

**STELLAR RESOURCES PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

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## CHAIRMAN'S STATEMENT incorporating the Strategic Review

I am pleased to present the Chairman's report for the year ended 31 December 2015.

### Overview

Stellar Resources Plc ("Stellar Resources") has a strong balance sheet with no debt and with current assets, including cash, as at 31 December 2015 amounting to £1,218,000.

In February 2016, the Company announced it had raised £870,000 through the issue of 348 million new shares at a placing price of 0.25 pence per share. The funds are to be used for general working capital purposes and to assist in seeking further investment opportunities.

It has been a very successful year for the Company on the oil exploration front. The Company owns two natural resource assets in the UK, being a 10% stake in Horse Hill Developments Limited ("HHDL"), and a 49% stake in Gold Mines of Wales Limited. We believe these investments will significantly enhance future shareholder value.

The planned testing at the Horse Hill-1 ("HH-1") discovery in the Weald Basin onshore UK was undertaken in early 2016 with exceptionally high oil flow rates being achieved in both the Kimmeridge Limestone and the Portland Sandstone reservoirs. Flow results from the HH-1 well at Horse Hill produced significant stable oil dry oil flow rates from initial flow tests of 1,688 barrels of oil per day through restricted choke settings, which are thought to be the UK's highest flow rates for any onshore discovery.

These confirm that a commercial discovery has been made and plans to develop the field will now proceed. The Company is awaiting proposals from Horse Hill Developments Limited ("HHDL") on the next phase of operations at Horse Hill, but the Company sees significant potential for commercial development of both the Portland and Kimmeridge intervals. The HH-1 Portland Sandstone discovery is now estimated to contain 21 million barrels of oil ("mmbbls") initially in place. The discovery made in the Jurassic Kimmeridgian, Oxfordian and Liassic limestones and mudstones has been extensively studied and attributed with very significant resource potential in separate studies by Nutech and Schlumberger.

At Horse Hill Oil Field, HHDL have advised that the way forward on the project will now involve seeking regulatory permissions to conduct extended production tests from all 3 oil zones at the site, followed by a horizontal side-track in the Kimmeridge limestones and a possible new Portland development well.

Gold Mines of Wales Limited (49% owned by Stellar Resources) in turn owns 100% of GMOW. GMOW is the UK entity that holds the exclusive Option from the Crown Estate over 107 km<sup>2</sup> of exploration area. The Option granted to GMOW is akin to what is known as an exploration licence in other jurisdictions, in that it gives GMOW the exclusive right to explore for gold and other minerals within the licence area for the specific period.

The Company also announced during 2015 the renewal of the Crown Estate ("Crown") Mines Royal Exploration Option ("Option") over the Dolgellau Gold-Belt for a period of six years to Gold Mines of Wales (Operations) Limited ("GMOW"). Previous extensions of the Option have only been granted for a period of one year, and the Option will be subject to review by the Crown of GMOW's progress and activities every two years.

### Investments

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

#### Option Renewal

On 17 August 2015, the Company announced the renewal of the Crown Estate ("Crown") Mines Royal Exploration Option ("Option") over the Dolgellau Gold-Belt for a period of six years to Gold Mines of Wales (Operations) Limited ("GMOW") subject to review by the Crown of GMOW's progress and activities every two years. Previous extensions of the Option have only been granted for a period of one year.

## CHAIRMAN'S REPORT incorporating the Strategic Review – continued

The previously granted Option of one year covered an area of 124 km<sup>2</sup> of the gold-belt. In the Option renewal dated 14 August 2015 (but commencing 10 February 2015), the Crown opted to exclude an area of approximately 17 km<sup>2</sup> incorporating the former Gwynfynydd mine. Whilst potentially prospective for gold exploration, this area is difficult to explore due to dense forestation.

