**27 May 2014**

**HUNTER RESOURCES PLC**

**("Hunter" or the "Company")**

**Final Results for the year to 31 December 2013**

## Final Results

Hunter Resources Plc (AIM: HUN), today announces its final results for the year to 31 December 2013, which are published below. The Company's annual report and audited accounts for the year have been published on the Company's website http://www.hunter-resources.com/ in accordance with the Company's articles of association, and are available to shareholders.

Enquiries:


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| --- | --- |
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**Report of the Executive Chairman**

**Dear Shareholder**,

I am pleased to announce the results of the Hunter Resources Plc ('Hunter' or the 'Company') group (the 'Group') for the year ended 31 December 2013.

**Update on the implementation of the Company's Investing Policy and Reverse Takeover discussions**

Since becoming an Investment Company, the Board of Directors (the 'Board' or the 'Directors') has reviewed a large number of investment opportunities in natural resource exploration and development projects, focussed initially in South America and later more specifically in Peru. Peru became of particular focus for Hunter due to the resource potential that it offers, its established mining regulatory regime and the presence of many of the world's largest mining companies, operating mines for a range of minerals. Hunter also identified an outstanding management team with the technical and financial management capabilities needed to see a project through development and into operation (the 'Management Team'), with extensive experience in South America and in particular Peru.

The Management Team, through Global Pearl Limited ('GPL'), a company they control, had already independently secured an interest in a potentially high grade, gold and silver project, with some base metal credits, consisting of 36 veins identified from surface outcrops ('Project Pampamali'). The high-grade veins have mapped outcrops of between 100 and 2,000 meters in length, with widths ranging from 0.20 to over 3.00 metres. Project Pampamali consists of 8 exploration concessions with a total area of 3,500 hectares and is located in central Peru in the Department of Huancavelica, approximately 550 km by road from the City of Lima.

The Management team has negotiated a deal under a farm in structure, which includes a combination of cash payments to the existing owners of Project Pampamali and carrying out additional investment in exploration activities on the property, whereby over time and in various stages an economic interest of up to 80% can be acquired. This allows for a proper assessment of the property before a significant outlay has been incurred.

In addition to Project Pampamali, the Management Team has identified a strong pipeline of other opportunities in Peru which are under negotiation.

As announced on 30 December 2013, the Company entered into a Memorandum of Understanding (the 'MOU') with GPL pursuant to which the Company may acquire 100% of the issued share capital of Gold Hunter S.A.C ('GH'), a 100% owned Peruvian subsidiary company of GPL, in exchange for an issue of Ordinary Shares in Hunter equating to 10% of its Ordinary Share capital at the date of completion of the transaction (the 'Potential Transaction'). The MOU is subject, *inter alia*, to (1) GH entering into a joint venture agreement with the existing owners of Project Pampamali, and (2) the Company raising new capital of between £1.00m and £1.25m to fund the initial cash requirements of Project Pampamali. The detailed terms of the Potential Transaction are being finalised. Subject to satisfactory terms being agreed on all material matters, Hunter hopes to publish a new Admission Document containing all details of the proposed funding and the Proposed Transaction as soon as possible in order to complete the Potential Transaction in the near future.

**Funding**

In order to provide funds for the initial implementation of the Company's Investment Policy, Hunter raised £310,000 in January 2013 through a combination of an underwritten subscription of Ordinary Shares and the issue of a convertible loan note (refer respectively to notes 21.1 and 15 to the Financial Statements). Subsequent interim funding for the Potential Transaction has been obtained from the Company's largest shareholder, Marine Investments (WA) Pty Limited ('Marine') by way of two convertible loan facilities totalling up to £0.19m. Further details on these facilities are provided in note 21.1 to the Financial Statements. The Directors anticipate that, subject to the Company raising equity funds of between £0.81m and £1.06m through the issue of new Ordinary Shares to provide the capital required to commence the development of Project Pampamali, this funding will be sufficient to complete the Proposed Transaction in accordance with its terms.

**Outlook**

With funding provided by the two convertible loan facilities, the Board is confident of moving forward to completion of the Potential Transaction as soon as possible and for the Company's shares to be re-admitted to trading on AIM. This will provide access to the necessary liquidity to raise additional funding for both the development of Project Pampamali and to progress the strong pipeline of opportunities which the Management Team has identified. With this team, a strong board going forward and the potential high value of Project Pampamali, we are confident that the Company can generate significant value for shareholders.

**Simon D Hunt**
**Executive Chairman**

**Consolidated and Company Statements of Profit or Loss**
**and Other Comprehensive Income**
**for the year ended 31 December 2013**

| | Note | 2013 Group and Company £'000 | 2012 Group £'000 | 2012 Company £'000 |
|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | |
| Administrative expenses | | **(138)** | (145) | (175) |
| Share based payments | **17.2** | **(76)** | - | - |
| Foreign exchange loss | | **-** | (2) | (2) |
| Investment revenues | **8** | **-** | 1 | 1 |
| Finance costs | **8** | **(6)** | - | - |
| **Loss before taxation** | | **(220)** | (146) | (176) |
| Taxation | **9** | **-** | - | - |
| **Loss for the year from continuing operations** | | **(220)** | (146) | (176) |
| **DISCONTINUED OPERATIONS** | | | | |
| Loss for the year from discontinued operations | **10** | **-** | (271) | - |
| **LOSS FOR THE YEAR** | | **(220)** | (417) | (176) |
| Foreign currency translation gains and losses recycled to loss from discontinued operations in the year | | **-** | 238 | - |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(220)** | (179) | (176) |
| **LOSS PER SHARE** | | | | |
| Basic and diluted loss per share from continuing operations – pence | **11.2** | **(0.06)** | (0.16) | (0.19) |
| Basic and diluted loss per share from continuing and discontinued operations – pence | **11.1** | **(0.06)** | (0.45) | (0.19) |

The loss and the total comprehensive loss for the current and preceding financial years are wholly attributable to equity holders of the parent Company.

**Consolidated and Company Statements of Financial Position**
**as at 31 December 2013**

| | Note | 2013 Group and Company £'000 | 2012 Group and Company £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in subsidiary undertakings | **12** | **-** | - |
| Property, plant and equipment | **13** | **-** | - |
| | | **-** | - |
| **Current Assets** | | | |
| Prepayments | | **8** | - |
| VAT refundable | | **5** | 13 |
| Cash and cash equivalents | | **14** | 23 |
| | | **27** | 36 |
| **TOTAL ASSETS** | | **27** | 36 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Convertible loan notes | **15** | **26** | - |
| Trade and other payables | **14** | **21** | 186 |
| **TOTAL LIABILITIES** | | **47** | 186 |
| **NET CURRENT LIABILITIES** | | **(20)** | (150) |
| **NET LIABILITIES** | | **(20)** | (150) |
| Share capital | **16** | **1,216** | 932 |
| Share premium | **16** | **5,187** | 5,202 |
| Convertible loan note reserve | **15** | **5** | - |
| Currency translation reserve | **16** | **471** | 471 |
| Accumulated losses | | **(6,899)** | (6,755) |
| **DEFICIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY** | | **(20)** | **(150)** |

These financial statements were approved by the Board of Directors and authorised for issue on 20 May 2014. Signed on behalf of the Board of Directors by:

