Company Registration Number 3740688

PRIMORUS INVESTMENTS PLC
(formerly Stellar Resources plc)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

PRIMORUS INVESTMENTS PLC

CONTENTS

	Page
CHAIRMAN'S STATEMENT INCORPORATING THE STRATEGIC REVIEW	1
COMPANY INFORMATION	6
INFORMATION ON THE BOARD OF DIRECTORS	7
REPORT OF THE DIRECTORS	8
STATEMENT OF DIRECTORS' RESPONSIBILITIES	11
REPORT OF THE AUDITOR	12
FINANCIAL STATEMENTS	13
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016	13
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016	14
STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2016	15
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016	16
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016	17

PRIMORUS INVESTMENTS PLC

CHAIRMAN'S STATEMENT INCORPORATING THE STRATEGIC REVIEW

I am pleased to present the Chairman's report for the year ended 31 December 2016.

Overview
Primorus Investments plc ("Primorus Investments") has a strong balance sheet with no debt and with current assets (including cash of £221,000) as at 31 December 2016 amounting to £1,295,000. (2015: £1,218,000)

It has been a successful year for the Company on the oil and minerals exploration front. The Company has investment in 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 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 stable 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 the operator at Horse Hill, 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. HHDL has advised that it is 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 new Portland appraisal and development well.

Gold Mines of Wales Limited (49% owned by Primorus Investments) in turn owns 100% of Gold Mines of Wales (Operations) Limited ("GMOW"). GMOW is the UK entity that holds the exclusive Option from the Crown Estate over 107 km2 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 announced an update on 2 May 2017 in regard to its investment in Fresho, a leading Australian B2B company servicing the Restaurant and Food Service industries. It has informed us that annualised platform volume growth has risen 5-fold to circa A$100million.

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 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.

Work programme
In July 2016, the Company announced a summary of a Competent Person's Report on GMOW's mineral assets in Wales prepared by SRK Exploration Services Ltd ("SRK ES"). Broadly the outcomes of this report were positive and the exploration potential, in the opinion of SRK ES, is good. The success of any new exploration will depend on sound geological knowledge and the application of a detailed systematic exploration programme. SRK ES recommends that this should include stream sediment sampling, geological mapping, soil sampling, hand auger

drilling and geophysical surveying, and considers the drilling targets could be provided within a 10-month period at a cost of £350,000 - £400,000. Following this, if the necessary planning and environmental permissions can be secured by GMOW, diamond drilling could be undertaken to support the presence of a potential deposit.

GMOW and SRK ES are likely to commence the physical on-the-ground works during the next 12 months. 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% direct interest in Horse Hill Developments Limited. HHDL is a special purpose company that owns a 65% participating interest and operatorship of Licence PEDL137 and the adjacent Licence PEDL246 in the UK Weald Basin.

As reported in March 2016, the final total aggregate stable dry oil flow rate from two Kimmeridge limestones plus the overlying Portland sandstone in HH-1 stands at 1,688 barrels of oil per day ("bopd"), a UK record for an onshore discovery well. Over the 30 to 90 hour flow periods from each of the 3 zones in HH-1, no clear indication of any reservoir pressure depletion was observed.

Flow Test Highlights:

- The final Portland test of 323 bopd, over an 8.5-hour, period is the highest stable dry oil flow rate from any onshore UK Portland well. On further testing, with a larger pump, the rate doubled from the previously reported stable dry oil rate of 168 bopd. The Portland was produced at maximum pump capacity and showed no clear indication of depletion. It is likely that the peak rate can be further increased using a higher capacity downhole pump during the next planned test.
- Proof that the Kimmeridge limestones contain significant volumes of moveable light oil that can be flowed to surface at commercial rates.
- The stable dry-oil flow rate of 464 bopd from the Lower Kimmeridge Limestone is the first ever flow from this rock unit in the Weald Basin and onshore UK.
- Based on the analysis of published reports, sighted by the Directors, from all significant UK onshore discovery wells, the Company Directors' concludes that the well's 1,688 bopd is likely the highest aggregate stable dry-oil flow from any onshore UK new field discovery well.
- Based on the analysis of published reports from all significant UK onshore discovery wells, the Company Directors' concludes that the 901 bopd from the Upper Kimmeridge zone is likely the highest stable natural dry oil flow rate from a single reservoir in any UK onshore new field discovery well.
- High quality Brent Crude produced: light, sweet oil (40 degrees API in Kimmeridge, 35-37 degrees API in Portland) with 1,940 barrels delivered to the Esso Fawley refinery.
- Preliminary analysis confirms that the Lower and Upper Kimmeridge Limestone units are naturally fractured reservoirs with high deliverability.
- Strong possibility for further optimisation and increased flow rates from all 3 zones in future development and production wells, particularly through the use of horizontal wells.

