma Priestly.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Companys employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Company and its accounting policies.

Suppliers' Payment Policy

It is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Company does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Charitable Contributions

During the year the Company made charitable donations amounting to Nil (2013- Nil).

Directors' Indemnities

In accordance with the Companies (Audit Investigations and Community Enterprise) Act 2004, which came into force on 6 April 2005, the Company has indemnified the Directors against liability to third parties, and undertaken to pay Directors' legal costs as incurred, provided that they are reimbursed to the Company if the individual is convicted.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company involve the ability to raise funding in order to finance the acquisition and exploitation of mining opportunities and the exposure to fluctuating commodity prices.

In addition, the amount and quality of minerals available and the related costs of extraction and production represent a significant risk to the Company.

Financial risk management objectives and policies

The Company's principal financial instruments are available for sale assets, trade receivables, trade payables and cash at bank. The main purpose of these financial instruments are to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees policies for managing this risk and this is summarised below.

REPORT OF THE DIRECTORS

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern' and note 13 to the financial statements.

Auditors

Chapman Davis LLP offer themselves for re-appointment as auditor in accordance with Section 489 of the Companies Act 2006.

Annual General Meeting

Notice of the forthcoming Annual General Meeting will be enclosed separately.

By Order of the Board

Donald Strang
Chairman
18 June 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements under IFRS as adopted by the EU and applicable law. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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 so far as each of the Directors are aware:

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information 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.

REPORT OF THE AUDITOR

Report of the Independent Auditor to the Members of Stellar Resources plc

We have audited the Financial Statements of Stellar Resources plc for the year ended 31 December 2014 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, 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 Auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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
A description of the scope of an audit of Financial Statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements
In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the Company's loss for the year then ended;
- the Financial Statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

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.

Opinion on Other Matter Prescribed by the Companies Act 2006;
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Keith Fulton (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
17 June 2015

INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £000	2013 £000
Revenue	2	3	3
Cost of sales		-	-
Gross profit		3	3
Share based payments		-	(130)
Other administrative costs		(465)	(264)
Total administrative costs		(465)	(394)
Operating loss	2, 3	(462)	(391)
(Loss) on AFS assets	5	(17)	-
Share of loss of associate	8	(81)	(87)
Loss before tax		(560)	(478)
Taxation	6	-	-
Net loss for the year attributable to owners of parent company		(560)	(478)
Loss per Share			
Basic and diluted loss per share (pence)	7	(0.08)	(0.26)

STATEMENT OF COMPREHENSIVE INCOME	£000	£000
Loss for the Year	(560)	(478)
Gain/(loss) on currency translation	-	-
Total Comprehensive Income for the year attributable to the owners of the parent company	(560)	(478)

The Accounting Policies and Notes on form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

ASSETS	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Non-Current Assets					
Investment in Associate	8	359		440	
Available for Sale Investments	9	750		-	
			1,109		440
Current Assets					
Trade and other receivables	10	852		1,060	
Cash and cash equivalents	11	604		1,585	
			1,456		2,645
Total Assets			2,565		3,085
LIABILITIES					
Current Liabilities					
Trade and other payables	12	(64)		(92)	
Total Liabilities			(64)		(92)
Net Assets			2,501		2,993
EQUITY					
Equity Attributable to Equity Holders of the Parent					
Share capital	14	15,188		15,185	
Share premium account		31,432		31,367	
Share based payment reserve		100		130	
Retained earnings		(44,219)		(43,689)	
Total Equity			2,501		2,993

These Financial Statements were approved by the Board of Directors and authorised for issue on 18 June 2015.