**Consolidated and Company Statements of Changes in Equity for the year ended 31 December 2013**

| | Note | Share capital £'000 | Share premium £'000 | Convertible loan note reserve £'000 | Currency translation reserve £'000 | Share option reserve £'000 | Accumulated losses £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | | | | |
| Balance at 1 January 2012 | | 932 | 5,202 | - | 233 | 687 | (7,025) | 29 |
| Total comprehensive income / (loss) for the year | | - | - | - | 238 | - | (417) | (179) |
| Transferred to accumulated losses on lapse of share options | | - | - | - | - | (687) | 687 | - |
| Balance as at 31 December 2012 | | **932** | **5,202** | **-** | **471** | **-** | **(6,755)** | **(150)** |
| Total comprehensive loss for the year | | **-** | **-** | **-** | **-** | **-** | **(220)** | **(220)** |
| Share-based payments | **17.2** | **-** | **151** | **-** | **-** | **-** | **76** | **227** |
| Issue of Ordinary Shares | **16.2** | **284** | **-** | **-** | **-** | **-** | **-** | **284** |
| Expenses incurred in issuing Ordinary Shares | **16.2** | **-** | **(166)** | **-** | **-** | **-** | **-** | **(166)** |
| Allocation of proceeds received from the issue of convertible loan notes | **15** | **-** | **-** | **5** | **-** | **-** | **-** | **5** |
| **Balance as at 31 December 2013** | | **1,216** | **5,187** | **5** | **471** | **-** | **(6,899)** | **(20)** |
| **COMPANY** | | | | | | | | |
| Balance at 1 January 2012 | | 932 | 5,202 | - | 471 | 687 | (7,266) | 26 |
| Total comprehensive loss for the year | | - | - | - | - | - | (176) | (176) |
| Transferred to accumulated losses on lapse of share options | | - | - | - | - | (687) | 687 | - |
| Balance as at 31 December 2012 | | **932** | **5,202** | **-** | **471** | **-** | **(6,755)** | **(150)** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total comprehensive loss for the year | | - | - | - | - | - | **(220)** | **(220)** |
| Share-based payments | **17.2** | - | **151** | - | - | - | **76** | **227** |
| Issue of Ordinary Shares | **16.2** | **284** | - | - | - | - | - | **284** |
| Expenses incurred in issuing Ordinary Shares | **16.2** | - | **(166)** | - | - | - | - | **(166)** |
| Allocation of proceeds received from the issue of convertible loan notes | **15** | - | - | **5** | - | - | - | **5** |
| **Balance as at 31 December 2013** | | **1,216** | **5,187** | **5** | **471** | - | **(6,899)** | **(20)** |

**Consolidated and Company Cash Flow Statements for the year ended 31 December 2013**

| | Note | 2013 Group and Company £'000 | 2012 Group £'000 | 2012 Company £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Loss for the year | | **(220)** | (417) | (176) |
| Adjustments for: | | | | |
| Share based payments | **17** | **76** | - | - |
| Investment revenues | **8** | **-** | (1) | (1) |
| Finance costs | **8** | **6** | - | - |
| Foreign exchange loss | | **-** | 2 | 2 |
| Recycled foreign exchange loss on discontinued operations | **10** | **-** | 238 | - |
| Loss on disposal of property, plant and equipment | | **-** | 3 | - |
| Depreciation of property, plant and equipment | **13** | **-** | 1 | 1 |
| Operating cash flows before movements in working capital | | **(138)** | (174) | (174) |
| Decrease in receivables | | **-** | 20 | 20 |
| Decrease in trade and other payables | | **(165)** | (102) | (102) |
| **Cash used in operating activities** | | **(303)** | (256) | (256) |
| **Cash flows from investing activities** | | | | |
| Interest received | | **-** | 1 | 1 |
| **Net cash from investing activities** | | **-** | 1 | 1 |
| **Cash flows from financing activities** | | | | |
| Proceeds from the issue of new Ordinary Shares | **16** | **284** | - | - |
| Issue expenses of new Ordinary Shares | **16** | **(15)** | - | - |
| Proceeds from the issue of convertible loan notes | **15** | **26** | - | - |
| Issue expenses of convertible loan notes | **15** | **(1)** | | |
| **Net cash provided by financing activities** | | **294** | - | - |
| **Net decrease in cash and cash equivalents** | | **(9)** | (255) | (255) |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | **-** | (2) | (2) |
| Cash and cash equivalents at the beginning of the year | | **23** | 280 | 280 |
| **Cash and cash equivalents at the end of the year** | | **14** | 23 | 23 |

**Consolidated and Company Cash Flow Statements**
**for the year ended 31 December 2012**

| | 2012 Group | 2011 Group | 2012 Company | 2011 Company (restated – note Error! Reference source not found.) |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cash flows from operating activities** | | | | |
| Loss for the year | **(417,470)** | (2,294,885) | **(176,084)** | (3,412,675) |
| Adjustments for: | | | | |
| Investment revenues | **(654)** | (210) | **(654)** | (210) |
| Finance costs | **-** | 1,372 | **-** | 1,372 |
| Foreign exchange loss | **2,090** | 11,441 | **2,090** | 10,680 |
| Recycled foreign exchange loss on discontinued operations | **238,491** | - | **-** | - |
| Impairment of goodwill | **-** | 980,547 | **-** | - |
| Impairment of biological assets | **-** | 926,974 | **-** | - |
| Impairment of loan to subsidiary undertaking | **-** | - | **-** | 2,169,357 |
| Impairment of investment in subsidiary undertaking | **-** | - | **-** | 935,400 |
| Loss on disposal of property, plant and equipment | **2,894** | 5,813 | **-** | 5,813 |
| Depreciation of property, plant and equipment | **1,108** | 13,585 | **1,108** | 4,446 |
| Operating cash flows before movements in working capital | **(173,541)** | (355,363) | **(173,540)** | (285,817) |
| Decrease/(increase) in receivables | **20,459** | (8,953) | **20,458** | (1,286) |
| (Decrease)/increase in trade and other payables | **(101,869)** | 23,568 | **(101,869)** | 45,461 |
| **Cash used in operating activities** | **(254,951)** | (340,748) | **(254,951)** | (241,642) |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Interest received | **654** | 210 | **654** | 210 |
| Interest paid | **-** | (1,372) | **-** | (1,372) |
| Loans to subsidiary undertaking | **-** | - | **-** | (12,420) |
| **Net cash from / (used in) investing activities** | **654** | (1,162) | **654** | (13,582) |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from the issue of new Ordinary Shares | **-** | 350,000 | **-** | 350,000 |
| Issue expenses of new Ordinary Shares | **-** | (6,000) | **-** | (6,000) |
| Proceeds from the issue of convertible loan notes | **-** | 200,000 | **-** | 200,000 |
| **Net cash provided by financing activities** | **-** | 544,000 | **-** | 544,000 |
| | | | | |
| **Net (decrease)/increase in cash and cash equivalents** | **(254,297)** | 202,090 | **(254,297)** | 288,776 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | **(2,090)** | 69,334 | **(2,090)** | (10,304) |
| Cash and cash equivalents at the beginning of the year | **279,614** | 8,190 | **279,614** | 1,142 |
| **Cash and cash equivalents at the end of the year** | **23,227** | 279,614 | **23,227** | 279,614 |

## 1. GENERAL INFORMATION

Hunter Resources Plc is a company incorporated and domiciled in the Isle of Man, under the Companies Acts 1931 to 2004, with registered number 115011C. Further details, including the address of the registered office, are given in the section of this report entitled 'Company Information and Advisers'. The nature of the Company and Group's operations and its principal activities are set out in the Directors' Report. Details of the Company's dormant subsidiary, including the name, country of incorporation, operation and ownership interest are given in note 12.