Under its renewed Option, GMOW retains 107 km<sup>2</sup> of exploration area. This most importantly includes the Clogau St Davids mine, the most significant historical producer within the area covered by the Option, as well as the prospective southern area of the gold-belt (62 km<sup>2</sup>). The granted Option also covers 45 km<sup>2</sup> of the gold-belt northern area, which is geologically prospective but vastly unexplored.

The six year Option period now provides GMOW with a firm base on which to drive both regional and near mine (Clogau) exploration. A consultation process was undertaken with a number of exploration service providers. GMOW is assessing operational and technical options to advance the project. Dr Simon Dominy, Director of Operations for GMOW and Dr Ian Platten, Consulting Geologist have made a number of site visits to the project area.

### Work programme

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 had been undertaken as to the best options and approaches for regional exploration. A number of independent exploration contractors were contacted with regard to assisting with the regional programme. An exploration programme and budget are in preparation. Dr Dominy and Dr Platten have undertaken a number of site visits in H1 2015 to review exploration approaches both regionally and at Clogau. At Clogau, regular visits have been undertaken underground to check the status of the workings, which remain in a relatively good condition. Any future activities at Clogau would initially need to include safety and infrastructure works, followed by surveying, mine mapping and sampling, computer modelling and diamond drilling.

In late 2015, SRK Exploration Services Ltd ("SRKES") of Cardiff were appointed as exploration contractors for the project. SRKES, in conjunction with GMOW, have been undertaking detailed planning of an initial 12 month regional exploration programme. The programme will include geological interpretation and mapping to produce targets for follow-up. Various exploration techniques may be applied, including remote sensing, geophysical and geochemical methodologies. It was previously announced that a Competent Persons Report would be produced by SRKES in conjunction with GMOW in support of the 12 month regional exploration programme. This report has not yet been finalised but is in the process of final edits by GMOW. A further announcement will be made in due course. GMOW and SRKES will look to commence the physical on-the-ground works during 2016. GMOW is also currently working with its environmental consultants to commence environmental impact ("EIS") and conceptual planning studies.

### Investment in Horse Hill Developments Limited: (10% interest in HHDL)

The Company currently owns a 10% interest in a special purpose company, Horse Hill Developments Limited, which is the 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. The PEDL137 licence covers 99.29 square kilometres (24,525 acres) to the north of Gatwick Airport in Surrey and contains the Horse Hill-1 ("HH-1") discovery and several other exploration leads. PEDL246 covers an area of 43.58 square kilometres (10,769 acres) and lies immediately adjacent and to the east of PEDL137.

The HH-1 well is located approximately 7.5 kilometres southeast of the producing Brockham oil field and approximately 15 kilometres southwest of the Palmers Wood oil field. The pre-drill primary target reservoir horizons were the Portland Sandstone, which is productive in the Brockham oil field, and the Corallian Formation, which is the producing horizon in the Palmers Wood oil field. 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.

## CHAIRMAN'S REPORT incorporating the Strategic Review – continued

In August 2015, Schlumberger independently verified Nutech's previous Horse Hill OIP estimates contained in PEDL137 and PEDL246. Schlumberger estimated a Mean OIP of 10,993 mmbbl, with Kimmeridge OIP of 8,262 mmbbl. Schlumberger's Mean OIP estimates are therefore 19% higher in total than Nutech's P50 OIP estimate over the two Horse Hill licences and 58% higher in the Kimmeridge.

In November 2015 and December 2015, respectively, the Environment Agency and the Oil and Gas Authority granted permits for the flow testing of the Horse Hill-1 discovery well.

Flow testing operations commenced in February 2016 and were completed in March 2016. Flow testing far exceeded expectations with an aggregate stable oil rate of 1,688 bbl per day achieved, from the Lower Kimmeridge, Upper Kimmeridge and Upper Portland reservoirs. The produced oil contained no water and no clear indication of any reservoir pressure depletion was observed.

Based on analysis of published reports from all significant UK onshore discovery wells, the 1,688 bbl per day flow rate is likely the highest aggregate stable rate from any onshore UK discovery well.