Donald Strang
Director

The Accounting Policies and Notes on form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2014

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total attributable to owners of parent
	£000	£000	£000	£000	£000
Balance at 1 January 2013	15,121	28,837	46	(43,257)	747
Loss for the year	-	-	-	(478)	(478)
Other comprehensive income:					
Transfer to income statement	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(478)
Net proceeds from share issue	64	2,530	-	-	2,594
Share options cancelled	-	-	(46)	46	-
Share based payments	-	-	130	-	130
Transactions with owners of the company	64	2,530	84	46	2,724
Balance at 31 December 2013	15,185	31,367	130	(43,689)	2,993
Loss for the year	-	-	-	(560)	(560)
Other comprehensive income:					
Transfer to income statement	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(560)	(560)
Net proceeds from share issue	3	65	-	-	68
Share options exercised	-	-	(30)	30	-
Transactions with owners of the company	3	65	(30)	30	68
Balance at 31 December 2014	15,188	31,432	100	(44,219)	2,501

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2014

	2014 £000	2014 £000	2013 £000	2013 £000
Cash Flows from Operating Activities				
Operating Loss		(462)		(391)
Adjustments for:				
Share based payment charge	-		130	
Change in trade and other receivables	123		(671)	
Change in trade and other payables	(28)		(3)	
Taxation (paid)	-		-	
		95		(544)
Net Cash used in Operating Activities		(367)		(935)
Cash Flows from Investing Activities				
Loan advanced to associate	(85)		(125)	
Net payment for available for sale investments	(597)		-	
Net Cash used in Investing Activities		(682)		(125)
Cash Flows from Financing Activities				
Net proceeds from share issue	68		2,594	
Net Cash in generated from Financing Activities		68		2,594
Net Change in Cash and Cash Equivalents		(981)		1,534
Cash and Cash Equivalents at beginning of period		1,585		51
Cash and Cash Equivalents at end of period		604		1,585

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. Accounting Policies

Basis of Preparation

Stellar Resources Plc is a company incorporated in the United Kingdom. The Company's shares are listed on the AIM market of the London Stock Exchange.

The Financial Statements are for the year ended 31 December 2014 and have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"). These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 18 June 2015 and signed on their behalf by Mr Donald Strang.

The accounting policies have been applied consistently throughout the preparation of these Financial Statements, and the financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

New standards and interpretations not applied
IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the Company:
Amendment to IAS 32, 'Financial instruments:Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Company has applied the amendment and there has been no significant impact on the Company financial statements as a result.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. Accounting Policies (continued)

New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. Accounting Policies (continued)

Sources of Estimation and Key Judgements

The preparation of the Financial Statements requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historic experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services provided, excluding VAT and trade discounts. Revenue is credited to the Income Statement in the period it is deemed to be earned.

Finance Income and Costs

Finance income and costs are reported on an accruals basis.

Taxation

Current tax is the tax currently payable based 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 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. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. 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 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 balance sheet 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 directly to equity in which case the related deferred tax is also charged or credited directly to equity.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. Accounting Policies (continued)

Financial Assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired, and are recognised when the Company becomes party to contractual arrangements. Both loans and receivables and available for sale financial assets are initially recorded at fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade, most other receivables and cash and cash equivalents fall into this category of financial assets. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include unlisted securities. These available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities initially recognised at fair value less transaction costs and thereafter carried at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. 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.

Share-Based Payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period; and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date, and therefore the grant-date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Equity

Equity comprises the following:

- "Share capital" representing the nominal value of equity shares.
- "Share premium" representing the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Share based payment reserve” represents the value of equity benefits provided to employees and directors as part of their remuneration and provided to consultants and advisors hired by the Company from time to time as part of the consideration paid.
- "Retained earnings" representing retained profits.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. Accounting Policies (continued)

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost 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 using the exchange rates at the date when the fair value was determined. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in the income statement.

The assets and liabilities in the Financial Statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to the Translation reserve in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the income statement as part of the gain or loss on disposal.

The Company's functional currency and presentational currency is Sterling.