As permitted by the AIM Rules for Companies, the financial statements have been prepared in accordance with IFRSs as issued by the IASB as they apply to the financial statements of the Company and Group for the year ended 31 December 2013.

The consolidated financial information is a consolidation of the Company and its subsidiary. These financial statements are presented in thousands of Pounds Sterling. Foreign operations are included in accordance with the policies set out in note 3.5.

## 2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

### 2.1. New Standards and Interpretations adopted with no significant effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements.

| | | |
|---|---|---|
| IAS 1 | Amendment 2011 | Presentation of items of other comprehensive income |
| IAS 19 | Amendment 2011 | Employee benefits |
| IAS 27 | Amendment 2011 | Separate financial statements |
| IAS 28 | Amendment 2011 | Investment in associates and joint ventures |
| IFRS 1 | Amendment 2012 | Government loans |
| IFRS 7 | Amendment 2011 | Disclosures – offsetting financial assets and financial liabilities |
| IFRS 10 | New 2011 | Consolidated financial statements |
| IFRS 11 | New 2011 | Joint arrangements |
| IFRS 12 | New 2011 | Disclosure of interest in other entities |
| IFRS 13 | New 2011 | Fair value measurement |
| IFRIC 20 | New 2011 | Stripping costs in the production phase of a surface mine |
| Improvements to IFRS | Amendments 2012 | Annual improvements to IFRSs 2009-2011 |

### 2.2. New Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations are in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | | |
|---|---|---|
| IAS 19 | Amendment 2013 | Defined benefit plans: Employee contributions |
| IAS 32 | Amendment 2011 | Offsetting financial assets and financial liabilities |
| IAS 36 | Amendment 2013 | Recoverable amount disclosures for non-financial assets |
| IAS 39 | Amendment 2013 | Novation of derivatives and continuation of |

| | | |
|---|---|---|
| | | hedge accounting |
| IFRS 9 | New 2009, Amendment 2010 and 2013 | Financial instruments (hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) |
| IFRS 10, IFRS 12 and IAS 27 | Amendment 2012 | Investment entities |
| IFRS 14 | New 2014 | Regulatory deferral accounts |
| IFRIC 21 | New 2013 | Levies |
| Improvements to IFRS | Amendments 2013 | Annual improvements 2010-2012 |
| Improvements to IFRS | Amendments 2013 | Annual improvements 2011-2013 |

The Directors do not anticipate that the adoption of these Standards and Interpretations will have a material impact on the Group's financial statements in the period of initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Basis of preparation

The Group's and the Company's financial statements are prepared on the historical cost basis. The Group's and the Company's accounting policies have been consistently applied to the results, gains and losses, assets, liabilities and cash flows of entities included in the financial statements.

### 3.2. Critical accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current and future years. Other than as discussed in note 3.2.1 there are no critical accounting judgments or estimates that are considered to be material by the Directors.

#### 3.2.1. Critical accounting judgements

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### 3.2.1.1. Going concern

The Company's (and by extension the Group) financial statements have been prepared on a going concern basis, which contemplates the continuity of business activity. As described in the Chairman's Statement on page 4, the company entered into a Memorandum Of Understanding (MOU) to acquire 100% of the share capital of Gold Hunter S.A.S and enter into a joint venture agreement with the existing owner of Peruvian gold and silver project (the Proposed Transaction).

As at the date of this report the Company has available cash balances of approximately £6,500 and undrawn lending facilities under the New Loan Notes (as defined and more fully described in note 21.1) of approximately £80,000 which are sufficient for the foreseeable working capital requirements of the Company (for a period of at least 12 months from the date these financial statements are signed), including the interim funding required to take the Proposed Transaction to completion stage. This assumes that the existing Loan Note and New Loan Notes, which are due to be repaid on 31 December 2014 and 30 June 2014 respectively, are not required to be repaid within 12 months of the date of which these financial statements have been signed. Having consulted with the existing Loan Note and New Loan Notes holder, Marine Investments (WA) pty Ltd, the directors are confident that the existing Loan Note and New Loan Notes will not require repayment before 30 June 2015.

The Company's available cash balances and undrawn lending facilities are insufficient to fund the full implementation of the Proposed Transaction which requires the Company to access up to £1,250,000 of additional new funding by 30 June 2014, which in all likelihood will involve the issue of additional new Ordinary Shares or convertible loan notes. The attractiveness of the Company's Ordinary Shares and convertible loan notes as an investment opportunity will depend on a number of factors, including but not limited to, the quality and experience of its management team, the nature of the projects it identifies, the liquidity of the Company's equity instruments and the anticipated return available to Shareholders.

The Directors believe that the Proposed Transaction will provide attractive returns to investors and, having consulted with the Company's financial advisers, the Directors believe that the Company will be able to raise the additional funding to complete the Proposed Transaction by 30 June 2014. While the Directors have been successful in securing funding in March 2014 (refer to note 21.1), there can however be no certainty that additional funding will be available, or if available, whether the terms will be acceptable to the Company. There can also be no certainty that the final terms of the Proposed Transaction will be agreed, or if agreed, that the Proposed Transaction will be completed within the necessary timeframe to 30 June 2014, after which the listing of the Company's Ordinary Shares on AIM would be cancelled which would in all likelihood prevent the Company from raising additional funds from the issue of new Ordinary Shares or convertible loan notes. Consequently, there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern beyond 12 months of the date of signing these financial statements. Further, if the existing Loan Note and New Loan Notes holder was to require repayment of the loans prior to 30 June 2015, there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern within 12 months of the date of signing these financial statements.

**3.2.1.2. Convertible Loan Notes – initial measurement**

In January 2013 the Company issued £26,000 (pre issue expenses) of Convertible Loan Notes (the 'Loan Note'). While in legal form the Loan Note is a liability of the Company, IFRSs requires the Group to identify the equity and liability component parts of the instrument and assign a value to each. Identification and valuation of the components requires management to exercise judgment. Further details are provided in note 15.

**3.2.1.3. Warrants**

Warrants issued in the period to the Directors and certain providers of services are accounted for as share based payments. The fair value of the warrants is measured at their grant date using a valuation model. The valuation is sensitive to the inputs in the valuation model, some of which require judgment. The warrants do not create any obligation on the Company other than to deliver Ordinary Shares in the Company for a fixed price at the option of the holder, over the life of the warrants. Further details are provided in note 17.

### 3.3. Basis of consolidation and discontinued operations

The Consolidated financial statements (comprising the balances and transactions identified as 'Group' within these financial statements) incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

During the period ended 31 December 2012, the Group abandoned its Jatropha Operations principally undertaken through its subsidiary company in Madagascar. The Jatropha Operations represented a single, identifiable cash generating unit of the Group being the major component of the Group's operations as at the date they were discontinued. As required by IFRS 5, the results of the Jatropha Operations were presented within discontinued operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2012. There have been no further results, cash flows or transactions with respect to these discontinued operations during the year ended 31 December 2013.