The way forward on Horse Hill will now involve seeking regulatory permissions to conduct extended production tests from all 3 zones at the site, followed by a horizontal sidetrack in the Kimmeridge and a possible new Portland development well.

All of the reviews and reports mentioned above state that the OIP volumes estimated should not be construed as recoverable resources or reserves.

### 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 on the Indonesian island of Sumatra. 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

The operating loss was £266,000 (2014 - £462,000 loss). The net loss after tax was £348,000 (2014: £560,000). Current assets including cash at 31 December 2015 amounted to £1,218,000 (2014: £1,456,000).

In February 2016, the Company announced it had raised £870,000 through the issue of 348 million new shares at a placing price of 0.25 pence per share. The funds are to be used for general working capital purposes and to assist in seeking further investment opportunities.

### Outlook

The Board are encouraged by progress made on its investments over the period.

The Horse Hill-1 well has added significant additional value to the Company. It contains both a commercial conventional Portland Sandstone discovery and a major new play in the Kimmeridge Limestones that has very significant potential.

The recent rise in the gold price is positive for our investment in GMOW. With this mind, we look forward to receiving the final SRKES report from GMOW.

## CHAIRMAN’S REPORT incorporating the Strategic Review – continued

The current market conditions, with a prolonged period of depressed commodity prices, offers increased opportunities for selective investment. The Company therefore continues to actively assess additional new investment opportunities and will make further investments in suitable ventures as and when it is considered appropriate.

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

Jeremy Taylor-Firth  
Chairman  
23 May 2016

### Glossary

discovery	a discovery is 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
flow test	a flow test or well test involves testing a well by flowing hydrocarbons to surface, typically through a test separator. Key measured parameters are oil and gas flow rates, downhole pressure and surface pressure. The overall objective is to identify the well's capacity to produce hydrocarbons at a commercial flow rate
limestone	a sedimentary rock predominantly composed of calcite (a crystalline mineral form of calcium carbonate) of organic, chemical or detrital origin. Minor amounts of dolomite, chert and clay are common in limestones. Chalk is a form of fine-grained limestone
mean	or expected value, is the probability-weighted average of all possible values and is a measure of the central tendency either of a probability distribution or of the random variable characterised by that distribution
P50	a 50% probability that a stated volume will be equalled or exceeded
reservoir pressure depletion	a reduction in reservoir pressure as indicated by downhole pressure gauges positioned in the well close to the zone being tested
sandstone	a clastic sedimentary rock whose grains are predominantly sand-sized. The term is commonly used to imply consolidated sand or a rock made of predominantly quartz sand
OIP	oil in place - the quantity of oil or petroleum that is estimated to exist originally in naturally occurring accumulations before any extraction or production

## COMPANY INFORMATION

<b>Directors</b>	J Taylor-Firth (Non-executive Chairman) A Clayton (Executive director) D Strang (Non-executive director)
<b>Secretary</b>	D Strang
<b>Registered Office:</b>	Suite 3B, 38 Jermyn Street, London, SW1Y 6DN
<b>Company Registration Number:</b>	03740688
<b>Country of Incorporation:</b>	United Kingdom
<b>Nominated Adviser</b>	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
<b>Broker</b>	Optiva Securities Ltd 2 Mill Street London W1S 2AT
<b>Auditor</b>	Chapman Davis LLP 2 Chapel Court London SE1 1HH
<b>Bankers</b>	Bank of Scotland, Threadneedle Street London, EC2R 8AH
<b>Solicitors</b>	Kerman & Co LLP 200 The Strand London WC2R 0ER
<b>Registrars</b>	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham, Surrey GU9 7LL

## INFORMATION ON THE BOARD OF DIRECTORS

### **Jeremy Taylor-Firth, Non-Executive Chairman**

Jeremy has 20 years of experience in investment management. In June 2006 he joined Singer & Friedlander Investment Management as an Investment Director. This business was then acquired by Williams de Broe where he worked until October 2010. Jeremy is currently an Investment Manager with Hanson Asset Management, where he has worked for the last 4 years.