Going Concern

The company has no significant trading businesses and is therefore deemed to be an investing company. It now has a low cost base and no borrowings. The Directors have prepared cash flow forecasts and budgets that show that for a period of at least twelve months from the date of these Financial Statements, the Company has sufficient resources to continue in business, and will seek to raise additional funds through a placing as conditions require for working capital or further investment opportunities. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

2. Segment Reporting

The Company is now operating as a single UK based segment with a single primary activity to invest in businesses so as to generate a return for the shareholders. The revenue from this segment, generated from management services in the UK, was £3,000 (2013 - £3,000). The non-current assets of the segment is £1,109,000 (2013 - £440,000).

3. Operating Activities and Auditor's Remuneration

	2014	2013
	£000	£000
Included within results from operating activities are the following:		
Operating lease rentals - land and buildings	12	24
Auditor's remuneration:		
Audit services:		
- Company statutory audit	15	10
Non-audit services:		
- Taxation compliance	-	-

4. Information Regarding Directors and Employees

	2014	2013
	£000	£000
Employment costs, including Directors, during the year:		
Wages and salaries	245	124
Share based payments	-	130
	245	254
Average number of persons, including executive Directors employed	**No.**	**No.**
Administration	3	3
	3	3
Directors' remuneration	**£000**	**£000**
Emoluments	245	254
	No.	**No.**
Number of Directors in money purchase pension schemes	-	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

4. Information Regarding Directors and Employees (continued)

Emoluments of the Individual Directors

	Fees and salaries	Share based payments	Total
2014	**£000**	**£000**	**£000**
D Lenigas (*3)	80	-	80
D Strang	108	-	108
E. Priestly (*2)	5	-	5
E Mc.Dermott (*1)	52	-	52
	245	**-**	**245**
2013	**£000**	**£000**	**£000**
D Lenigas	50	50	100
D Strang	50	50	100
E Mc.Dermott	24	30	54
	124	130	254

(*1) resigned as a director on 6 October 2014.
(*2) appointed as a director on 17 October 2014.
(*3) resigned as a director on 17 October 2014.

Directors' interest in share options is set out in note 15.

Key Management Personnel

The key management personnel are considered to be the Directors. There remuneration is included in note 4 above.

5. (Loss) on Available for Sale Assets

	2014	2013
	£000	£000
Realised gain on sale of AFS assets	113	-
Impairment (loss) on AFS assets	(130)	-
	(17)	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

6. Income Tax (Credit)/Expense

The relationship between the expected tax (credit)/expense based on the effective tax rate of the Company at 21/23% (2013 – 23/24%) and the tax (credit)/expense actually recognised in the income statement can be reconciled as follows:

	2014 £000	2013 £000
Loss for the year before tax	(560)	(478)
Tax rate	21/23%	23/24%
Expected tax credit	(120)	(111)
Differences between capital allowances and depreciation	-	-
Expenses not deductible for tax purposes	48	50
Deferred tax asset not recognised	72	61
Actual tax expense	-	-

Deferred Tax

The amount of unused tax losses for which no deferred tax asset is recognised in the statement of financial position is £859,000 (2013 - £510,000).

Under IAS 12, deferred tax provisions are made for the tax that would potentially be payable on the realisation of assets at book value. Other temporary differences represent deferred tax assets arising from future tax relief available to the Company from capital allowances.

7. Loss per Share

2014	£000	Weighted average No. of shares	Basic per share amount (pence)
Loss after tax	(560)		
Earnings attributable to ordinary shareholders	(560)		
Weighted average number of shares		742,212,181	(0.08)
Total basic and diluted loss per share			(0.08)
2013			
Loss after tax	(478)		
Earnings attributable to ordinary shareholders	(478)		
Weighted average number of shares		180,602,716	(0.26)
Total basic and diluted loss per share			(0.26)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

8. Investment in associate

	2014 £000	2013 £000
Investment in associate	359	440

	2014 £'000	2013 £'000
Carrying amount at 1 January	440	527
Share of loss	(81)	(87)
Carrying amount at 31 December	359	440

The Group's share of results of its associate, which is unlisted, and its aggregated assets and liabilities, is as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(Loss)	% interest held
		As at 5 April 2014			Year to 5 April 2014	
Gold Mines of Wales Limited	Jersey	£93,000	£4,000	Nil	(£159,000)	49

Gold Mines of Wales Limited's year end is 5 April.