### 3.4. Revenue recognition

The Group did not recognise any revenue from the sale of goods or services in either period presented. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### 3.5. Foreign currencies

In preparing the financial statements of the individual companies in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non GBP functional currency entities are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of, or abandoned. Translation differences arising on the Jatropha Operations (as defined in Note 4) were accordingly recognised within the loss for discontinued operations for the year ended 31 December 2012. There has been no further translation differences in the year ended 31 December 2013.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 3.6. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 3.7. Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost, being the fair value of consideration paid plus incidental costs, including an amount for dismantling costs where applicable. Items of plant and equipment, including motor vehicles, fixtures and fittings and leasehold improvements are depreciated from the date of acquisition using the straight line method over their estimated useful lives. Depreciation rates are reviewed annually.

The depreciation rates used for each class of asset are as follows:

| | |
|---|---|
| Motor vehicles | 25% |
| Fixtures and equipment | 5% - 40% |

As at 31 December 2013 and 31 December 2012 the Group had no items of property, plant and equipment.

**3.8. Investment in subsidiary**

The investment in subsidiary undertakings in the Company only financial statements is stated at cost, less any provision for impairment.

**3.9. Impairment of assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets and biological assets, and the Company further reviews the carrying amount of its investment in subsidiary undertakings, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

**3.10. Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

**3.10.1. Loans and other receivables**

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

All of the Group's financial instruments are classified as 'loans and receivables'.

**3.10.2. Other financial liabilities**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**3.10.3. Compound instruments**

The component parts of compound instruments, comprising convertible loan notes issued by the Company, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated. For convertible loan notes, this amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component on initial measurement from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently re-measured.

**3.10.4. Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

### 3.11. Share-based payments

Equity-settled share-based payments with employees and others providing similar services, which include share options, warrants and other similar instruments, are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate valuation model, generally Black-Scholes or Bi-nomial. 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 fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. Where there is no vesting period, the fair value is expensed immediately.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

## 4. SEGMENT REPORTING

IFRS 8, *Operating Segments*, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker ('CODM'). The CODM of the Group is considered to be the Board. Until 12 April 2012, the Directors considered that the primary reporting format for the Group was by business segment. The Directors considered there to be one business segment, being the management of Jatropha plantations to produce oil based fruit, principally for the production of biodiesel (the 'Jatropha Operations'). All administrative expenditure of the Group, and all assets and liabilities, were allocated to this segment. The Group abandoned the Jatropha Operations on 12 April 2012. The directly identifiable income and expenditure related to the Jatropha Operations are presented within discontinued operations in note 10. Following the approval by the Company's shareholders at the Annual General Meeting of the Company held in (the '2012 AGM') of the new Investing Policy (refer to section **Error! Reference source not found.** of the Directors' Report), the Company became an Investing Company on AIM. All income and expenditure for continuing activities is now allocated to this activity which accounts for all of the Group's assets and liabilities as at 31 December 2013 and 31 December 2012 and all of the Group's results and cash flows for the 12 month period ended 31 December 2013.

## 5. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is stated after charging / (crediting):

| | 2013 Group and Company £'000 | 2012 Group and Company £'000 |
|---|---|---|
| Depreciation of property, plant and equipment | - | 1 |
| Exchange loss | - | 2 |
| Staff costs (note 6) | **37** | 68 |
| Adjustment to liabilities following settlement with creditors [1] | - | (122) |
| Auditor's remuneration [2] | **15** | 15 |

(1) Included within 'Administrative expenditure' for the Group and Company for the year ended 31 December 2012 is a credit of £122,000 arising from the extinguishment of certain obligations of the Company to past employees and non-executive Directors by mutual agreement with the creditor party. These obligations arose prior to 31 December 2011. There are no similar transactions recorded in the financial year ended 31 December 2013.

(2) The auditor's remuneration relates to fees payable for the audit of the Company's accounts. No fees were payable in either period presented for the audit of the Company's subsidiary, or for non-audit services.

## 6. STAFF NUMBERS AND COSTS

The average number of persons employed (including Executive Directors) during the year, by category, was as follows:

| | 2013 Group and Company No. | 2012 Group and Company No. |
|---|---|---|
| Executive Directors | **1** | 1 |

The costs incurred in respect of these employees, all of which relate to continuing operations in both periods presented, were:

| | 2013 Group and Company No. | 2012 Group and Company No. |
|---|---|---|
| Wages and salaries | **37** | 68 |

Staff costs exclude non-executive Director's emoluments. Information on the remuneration of the Directors, including executive and non-executive Directors is provided in note 7.

## 7. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

The Directors' remuneration (who are the key management personnel) in respect of both the Group and the Company is as follows:

| | Basic Salary £'000 | Fees £'000 | Total 2013 £'000 | Total 2012 £'000 |
|---|---|---|---|---|
| **Executive directors:** | | | | |
| Simon D Hunt(1)(3) | **36** | **1** | **37** | 62 |
| Paul R Benetti | **-** | **-** | **-** | 6 |
| **Non-executive directors:** | | | | |
| John Molyneux | **12** | **-** | **12** | - |
| David Paull | **12** | **-** | **12** | - |
| Malcolm F Williams(2) | **-** | **-** | **-** | 12 |
| | **60** | **1** | **61** | 80 |

(1) Of the amounts reported above, £36,000 (2012: £48,000) were in respect of executive fees which were paid to Cornerstone Capital Limited, a company of which Mr S Hunt is both a Director and shareholder (refer to note 19.3) with an additional £1,000 (2012: £14,300) for additional days paid to Cornerstone Capital Limited (2012: paid directly to Mr S Hunt).

(2) Mr M Williams was paid £nil (2012: £12,000) in respect of his fees for 2012. He was paid a further £12,000 in January 2013 in settlement of £27,200 of outstanding obligations of the Company from previous years. The balance of £15,200 was written off in the financial year ended 31 December 2012 and is not included in the amounts reported above (refer to note 19.3).

## 8. NET FINANCE (EXPENSE) / INCOME

| | 2013 Group and Company £'000 | 2012 Group and Company £'000 |
|---|---|---|
| Interest income on bank deposits | **-** | 1 |
| **Investment revenues** | **-** | 1 |
| Effective interest rate expense on the Loan Note (note 15) | **6** | - |
| **Finance costs** | **6** | - |
| **Net finance (expense) / income** | **(6)** | 1 |

## 9. INCOME TAX EXPENSE

The Income Tax (Amendment) Act 2006 provides that a standard zero rate of income tax applies to the Company in the Isle of Man for 2006/07 and subsequent years of assessment. Therefore no provision for liability to Isle of Man income tax has been included in these accounts. The Group's continuing operations are all resident for tax purposes in the Isle of Man.

The Company's subsidiary pays tax at a rate of 23% on its taxable profits. No tax charge has been recorded in the current or preceding financial year within discontinued operations in respect of the operations of the subsidiary because it has not incurred any income or expenditure in the year and accordingly has no taxable result.

Due to the above factors, there is no difference between the statutory tax rate applicable to the Group from continuing operations and the effective tax rate.

## 10. DISCONTINUED OPERATIONS

In April 2012 the Group abandoned the Jatropha Operations following a detailed assessment of the commercial viability of these operations which is more fully described in the financial statements for the year ended 31 December 2012. The Jatropha Operations were principally conducted through the Company's subsidiary in Madagascar, which is now dormant (note 12).