### **Alastair Clayton, Executive Director**

Alastair has over 20 years' experience in identifying, financing and developing mineral, energy and materials processing projects in Australia, Europe and Africa. A qualified geologist, Alastair also has a Graduate Diploma in Finance and Economics and maintains a broad network of Equity Provider and Private Equity relationships in Europe, Africa and the US.

### **Donald Strang, Non-Executive Director**

Donald is a member of the Australian Institute of Chartered Accountants and has been in business for over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He 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.



## REPORT OF THE DIRECTORS

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2015.

### 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 a loss after taxation of £0.348 million (2014 - loss of £0.560 million). The Directors do not recommend payment of a dividend (2014 - Nil).

### Review of the Business & Future Developments

A review of the business for the year, and future developments are set out in the Chairman's Statement (incorporating the Strategic Report) 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.

### Going Concern

The Directors note the losses that the Company has made for the year ended 31 December 2015. The Directors have prepared cash flow forecasts for the period ending 31 May 2017 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared 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' Remuneration and interests

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in note 4 to the Financial Statements.

All the directors below served during throughout the period unless otherwise stated;

Donald Strang  
Emma Priestley (resigned 30 November 2015)  
Jeremy Taylor-Firth (appointed 30 November 2015)  
Alastair Clayton (appointed 30 November 2015)

Each of the directors hold fully vested options over ordinary shares, Jeremy Taylor-Firth and Alastair Clayton each hold 12 million, and Donald Strang holds 22 million options (total options held by directors is 46 million). The option details are disclosed in Note 15 to the financial statements.

## REPORT OF THE DIRECTORS

### Substantial Shareholding

As at 20 May 2016, the Company had been notified of the following substantial shareholdings in the ordinary share capital, over 3%;

	Number of ordinary shares	%
JIM Nominees Ltd	160,972,447	14.49
TD Direct Investing Nominees (Europe) Ltd	111,536,016	10.04
Barclayshare Nominees Ltd	78,077,466	7.03
Hargreaves Lansdown (Nominees) Ltd - 15942	60,012,617	5.40
HSDL Nominees Ltd	54,565,928	4.91
Peel Hunt Holdings Ltd	45,143,957	4.07
Wealth Nominees Ltd	40,501,734	3.65
Hargreaves Lansdown (Nominees) Ltd - VRA	35,622,996	3.21
HSDL Nominees Ltd - MAXI	35,434,958	3.19
Investor Nominees Ltd	34,454,996	3.10
Hargreaves Lansdown (Nominees) Ltd - HLNOM	34,154,669	3.08

### Corporate Governance

Audit and Remuneration Committees have been established. The Audit Committee comprises Donald Strang and Jeremy Taylor-Firth, chaired by Jeremy Taylor-Firth. The Remuneration Committee comprises Donald Strang and Jeremy Taylor-Firth, chaired by Donald Strang.

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.

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 Company's 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.

### 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 (2014- 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.

## REPORT OF THE DIRECTORS

### 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.

### 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 in 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  
Director  
23 May 2016

## 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 2015 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](http://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 2015 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  
23 May 2016

## FINANCIAL STATEMENTS

### INCOME STATEMENT YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Revenue	2	-	3
Cost of sales		-	-
<b>Gross profit</b>		-	3
Share based payments		(60)	-
Other administrative costs		(206)	(465)
Total administrative costs		(266)	(465)
<b>Operating loss</b>	2, 3	(266)	(462)
(Loss) on AFS assets	5	-	(17)
Share of loss of associate	8	(82)	(81)
<b>Loss before tax</b>		(348)	(560)
Taxation	6	-	-
<b>Net loss for the year attributable to owners of company</b>		(348)	(560)
<b>Loss per Share</b>			
Basic and diluted loss per share (pence)	7	(0.05)	(0.08)
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		<b>£000</b>	<b>£000</b>
Loss for the Year		(348)	(560)
Gain/(loss) on currency translation		-	-
<b>Total Comprehensive Income for the year attributable to the owners of the company</b>		(348)	(560)