9. Available for Sale Investments

	2014	2013
Investment in listed and unlisted securities	**£000**	**£000**
Valuation at beginning of the period	-	-
Additions at cost	880	-
Impairment in value of unlisted investment	(130)	-
Valuation at the end of the period	**750**	**-**
The available for sale investments splits are as below:		
Non-current assets - unlisted	750	-

On 6 February 2014, the Company completed the acquisition of a 7.5% shareholding in Horse Hill Developments Ltd ("HHDL"), a company incorporated in England & Wales, with investments in the UK, for a total cash consideration of £450,000. On 19 June 2014, the Company increased their holding in HHDL to 10% shareholding with the acquisition of a further 2.5% shareholding for a total cash consideration of £150,000.

On 9 January 2014, the Company acquired an initial 20% shareholding in Boletus Resources Limited ("Boletus"), a compay with interest in the Bengkulu Coal Project on the Indonesian Island of Sumatra, for a total cash consideration of USD$400,000. This investment has been impaired by £130,000 on the basis of the fall in global Coal prices and the current viability of the project being assessed.

Available-for-sale investments comprise investments in unlisted securities which are not traded on any stock market in the world, and are held by the Company as a mix of strategic and short term investments.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

10. Trade and Other Receivables

Current trade and other receivables	2014 £000	2013 £000
Trade receivables	4	4
Other receivables	398	548
Due on sale of Hambric Sports Management LLC (see below)	-	54
Due from associate undertaking	335	250
Prepayments and accrued income	115	204
	852	1,060

All trade receivable amounts are short term. The carrying value of trade receivables is considered as a reasonable approximation of the fair value of the receivables. All of the Company's trade and other receivables have been reviewed for indicators of impairment. No trade receivables were found to be impaired and no provision has been recorded accordingly (2013 - Nil)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The previous investment in Hambric Sports Management LLC ("HSM") represented a 30% share of the issue share capital of that company. The minority shareholding and absence of Board representation meant that the Company was unable to influence control over HSM. HSM was involved in the management and representation of golfing professionals. In 2010, the Board took the decision to seek to dispose of this investment and began to negotiate with a number of interested parties. These negotiations concluded on 15 October 2012 and the investment was disposed of for US $350,000 which was to be paid as follows:

$175,000 – Received on 15 October 2012.
$87,500 – Received on 4 March 2013.
$87,500 – February 2014 (Received on 26 February 2014)

11. Cash at Bank and Cash Equivalents

	2014 £000	2013 £000
Cash at Bank	604	1,585

12. Trade and Other Payables

Current trade other payables	2014 £000	2013 £000
Trade payables	12	44
Taxation and social security	2	2
Accruals and deferred income	50	46
	64	92

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

13. Risk Management Objectives and Policies

Financial assets by category

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

Current assets	**2014** **£000**	**2013** **£000**
Loans and receivables	852	1,060
Cash	604	1,585
	1,456	2,645

Financial Liabilities by Category

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

Current liabilities		
Financial liabilities measured at amortised cost	64	92

The Company is exposed to market risk through its use of financial instruments and specifically to credit risk, and liquidity risk which result from both its operating and investing activities. The Company's risk management is coordinated at its headquarters, in close co-operation with 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. Long term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

Interest rate sensitivity

The Company is not substantially exposed to interest rate sensitivity, other than in relation to interest bearing bank accounts.

Credit risk analysis

The Company's exposure to credit risk is limited to the carrying amount of trade receivables. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Company's policy is to deal only with creditworthy counterparties. Company management considers that trade receivables that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

13. Risk Management Objectives and Policies (continued)

Liquidity risk analysis

The Company’s continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

Capital Management Policies

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide a return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents.