The Jatropha Operations represented the major business segment of the Group at the date of abandonment and accordingly, as required by IFRS 5, the results of the Jatropha Operations were presented as discontinued operations within the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31

December 2012. The results of the discontinued Jatropha Operations, which have been included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, were as follows:

| | 2013 Group[2] £'000 | 2012 Group £'000 |
|---|---|---|
| **Loss from Jatropha Operations [1]:** | | |
| Expenses | - | (33) |
| Loss before taxation | - | (33) |
| Taxation (note 9) | - | - |
| Loss after tax from discontinued operations | - | (33) |
| | | |
| **Loss on abandonment of Jatropha Operations:** | | |
| Recycled foreign exchange losses on discontinued operations | - | (238) |
| | | |
| **Net loss attributable to discontinued operations (attributable to owners of the Company)** | - | (271) |

(1) The Jatropha Operations did not realise any sales or revenue in either period presented.
(2) There have been no results or cash flows pertaining to the Jatropha Operations in the current financial year.

During the year ended 31 December 2012, the Jatropha Operations contributed a cash outflow of £29,000 to the Group's net operating cash outflows. There were no further cash flows arising from the Jatropha Operations in either period presented.

## 11. LOSS PER ORDINARY SHARE

There is no difference between the diluted loss per share and the basic loss per share presented as the Group and Company are loss making in all periods presented and instruments that are in issue which could result in the issue of new Ordinary Shares, being the warrants disclosed in note 17, are anti-dilutive.

### 11.1. From continuing and discontinued operations

The calculation of basic and diluted loss per share from continuing and discontinued operations is based on the following data:

| | 2013 Group and Company | 2012 Group | 2012 Company |
|---|---|---|---|
| Loss for the year - £'000 | **(220)** | (417) | (176) |
| Weighted average number of Ordinary Shares | **372,626,116** | 93,164,834 | 93,164,834 |
| Basic and diluted loss per Ordinary Share – pence | **(0.06)** | (0.45) | (0.19) |

### 11.2. From continuing operations

The calculation of basic and diluted loss per share from continuing operations is based on the following data:

| | 2013 Group and Company | 2012 Group | 2012 Company |
|---|---|---|---|
| Loss for the year - £'000 | **(220)** | (417) | (176) |
| Adjustments to exclude loss for the period from discontinuing operations – £'000 | - | 271 | - |
| Loss from continuing operations – £'000 | **(220)** | (146) | (176) |
| Weighted average number of Ordinary Shares | **372,626,116** | 93,164,834 | 93,164,834 |
| Basic and diluted loss per Ordinary Share – pence | **(0.06)** | (0.16) | (0.19) |

## 12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company has one direct, 100% owned dormant subsidiary undertaking, Green Energy Madagascar sarl ('Green Energy'), a company incorporated in Madagascar. In all periods presented the Company's investment at cost in Green Star amounts is £2,169,000. The investment is fully provided against such that the carrying value of 'Investments in subsidiary undertakings' within the Company only financial statements is £nil as at 31 December 2013 and 31 December 2012.

## 13. PROPERTY, PLANT AND EQUIPMENT

| GROUP | Motor Vehicles £'000 | Fixtures and equipment £'000 | Total £'000 |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2012 | 16 | 50 | 66 |
| Disposals | (16) | (50) | (66) |
| **At 31 December 2012 and 31 December 2013** | - | - | - |
| | | | |
| **ACCUMULATED DEPRECIATION** | | | |
| At 1 January 2012 | 16 | 46 | 62 |
| Charge for the year | - | 1 | 1 |
| Eliminated on disposals | (16) | (47) | (63) |
| **At 31 December 2012 and 31 December 2013** | - | - | - |
| | | | |
| **NET BOOK VALUE** | | | |
| At 31 December 2013 | - | - | - |
| At 31 December 2012 | - | - | - |

| COMPANY | Fixtures and equipment £'000 | Total £'000 |
|---|---|---|
| **COST** | | |
| At 1 January 2012 | 11 | 11 |
| Disposals | (11) | (11) |
| **At 31 December 2012 and 31 December 2013** | - | - |
| | | |
| **ACCUMULATED DEPRECIATION** | | |
| At 1 January 2012 | 10 | 10 |
| Charge for the year | 1 | 1 |
| Eliminated on disposals | (11) | (11) |
| **At 31 December 2012 and 31 December 2013** | - | - |
| | | |
| **NET BOOK VALUE** | | |
| **At 31 December 2013** | - | - |
| At 31 December 2012 | - | - |

## 14. TRADE AND OTHER PAYABLES

| | 2013 Group and Company £'000 | 2012 Group and Company £'000 |
|---|---|---|
| Trade payables | **2** | 76 |
| Other payables | **-** | 78 |
| Accrued expenses | **19** | 32 |
| | **21** | 186 |

The amounts reported above principally comprise amounts outstanding for recurring expenditure of the Company, such as audit, accounting and company secretarial fees (2012: principally comprise amounts outstanding for Directors and ex-employees and recurring expenditure of the Company). The amounts are stated at their invoiced value, or amount payable based on the Directors assessment of obligations incurred but not yet invoiced.

## 15. CONVERTIBLE LOAN NOTES

### 15.1. Carrying value

The following summarises the movements in the convertible loan notes liability and equity components for the Company and Group during the period:

| | Liability £'000 | Equity £'000 | Total £'000 |
|---|---|---|---|
| At 1 January 2012 and 1 January 2013 | - | - | - |
| Initial measurement | 21 | 5 | 26 |
| Allocation of issue expenses | (1) | - | (1) |
| Interest accrued at effective interest rate (note 8) | 6 | - | 6 |
| **At 31 December 2013** | **26** | **5** | **31** |

### 15.2. Initial measurement

In January 2013, the Company secured the placing of £26,000 of convertible loan notes (the 'Loan Note') with Marine Investments (WA) Pty Ltd ('Marine') raising gross proceeds of £26,000 before expenses. The Loan Note carries no interest charge, is unsecured and was repayable within one year and is convertible (in part or in full) into Ordinary Shares in the Company at the holders request at any time and at a conversion price of £0.001 per Ordinary Share. By mutual agreement between the Company and Marine, the fees and Underwriting Warrants due to Marine under the Underwriting Agreement (refer to notes 16.2 and 17.4.1) were extended to the Loan Note as if the Loan Note were a subscription of new Ordinary Shares in the Company. Accordingly, fees of £1,000 were allocated to the issue of the Loan Note. Further and by mutual agreement between the Company and Marine, the term of the Loan Note was extended on 3 March 2014 to 31 December 2014 (refer to note 21.1).

While in legal form the Loan Note is a liability of the Company, the Loan Note includes components with liability and equity features as defined under IFRS. IAS 32, *'Financial Instruments: Presentation'*, requires the Group to identify the equity and liability component parts of the instrument and assign a value to each. The material components have been identified as the host debt contract and a holder call option to convert to Ordinary Shares. The fair value of the host debt component has been determined at £21,000 based on the present value of the contractual stream of future cash flows (being the redemption amount) discounted at the market rate of interest that would have applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion feature. The relevant market interest rate applicable to the Company has been estimated at 25%. The balance of the gross proceeds received of £5,000 has been established as the equity component of the Loan Note. After allocation of the £1,000 issue expenses pro-rata to the carrying value of each component, the liability component was initially recorded at £20,000 and the equity component at £5,000. The liability component is subsequently measured at amortised cost using the effective interest rate method and an effective interest rate of 31.58%. The equity component is not re-measured.