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

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

ASSETS	Notes	2015 £000	2015 £000	2014 £000	2014 £000
<b>Non-Current Assets</b>					
Investment in Associate	8	277		359	
Available for Sale Investments	9	<u>750</u>		<u>750</u>	
			1,027		1,109
<b>Current Assets</b>					
Trade and other receivables	10	901		852	
Cash and cash equivalents	11	<u>317</u>		<u>604</u>	
			<u>1,218</u>		<u>1,456</u>
<b>Total Assets</b>			<u>2,245</u>		<u>2,565</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	12	<u>(38)</u>		<u>(64)</u>	
<b>Total Liabilities</b>			<u>(38)</u>		<u>(64)</u>
<b>Net Assets</b>			<u>2,207</u>		<u>2,501</u>
<b>EQUITY</b>					
<b>Equity Attributable to Equity Holders of the Parent</b>					
Share capital	14	15,188		15,188	
Share premium account		31,426		31,432	
Share based payment reserve		160		100	
Retained earnings		<u>(44,567)</u>		<u>(44,219)</u>	
<b>Total Equity</b>			<u>2,207</u>		<u>2,501</u>

These Financial Statements were approved by the Board of Directors and authorised for issue on 23 May 2016.

Donald Strang  
Director

Alastair Clayton  
Director

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

## STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2015

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total attributable to owners of parent £000
<b>Balance at 31 December 2013</b>	15,185	31,367	130	(43,689)	2,993
Loss for the year	-	-	-	(560)	(560)
<i>Other comprehensive income:</i>					
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
<b>Balance at 31 December 2014</b>	15,188	31,432	100	(44,219)	2,501
Loss for the year	-	-	-	(348)	(348)
<i>Other comprehensive income:</i>					
Transfer to income statement	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(348)	(348)
Share Issue costs	-	(6)	-	-	(6)
Share options issued	-	-	60	-	60
Transactions with owners of the company	-	(6)	60	-	54
<b>Balance at 31 December 2015</b>	15,188	31,426	160	(44,567)	2,207



## STATEMENT OF CASH FLOWS

### YEAR ENDED 31 DECEMBER 2015

	2015 £000	2015 £000	2014 £000	2014 £000
<b>Cash Flows from Operating Activities</b>				
Operating Loss		(266)		(462)
Adjustments for:				
Share based payment charge	60		-	
Change in trade and other receivables	217		313	
Change in trade and other payables	(26)		(28)	
Taxation (paid)	-		-	
	<u>-</u>		<u>-</u>	
<b>Net Cash used in Operating Activities</b>		<u>251</u>		<u>(285)</u>
		(15)		(177)
<b>Cash Flows from Investing Activities</b>				
Loan advanced to associate	(87)		(85)	
Loan advanced to related party	(179)		(90)	
Net payment for available for sale investments	-		(597)	
	<u>-</u>		<u>(597)</u>	
<b>Net Cash used in Investing Activities</b>		(266)		(872)
<b>Cash Flows from Financing Activities</b>				
Proceeds from share issues	-		104	
Share issue costs	(6)		(36)	
	<u>(6)</u>		<u>(36)</u>	
<b>Net Cash in generated from Financing Activities</b>		(6)		68
<b>Net Change in Cash and Cash Equivalents</b>		(287)		(981)
<b>Cash and Cash Equivalents at beginning of period</b>		<u>604</u>		<u>1,585</u>
<b>Cash and Cash Equivalents at end of period</b>		<u>317</u>		<u>604</u>

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2015

### 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, and on the ISDX Growth Market as operated by ICAP Securities & Derivatives Exchange Limited ("ISDX").

The Financial Statements are for the year ended 31 December 2015 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 23 May 2016 and signed on their behalf by Donald Strang and Alastair Clayton.

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.