14. Share Capital

	2014	2013
	£000	£000
Allotted, issued and fully paid		
762,549,167 ordinary shares of 0.01p each (2013 – 736,549,167 of 0.01p each)	76	73
28,976,581 deferred shares of 45p each (2013 – 28,976,581)	13,040	13,040
28,976,581 A deferred shares of 4p each (2013- 28,976,581)	1,159	1,159
92,230,985 B deferred shares of 0.99p each (2013- 92,230,985)	913	913
	15,188	15,185

The deferred shares and the A and B deferred shares do not carry voting rights.

On 27 June 2013, a Special Resolution was passed to sub-divide the 92,230,985 existing ordinary shares of 1p each into one new ordinary share of 0.01p and one new deferred share of 0.99p B Deferred Share as part of a Capital Reorganisation. The deferred shares and B deferred shares do not carry voting rights.

On 29 October 2013, 200,000,000 ordinary shares of 0.01p each were issued fully paid for cash consideration at 0.40 pence per share raising gross proceeds of £800,000.

On 14 November 2013, 362,500,000 ordinary shares of 0.01p each were issued fully paid for cash consideration at 0.40 pence per share raising gross proceeds of £1,450,000.

On 29 November 2013, 81,818,182 new ordinary shares of 0.01 pence each were issued fully paid for cash consideration at 0.55 pence per share raising gross proceeds of £450,000.

On 1 October 2014, 13,000,000 new ordinary shares of 0.01p each were issued fully paid for cash consideration at 0.4p per share on the exercise of warrants.

On 24 October 2014, 13,000,000 new ordinary shares of 0.01p each were issued fully paid for cash consideration at 0.4p per share on the exercise of 6,000,000 share options and 7,000,000 warrants.

During the year ended 31 December 2014, the Company issued a total of 26,000,000 ordinary shares (2013: 644,318,182 ordinary shares).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

15. Share-based payments

Details of share options and warrants granted to Directors over the ordinary shares are as follows:

	At 1 January 2014 No.	Issued during the year No.	Exercised or expired during the year No.	At 31 December 2014 No.	Exercise price £	Date from which exercisable	Expiry date
Share options							
D Lenigas	10,000,000	-	-	10,000,000	0.004	14/11/2013	14/11/2023
D. Strang	10,000,000	-	-	10,000,000	0.004	14/11/2013	14/11/2023
E McDermott	6,000,000	-	(6,000,000)	-	0.004	14/11/2013	14/11/2023
	26,000,000	-	(6,000,000)	20,000,000			
Warrants							
Various	24,075,000	-	(20,000,000)	4,075,000	0.004	29/10/2013	14/11/2018
Various	81,818,182	-	(81,818,182)	-	0.006	29/11/2013	30/11/2014
	105,893,182	-	(101,818,182)	4,075,000			

The share price range during the year was £0.007 to £0.001 (2013 - £0.0045 to £0.0212).

The share based payment charge in the year was £nil (2013 - £130,000).

The weighted average values of options are as follows:	**2013**
Weighted average exercise price of options granted	0.40p
Weighted average exercise price of options exercisable at the end of the year	0.40p
Weighted average option life remaining	9.87 years

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
14 November 2013	2.00%	183.9%	10 years	£0.0050

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised total expenses of £nil (2013: £130,000) relating to equity-settled share-based payment transactions during the year, and £30,000 was transferred via equity to retained earnings on the exercise of 6,000,000 options during the year (2013: £46,000).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

16. Capital Commitments

There are no non-cancellable capital commitments as at the balance sheet date.

17. Related Party Transactions

There were no related party transactions during the year.

Key Management Personnel

The key management personnel are considered to be the Directors. There remuneration is included in note 4 to the accounts.

18. Events after the reporting period

There are no events after the reporting date to disclose.