## 16. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

### 16.1. Authorised share capital and rights attaching to shares

The authorised share capital of the Company as at 31 December 2013 and 31 December 2012 is comprised of the following:

| | No. | £ |
|---|---|---|
| Ordinary Shares of £0.001 each | 700,000,000 | 700,000 |
| Deferred Shares of £0.009 each | 200,000,000 | 1,800,000 |
| | 900,000,000 | 2,500,000 |

The Company's Ordinary Shares carry no right to fixed income. Each Ordinary Share carries the right to one vote at the general meetings of the Company. The Company's Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary Shares has received a payment of £100,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares have no economic value. The Deferred Shares are not admitted to trading on any stock exchange.

### 16.2. Shares in issue, Share capital and Share premium

The table below presents a reconciliation of the Company's Ordinary Shares and Deferred Shares in issue and the Company's Share capital and Share premium accounts:

| | Number of Ordinary Shares Issued and Fully Paid | Number of Deferred Shares Issued and Fully Paid | Share capital [(1)] £'000 | Share premium £'000 |
|---|---|---|---|---|
| Balance at 1 January 2012 | 93,164,834 | - | 932 | 5,202 |
| New Deferred Shares arising on the re-organisation of the Company's capital[(2)] | - | 93,164,834 | - | - |
| Balance at 1 January 2013 | 93,164,834 | 93,164,834 | 932 | 5,202 |
| Issue of Ordinary Shares at £0.001 each [(2)] | **284,131,944** | **-** | **284** | **-** |
| Cost of capital raising | **-** | **-** | **-** | **(15)** |
| **Balance at 31 December 2013** | **377,296,778** | **93,164,834** | **1,216** | **5,187** |

(1) The amounts reported for Share Capital include the nominal value of the Ordinary Shares and Deferred Shares issued by the Company.

(2) At the 2012 AGM, Shareholders approved the re-organisation of the Company's capital structure through the creation of a new class of deferred shares of £0.009 each ('Deferred Shares') and by sub-dividing and re-designating each existing Ordinary Share of £0.01 each into one Ordinary Share of £0.001 each and one Deferred Share (the 'Capital Re-Organisation'). The purpose of the Capital Re-Organisation was to reduce the par value of the Company's Ordinary Shares such that the Company would be permitted to issue new Ordinary Shares for cash in the future. The recent trading price of the Company's Ordinary Shares had been below their previous par value and the Company was prohibited by the Companies (Isle of Man) Law from issuing an Ordinary Share for a value that is lower that its par value. Following the Capital Re-Organisation, Shareholders held the same number of Ordinary Shares as they did before, but with a lower par value. Their economic interest in the Company was accordingly unaffected by the capital re-organisation.

On 7 January 2013 the Company raised £284,000 (pre issue expenses) through a subscription (the 'Subscription') of 284,131,944 new Ordinary Shares (the 'Subscription Shares') at a price of £0.001 per Subscription Share. The Subscription, in combination with the issue of the Loan Note (refer to note 15) was completed to provide funds to the Company for working capital purposes and to commence implementing its Investing Policy.

The Subscription was underwritten by Marine by way of an underwriting agreement (the 'Underwriting Agreement') dated 4 December 2012. In accordance with the terms of this agreement, Marine undertook to subscribe for new Ordinary Shares at £0.001 per Ordinary Share (the 'Subscription Price') in respect of the amount by which the aggregate proceeds of the Subscription (before expenses) received by the Company were less than £250,000. The Subscription was therefore underwritten by Marine to the extent required to result in the Company raising a minimum of £250,000 (before expenses) pursuant to the Subscription. In consideration for underwriting the Subscription and conditional on Marine performing its obligations under the Underwriting Agreement, the Company agreed to pay a fee of 5 per cent of the total gross proceeds of the Subscription and to issue the Underwriting Warrants (refer to note 17) to Marine. To provide additional funds to the Company, by mutual agreement between the Company and Marine, and following the Subscription raising in excess of the underwritten amount, Marine agreed to subscribe (in addition to £108,000 through the Subscription) for the Loan Notes (refer to note 15) and the terms of the Underwriting Agreement were extended to the issue of the Loan Notes as if the Loan Notes were a subscription of Ordinary Shares by Marine. Marine was accordingly due a fee in cash of £16,000 (the 'Fee') in connection with the Subscription and Loan Notes which was settled from the proceeds of the Subscription and a further 62,000,000 Underwriting Warrants which were issued in accordance with the terms of that agreement (refer to note 17.4.1). The Fee was allocated between the issue of Ordinary Shares and the Loan Notes in proportion to the relative gross proceeds received by the Company, with £15,000 charged to the Share premium account.

### 16.3. Agreements with Marine

In addition to the Underwriting Agreement (refer to note 16.2) and by way of separate agreement dated 4 December 2012, the Company has agreed that Marine will receive a fee if Marine identifies a transaction for the Company as a result of which the Company is subject to a reverse takeover pursuant to the AIM Rules. If such a transaction arises, the Company will pay a fee to Marine equal to £50,000 in cash and the issue for no additional consideration of 20,000,000 Ordinary Shares. In the event that the Proposed Transaction is successful, this fee will become payable to Marine.

### 16.4. Share Premium reserve

The Share Premium reserve represents the premium over the nominal value of Ordinary Shares raised on the issue of Ordinary Shares by the Company, less expenses incurred directly in connection with the issue of new Ordinary Shares.

**16.5. Currency translation reserve**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non GBP functional currency entities are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising are taken to the 'Currency translation reserve'. Following the abandonment of the Jatropha Operations during the year ended 31 December 2012, exchange differences accumulated in the currency translation reserve related to those operations conducted through Green Energy were recycled to profit and loss from discontinued operations (refer to note 10). The amounts reported in the 'Currency translation reserve' as at 31 December 2013 and 31 December 2012 relate to the parent Company and arose prior to 1 January 2012, the date on which the Company's functional currency was changed from US$ to GBP. From that date the Company's functional currency and presentation currency are both GBP and accordingly no movements will occur on the 'Currency translation reserve' until either the Company's operations are disposed of, or the Company's functional currency or Group's presentation currency, are changed.

## 17. SHARE-BASED PAYMENTS

**17.1. Equity-settled share options and warrants**

The Company and Group have two share option schemes for Directors and executives of the Group. Options and warrants over Ordinary Shares in the Company are also issued to Directors for services rendered and certain service providers. These instruments are not granted under the terms of the Share Plan.

**17.2. Charge in the period**

The total charge recorded in profit and loss within continuing operations for share based payments in the year ended 31 December 2013 was £76,000 (31 December 2012: £nil) of which £69,000 arises in respect of the 36,000,000 Directors Warrants (refer to note 17.4.3 below) and £7,000 arises in respect of the 3,000,000 Allenby Warrants (refer to note 17.4.2 below). A further £151,000 was charged to the Share premium account for expenses incurred in respect of the Subscription for underwriting services provided by Marine (refer to note 17.4.1 below). All amounts recorded in the current period relate to warrants issued outside of the share option schemes by the Company.