#### Investing Policy

The Company's investing policy is to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to acquisition(s) in the leisure, corporate services, consultancy and brand licensing sectors. The Company will consider possible opportunities anywhere in the world.

With the recent additions to the Board, the Directors have considerable experience in investing, both in structuring and executing deals and in raising funds. The Directors will use this experience to identify and investigate investment opportunities, and to negotiate acquisitions. Wherever necessary the Company will engage suitably qualified technical personnel to carry out specialist due diligence prior to making an acquisition or an investment.

The Company may invest by way of outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question.

The Company may be both an active and a passive investor depending on the nature of the individual investments in its portfolio. Although the Company intends to be a long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including by way of example, and without limitation, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. The Company may in appropriate circumstances issue debt securities or otherwise borrow money to complete an investment. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

There are no restrictions in the type of investment that the Company might make nor on the type of opportunity that may be considered other than set out in this Investing policy.

In addition, the Directors may consider from time to time other means of facilitating returns to Shareholders including dividends, share repurchases, demergers, and schemes of arrangements or liquidation.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 1. Accounting Policies (continued)

#### Going Concern

The Directors noted the losses that the Company has made for the Year Ended 31 December 2015. The Directors have prepared cash flow forecasts for the period ending 31 May 2017 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2015 the Company had cash and cash equivalents of £317,000 and no borrowings. The Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

#### New standards, amendments and interpretations adopted by the Company

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the Company.

#### New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for accounting periods beginning on or after 1 January 2016.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2017.
- Amendments to IFRS 10, IFRS 12 and IAS 28 in respect of the application of the consolidation exemption to investment entities which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IFRS 10 and IAS 28 in respect of the treatment of a Sale or Contribution of Assets between an Investor and its Associate or Joint Venture which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IFRS 11 in respect of Accounting for Acquisitions of Interest in Joint Operations which will be effective for accounting periods beginning on or after 1 January 2016.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 1. Accounting Policies (continued)

#### New standards, amendments and interpretations not yet adopted (continued)

- Amendments to IAS 1 in respect of determining what information to disclose in annual financial statements which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 38 in respect of Clarification of Acceptable Methods of Depreciation and Amortisation which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 41 in respect of Bearer Plants which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 27 to allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates which will be effective for accounting periods beginning 1 January 2016.

- Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 January 2016 as follows:

- IFRS 5 – Changes in methods of disposal
- IFRS 7 – Servicing contracts
- IFRS 7 – Applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 – Discount rate: Regional market issue
- IAS 34 – Disclosure of information “elsewhere in the interim financial report”

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 1. Accounting Policies (continued)

#### 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.

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

#### Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognised at cost and adjusted for the Company's share of in the net assets of the investee after the date of acquisition, and for any impairment in value (equity method), except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. If the Company's share of losses of an associate exceed the cost of the investment in the associate, from that point the Company discontinues recognising its share of further losses.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015 (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 Company'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 2015 (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 2015 (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 £nil (2014 - £3,000). The non-current assets of the segment is £1,027,000 (2014 - £1,109,000).

#### 3. Operating Activities and Auditor's Remuneration

	2015 £000	2014 £000
Included within results from operating activities are the following:		
Operating lease rentals - land and buildings	36	12
Auditor's remuneration:		
Audit services:		
- Company statutory audit	13	15
Non-audit services:		
- Taxation compliance	-	-
	<hr/>	<hr/>

#### 4. Information Regarding Directors and Employees

	2015 £000	2014 £000
<b>Employment costs, including Directors, during the year:</b>		
Wages and salaries	40	245
Share based payments	60	-
	<hr/>	<hr/>
	100	245
	<hr/>	<hr/>
<b>Average number of persons, including Directors employed</b>	<b>No.</b>	<b>No.</b>
Administration	2	3
	<hr/>	<hr/>
	2	3
	<hr/>	<hr/>
<b>Directors' remuneration</b>	<b>£000</b>	<b>£000</b>
Emoluments	100	245
	<hr/>	<hr/>
	<b>No.</b>	<b>No.</b>
Number of Directors in money purchase pension schemes	-	-
	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