**17.3. Summary of share options and warrants accounted for as share based payments**

Details of the number of Ordinary Shares that may be issued to satisfy share options and warrants which are accounted for as share based payments are as follows:

| | Options | | Warrants | | |
|---|---|---|---|---|---|
| | **No.** | **Weighted average exercise price GBp** | **No.** | **Weighted average exercise price GBp** | **Total No.** |
| At 1 January 2012 | 1,190,000 | 60 | - | - | 1,190,000 |
| Lapsed in the period | (1,190,000) | 60 | - | - | (1,190,000) |
| At 31 December 2012 | - | - | - | - | - |
| Granted in the period | **-** | **-** | **101,000,000** | **0.48** | **101,000,000** |
| **At 31 December 2013** | **-** | **-** | **101,000,000** | **0.48** | **101,000,000** |

Details of exercisable share options and warrants which are accounted for as share based payments are as follows:

| | Options | | Warrants | | |
|---|---|---|---|---|---|
| | **No.** | **Weighted average exercise price GBp** | **No.** | **Weighted average exercise price GBp** | **Total No.** |
| At 1 January 2012 | 1,190,000 | 60 | - | - | 1,190,000 |
| Lapsed in the period | (1,190,000) | 60 | - | - | (1,190,000) |
| At 31 December 2012 | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Granted in the period | - | - | **83,000,000** | **0.49** | **83,000,000** |
| **At 31 December 2013** | **-** | **-** | **83,000,000** | **0.49** | **83,000,000** |

The outstanding and exercisable options and warrants and bonus shares that are accounted for as share based payments could result in the issue of new Ordinary Shares at the following prices:

| **Price – GBp** | **Expiry** | **31 December 2013 No.** | **Total 31 December 2012 No.** | **31 December 2013 No.** | **Exercisable 31 December 2012 No.** |
|---|---|---|---|---|---|
| 0.5 | 8 January 2018 | **65,000,000** | - | **65,000,000** | - |
| 0.45 | 28 February 2018 | **36,000,000** | - | **18,000,000** | - |
| | | **101,000,000** | - | **83,000,000** | - |

**17.4. Warrants issued during the period**

**17.4.1. Underwriting Warrants**

The Company issued Marine with 62,000,000 warrants (the 'Underwriting Warrants') in connection with the Underwriting Agreement and the Subscription and Loan Note as more fully described in notes 16.2 and 15. Each Underwriting Warrant entitles Marine to subscribe for one Ordinary Share in the Company at a price of £0.005 per Ordinary Share at any time until 8 January 2018. The share based payments expense arising on the Underwriting Warrants of £151,000 was charged, and credited, to the Share premium account.

**17.4.2. Allenby Warrants**

The Company issued 3,000,000 warrants to Allenby Capital Limited ('Allenby'), the Company's Nominated Adviser and Broker, as part of the fee agreement between the Company and Allenby (the 'Allenby Warrants'). The Allenby Warrants have the same terms as the Underwriting Warrants. The share based payments expense arising on the Allenby Warrants of £7,000 was charged to profit and loss.

**17.4.3. Directors' Warrants**

The Company issued 36,000,000 Director's Warrants to the Directors as follows:

- warrants over 20,000,000 Ordinary Shares to Mr S Hunt through Cornerstone Capital Limited (refer to note 19);
- warrants over 8,000,000 Ordinary Shares to Mr D Paull; and,
- warrants over 8,000,000 Ordinary Shares to Mr J Molyneux.

Each Director's Warrant entitles the holder to subscribe for one Ordinary Share in the Company at a price of £0.0045 per Ordinary Share at any time until 28 February 2018. The exercise price of the Directors' Warrants was calculated on the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the issue of the warrant. Half of the Directors' Warrants issued to each Director are subject to the following exercise conditions:

- the Company must have completed either a Reverse Takeover (as defined in the AIM Rules for Companies) or acquired an asset valued in excess of £500,000 (at the date of the acquisition); and
- the average volume weighted trading price of the Ordinary Shares of the Company over the 30 trading days prior to the vesting of the Directors' Warrants subject to the additional conditions must be in excess of £0.00625 per Ordinary Share.

These warrants do not have any performance conditions and accordingly the share based payments expense arising on the Directors' Warrants of £69,000 was charged to profit and loss.

**17.5. Fair value**

The fair value of the warrants granted in the year has been determined using a Black-Scholes valuation model with the following inputs:

| | **Underwriting and Allenby** | **Directors' Warrants** |
|---|---|---|

| | Warrants | |
|---|---|---|
| Weighted average share price – GBp | **0.45** | **0.45** |
| Weighted average exercise price – GBp | **0.50** | **0.45** |
| Expected volatility - %[2] | **89.70** | **89.70** |
| Expected life – years[1] | **3** | **3** |
| Risk free rate - % | **0.41** | **0.41** |
| Expected dividend yield - % | **-** | **-** |

[1] Where relevant, 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.

[2] The volatility assumption has been determined based on the historical volatility of the Company's Ordinary Share price, where applicable adjusted for periods of abnormal volatility.

## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 18.1. Financial risk management objectives

The Company and Group manage the risks arising from their operations, and financial instruments at Board level. The Board has overall responsibility for the establishment and oversight of the risk management framework and to ensure that the Company and Group have adequate policies, procedures and controls to manage successfully the financial risks that they face.

While the Group does not have a written policy relating to risk management of the risks arising from any financial instruments held, the close involvement of the Executive Chairman in the day to day operations of the Group ensures that risks are monitored and controlled in an appropriate manner for the size and complexity of the Group. Financial instruments are not traded, nor are speculative positions taken. The principal risks that the Group faces as at 31 December 2013 and 31 December 2012 with an impact on financial instruments are summarised below.

### 18.2. Risk exposure

The principal risks arising from financial instruments that affect the Group and Company are credit risk on its balances held at bank and liquidity risk. The Company's has no significant exposure to market risk, where market risk is the risk that changes in interest rates, foreign exchange rates, equity prices and other rates, prices, volatilities, correlations or other market conditions, will have an adverse impact on the Group's and Company's financial position or results.

#### 18.2.1. Credit risk

The Group's and the Company's principal financial assets are bank balances and cash, and recoverable VAT assets. The Group and Company has two significant concentrations of credit risk being (1) cash balances held with its bank and, (2) recoverable VAT assets from Her Majesty's Revenue and Customs in the United Kingdom. Credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Credit risk on VAT recoverable assets is limited because of the credit standing of the counterparty.

#### 18.2.2. Liquidity risk and managing capital

Liquidity risk is the risk that the Company and Group will not be able to meet their financial obligations as they fall due. The Company raises funds as and when required on the basis of forecast expenditure and inflows. When funding is required, the Company balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain competitive market interest rates. The Company aims to optimise the Group's capital structure by holding an appropriate level of debt relative to equity in order to maximise shareholder value. The appropriate level of debt is set with reference to a number of factors and financial ratios including expected operating and capital expenditure cash flows, contingent liabilities and the level of unrestricted cash as well as the general economic environment. The Company aims to control its capital structure by issuing new Ordinary Shares and raising debt finance to the extent that it is possible on commercially acceptable terms. The Group's developing nature and the economic conditions prevailing are restricting the Company's ability to raise traditional bank debt finance and exert any significant degree of control over its gearing ratio. As a result, the Company is currently financed exclusively from equity or through convertible loan instruments issued by its principal shareholder, Marine.

As at 31 December 2013, the Group and Company have net current liabilities. Due to the developments in the Group subsequent to the balance sheet date and in particular the funding of approximately £190,000 secured in March 2014 (refer to note 21.1), liquidity as at 31 December 2013 is not representative of the liquidity of the Company or Group as at the date of this report. Note 3.2.1.1 provides further information on the planned future liquidity and the Going Concern basis of the Company and Group.

#### 18.2.3. Currency risk

On its on-going trading activities the Company and Group undertake a small number of transactions in currencies other than GBP but there is limited currency risk. At the end of both periods presented, all of the Group's material financial assets and liabilities are denominated in GBP and accordingly the Company and Group has no material exposure to currency risk.

#### 18.2.4. Interest rate risk

Interest rate risk arises when interest rates move. Neither the Group nor the Company have any interest bearing borrowings (refer to note 15 for details on the Company's convertible loan notes). The Group and Company hold cash balances on deposit but do not hedge or fix these rates given the scale and nature of the Group and the Company's operations. All amounts are carried at amortised cost, and, other than cash in hand, are interest bearing assets, with interest rates arranged with counterparty financial institutions based on commercial negotiations, reflecting the term, currency and amount of each deposit. As at 31 December 2013 and 31 December 2012 all bank balances were held in current accounts or deposit accounts with a maturity of less than one month. Interest income or expense and the related changes in interest rates are accordingly insignificant to the carrying value of the Company and Group's financial instruments and interest rate risk is not material to the Company or Group.

### 18.3. Categories and classes of financial instruments

#### 18.3.1. Financial assets

The Company's and Group's financial assets comprise the amounts disclosed in the Statement of Financial Position as 'Cash and cash equivalents' and 'VAT refundable'. Based on the application of the accounting policies with respect to financial instruments, these financial assets are accounted for as loans and receivables. The financial assets are considered one class of financial instrument based on the risk profile to which they expose the Company and Group, being credit risk. Further details are provided in note 18.2.1. None of the Group's and Company's financial assets are past due, or impaired, nor has the Group or Company provided against any financial assets.

#### 18.3.2. Financial liabilities

The Company's and Group's financial liabilities comprise the amounts disclosed in the Statement of Financial Position as 'Trade and other payables' and 'Convertible loan notes'. Based on the application of the accounting policies with respect to financial instruments, these financial liabilities are accounted for as financial liabilities at amortised cost.

'Trade and other payable' are considered one class of financial instrument based on the risk profile to which they expose the Company and Group, being liquidity risk. Further details are provided in note 18.2.2.

'Convertible loan notes' are considered a separate class of financial instrument. While in legal form a liability of the Company and Group which exposes the Company and Group to liquidity risk, the Directors consider this class of financial instrument to be similar to equity because it is provided by Marine, the Company's largest shareholder, with which the Company maintains good working relationships. Marine continues to provide ongoing funding for operations (refer to note 21.1).

All of the Company and Group's financial liabilities are due on demand within less than one month from the balance sheet date.

#### 18.3.3. Fair value of financial assets and financial liabilities

The carrying amount of the Company's and Group's financial instruments approximates to their fair value due to their short maturity.

## 19. RELATED PARTIES

### 19.1. Subsidiary undertakings

Details of the Company's subsidiary undertaking are provided in note 12.

### 19.2. Remuneration of key management personnel

Remuneration of key management personnel of the Company and Group, which comprise the Directors of the Company, is provided in note 7. Details of warrants issued to the Directors' are provided in note 17.

### 19.3. Other transactions with related parties

**Trading transactions**

The Company paid £37,000 (2012: £48,000), by way of salary and fees for Mr S Hunt's services under an agreement with Cornerstone Capital Limited ('Cornerstone'), a company in which Mr S Hunt is a shareholder and a director. The contract is based on normal commercial terms. A further £nil (2012: £14,000) was paid directly to Mr S Hunt. As at 31 December 2013, the Company owed Cornerstone Capital Limited £nil (2012: £18,000) and owed Mr S Hunt £nil (2012: £14,000).

Mr M Williams, who resigned as a non-executive director on 28 December 2012, was owed £27,200 as at 31 December 2011. During the year ended 31 December 2012, £15,200 of this was written off by mutual agreement with Mr M Williams, leaving £12,000 owing as at 31 December 2012. This balance was settled in January 2013. There were no further transactions with Mr M Williams during the year ended 31 December 2013.

Mr P Benetti, who resigned as Chief Executive on 30 March 2012, was owed £67,200 of expenses as at 31 December 2011. During the year ended 31 December 2012, £10,000 of this amount was paid to him and £40,040 was written off by mutual agreement with Mr P Benetti, leaving £17,060 owing as at 31 December 2012. This balance was settled in January 2013. There were no further transactions with Mr P Benetti during the year ended 31 December 2013.

**Loans and Subscription of Ordinary Shares**

There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.

In January 2013 and as more fully described in notes 15, 16.2 and 17.4.1, Marine subscribed for 107,631,944 new Ordinary Shares in the Company in exchange for cash consideration of £108,000. In addition Marine provided £26,000 of funding to the Company through the subscription of the Loan Note. Fees due to Marine in connection with the Subscription and the Loan Note totalled £16,000 which were settled in currency. As further consideration for the underwriting of the Subscription, Marine was issued with 62,000,000 Underwriting Warrants, with a fair value at the date of issue of £151,000.

Details of further agreements with Marine in effect at the date of this report which may result in the issue of additional new Ordinary Shares or payment of fees in cash are provided in note 16.3. Details of transactions with Marine subsequent to 31 December 2013 are provided in note 21.1.

## 20. ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors are of the opinion that there is no ultimate controlling party of the Company.

## 21. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

### 21.1. Issue of new Convertible Loan Notes and extension to the term of the Loan Note

On 3 March 2014 the Company secured additional funding from Marine through the issue of new convertible loan notes (the 'New Loan Notes') as more fully described below. Further, the repayment date of the Loan Notes (refer to note 15) was extended to 31 December 2014. The New Loan Notes were created to provide the Company with additional interim funding to complete the Proposed Transaction (as more fully described in the Chairman's Statement); the term of the Loan Notes was extended to prevent calls on the Company's cash balances which would otherwise have arisen from their repayment in January 2014.

The New Loan Notes comprise two instruments created by the Company, being a convertible loan note of up to £100,000 (the 'New GBP Loan Note) and a convertible loan note of up to $150,000 (the 'New US$ Loan Note'). Other than for the amount available to be drawn down under each of the New GBP Loan Note and the New US$ Loan Note, the New Loan Notes have substantially the same material terms, being:

- Interest at the rate of 8% per annum, such interest to be accumulated and paid in cash upon conversion or repayment of the New Loan Notes;
- Unsecured;
- Convertible in whole or in part at the note holder's request into Ordinary Shares at the price at which new Ordinary Shares are issued pursuant to the Proposed Transaction or, in the event no such new Ordinary Shares are issued, at £0.001 per Ordinary Share;
- In the event that the note holder elects to convert part or all of the New Loan Notes into Ordinary Shares, the Company will issue the note holder with warrants over one new Ordinary Share for every 1.25 new Ordinary Share issued on conversion of the New Loan Notes, exercisable at a price per warrant equal to the price at which

new funds are raised on AIM upon the readmission of the Company's Ordinary Shares to trading on AIM plus 15%, for three years from the date of conversion of the New Loan Notes; and

- Repayable, if not converted before, on 30 June 2014.

In addition to the above terms, the New US$ Loan Note may only be drawn down in accordance with the agreed budget for Gold Hunter SAC.