#### 4. Information Regarding Directors and Employees (continued)

##### Emoluments of the Individual Directors

	Fees and salaries	Share based payments	Total
<b>2015</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
A Clayton (*1)	2	20	22
J Taylor Firth (*1)	2	20	22
D Strang	36	20	56
E. Priestly (*1)	-	-	-
	<b>40</b>	<b>60</b>	<b>100</b>
	<hr/>		
<b>2014</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
D Lenigas (*1)	80	-	80
D Strang	108	-	108
E. Priestly (*1)	5	-	5
E Mc.Dermott (*1)	52	-	52
	<b>245</b>	<b>-</b>	<b>245</b>

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

(\*1) – These Directors were either appointed or resigned during the year, and thus were not remunerated for a full year's service as applicable. Details of appointment and resignation dates are disclosed in the Directors' report.

##### Key Management Personnel

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

#### 5. (Loss) on Available for Sale Assets

	<b>2015</b>	<b>2014</b>
	£000	£000
Realised gain on sale of AFS assets	-	113
Impairment (loss) on AFS assets	-	(130)
	<hr/>	<hr/>
	-	(17)

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

#### 6. Income Tax (Credit)/Expense

The relationship between the expected tax (credit)/expense based on the effective tax rate of the Company at 20/21% (2014 – 21/23%) and the tax (credit)/expense actually recognised in the income statement can be reconciled as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Loss for the year before tax	(348)	(560)
Tax rate	20/21%	21/23%
Expected tax credit	<u>(70)</u>	<u>(120)</u>
Differences between capital allowances and depreciation	-	-
Expenses not deductible for tax purposes	28	48
Deferred tax asset not recognised	<u>42</u>	<u>72</u>
Actual tax expense	<u>-</u>	<u>-</u>

#### Deferred Tax

The amount of unused tax losses for which no deferred tax asset is recognised in the statement of financial position is £1,065,000 (2014 - £859,000).

#### 7. Loss per Share

	<b>£000</b>	<b>Weighted average No. of shares</b>	<b>Basic per share amount (pence)</b>
<b>2015</b>			
Loss after tax	<u>(348)</u>		
Earnings attributable to ordinary shareholders	<u><u>(348)</u></u>		
Weighted average number of shares		762,549,167	<u>(0.05)</u>
<b>Total basic and diluted loss per share</b>			<u><u>(0.05)</u></u>
<b>2014</b>			
Loss after tax	<u>(560)</u>		
Earnings attributable to ordinary shareholders	<u><u>(560)</u></u>		
Weighted average number of shares		742,212,181	<u>(0.08)</u>
<b>Total basic and diluted loss per share</b>			<u><u>(0.08)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

#### 8. Investment in associate

	2015 £000	2014 £000
Investment in associate	277	359
	<b>2015 £'000</b>	<b>2014 £'000</b>
Carrying amount at 1 January	359	440
Share of associate loss	(82)	(81)
Carrying amount at 31 December	277	359

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

Name	Country of incorporation	Assets As at 5 April 2015	Liabilities	Revenues	Profit/(Loss) Year to 5 April 2015	% interest held
Gold Mines of Wales Limited (Group)	Jersey	£118,000	£2,000	Nil	(£166,000)	49

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

#### 9. Available for Sale Investments

	2015 £000	2014 £000
<b>Investment in listed and unlisted securities</b>		
Valuation at beginning of the period	750	-
Additions at cost	-	880
Impairment in value of unlisted investment	-	(130)
Valuation at the end of the period	<b>750</b>	<b>750</b>

#### The available for sale investments splits are as below:

Non-current assets - unlisted	750	750
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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 company 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 2015 (CONTINUED)

### 10. Trade and Other Receivables

<b>Current trade and other receivables</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	-	4
Other receivables	18	208
Due from associate undertaking	422	335
Due from related party (see note 17)	369	190
Prepayments and accrued income	92	115
	<u>901</u>	<u>852</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

### 11. Cash at Bank and Cash Equivalents

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Cash at Bank	<u>317</u>	<u>604</u>

### 12. Trade and Other Payables

<b>Current trade other payables</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Trade payables	12	12
Taxation and social security	3	2
Accruals and deferred income	23	50
	<u>38</u>	<u>64</u>

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 2015 (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	2015 £000	2014 £000
Loans and receivables	901	852
Cash	317	604
	1,218	1,456

##### 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	36	64
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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 2015 (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

	<u>2015</u>	<u>2014</u>
	£000	£000
<b>Allotted, issued and fully paid</b>		
762,549,167 ordinary shares of 0.01p each (2013 – 762,549,167 of 0.01p each)	76	76
28,976,581 deferred shares of 45p each (2014 – 28,976,581)	13,040	13,040
28,976,581 A deferred shares of 4p each (2014- 28,976,581)	1,159	1,159
92,230,985 B deferred shares of 0.99p each (2014- 92,230,985)	913	913
	<u>15,188</u>	<u>15,188</u>

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

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.

During the year ended 31 December 2015, the Company did not issue any ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 15. Share-based payments

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

	At 1 January 2015 No.	Issued during the year No.	Exercised or expired during the year No.	At 31 December 2015 No.	Exercise price £	Date from which exercisable	Expiry date
<b>Share options</b>							
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
D. Strang	-	12,000,000	-	12,000,000	0.003	30/11/2015	31/12/2020
A Clayton	-	12,000,000	-	12,000,000	0.003	30/11/2015	31/12/2020
J Taylor-Firth	-	12,000,000	-	12,000,000	0.003	30/11/2015	31/12/2020
	<u>20,000,000</u>	<u>36,000,000</u>	<u>-</u>	<u>56,000,000</u>			
<b>Warrants</b>							
Various	4,075,000	-	-	4,075,000	0.004	29/10/2013	14/11/2018
	<u>4,075,000</u>	<u>-</u>	<u>-</u>	<u>4,075,000</u>			

The share price range during the year was £0.0004 to £0.00017 (2014 - £0.00057 to £0.00026).

The share based payment charge in the year was £60,000 (2014 - £nil).

The weighted average values of options are as follows:

	2013	2015
Weighted average exercise price of options granted	0.40p	0.30p
Weighted average exercise price of options exercisable at the end of the year	0.40p	0.30p
Weighted average option life remaining	8.87 years	5 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
30 November 2015	1.10%	111.1%	5.09 years	£0.0022

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 £60,000 (2014: £nil) relating to equity-settled share-based payment transactions during the year, and £nil was transferred via equity to retained earnings on the exercise of nil options (2014: 6,000,000 options) during the year (2014: £30,000).

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 16. Capital Commitments

The directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 December 2015. No provision has been made in the financial statements for any amounts in relation to any capital expenditure requirements of the Company's associate or investments, and such costs are expected to be fulfilled in the normal course of the operations of the Company.

### 17. Related Party Transactions

The Company had the following amounts outstanding from its investee companies (Note 10) at 31 December:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Horse Hill Development Ltd ("Horse Hill")	369	190

The above loan outstanding is included within trade and other receivables, Note 10. The loan to Horse Hill has been made in accordance with the terms of the investment agreement whereby it accrues interest daily at the Bank of England base rate and is repayable out of future cashflows.

#### Key Management Personnel

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

### 18. Events after the end of the reporting period

On 24 February 2016, the Company announced it had raised £770,000 gross proceeds through the issue of 308million ordinary shares of 0.01pence each in a placing at a placing price of 0.25pence per share.

On 25 February 2016, the Company announced it had raised £100,000 gross proceeds through the issue of 40million ordinary shares of 0.01pence each in a placing at a placing price of 0.25pence per share.

### 19. Ultimate Controlling Party

There is not considered to be an ultimate controlling party of the company.