Summary Table of Test Results: Horse Hill -1 well – Weald Basin, UK

Zone	Maximum Instantaneous Oil Rate	Stabilised Dry Oil Rate	Perforated Interval	Stabilised Flow Period	Depth Below Surface
	bopd	Bopd	ft	hours	ft
U. Portland *	360	323	103	8.5	2000
U. Kimmeridge **	1008	901	88	4.0	2800
L. Kimmeridge **	700	464	80	7.5	2950
Total	**2068**	**1688**	**271**	**20**	
Note: * flow rate limited by pump stroke rate capacity ** natural flow					

HH-1 Overview and Recap:
The HH-1 discovery well, completed in November 2014, was the first modern well since the 1980s to test the entire Jurassic and Triassic section of the Weald Basin, reaching Palaeozoic basement at circa 8,500 feet. The well was drilled with oil-based mud to ensure good electric log data collection. A comprehensive suite of modern Schlumberger log data, including magnetic resonance data, was acquired. Geological samples were collected at 10 foot intervals throughout the well specifically for geochemical analysis.

The analysis of thermal maturity data (vitrinite reflectance) from geological samples, by a leading analyst in Switzerland, showed that the Kimmeridge section of the well was within the peak oil generative window. Previous researchers had stated that the Kimmeridge was thermally immature, and whilst recognised to be the time equivalent of the North Sea's main oil source rock, had likely only generated either early stage immoveable bitumen or minor quantities of moveable oil, as seen in the Upper Kimmeridge Limestone in Balcombe-1, 15 km to the south of HH-1.

As previously announced by UK Oil & Gas PLC ("UKOG"), geochemical analysis of samples throughout the c. 1300 feet thick Kimmeridge shale section of HH-1, showed that the shales comprised a world class oil source rock. Analysis of 277 samples showed 780 feet of drilled section exceeding 2% total organic carbon ("TOC") by weight, with an average of 4.1% TOC. The richest section, and possible sweet-spot, lay between the Upper and Lower Kimmeridge Limestones with an average of 5% TOC and a high of 9.4% TOC. The organic shales demonstrated high oil generative potentials ranging from an average of 35 kg/tonne to a high of 103 kg/tonne and with high Hydrogen Indices ("HI") averaging 754. Further significant potential source rock sections were identified in the Middle Jurassic and Lias sections of the well.

Both Nutech and Schlumberger, leaders in the field of electric log analysis in rocks with low permeabilities, were then engaged by UKOG to investigate the presence of oil in the HH-1 well. UKOG reported the results during 2015, which indicated that a mean estimated total of between 9.97 and 10.99 billion barrels of OIP, or oil in the ground, existed under the HH-1 licence area, contained in shales and limestones of the Kimmeridge, Oxford Clay and Lias.

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

The operator at Horse Hill, HHDL, have advised that it is 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 new Portland appraisal and 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:

Fresho Pty Ltd ("Fresho")
Fresho, a company in which Primorus holds an investment of £175,000, representing approx. 3.5% of the company's share capital, is positioning itself as a leading Australian B2B company servicing the Restaurant and Food Service industries. By aggregating and streamlining the food order process via Fresho's unique cloud-based platform, both customers and streamlining the food order process via Fresho's unique cloud-based platform, both customers and suppliers are able to make savings in time, money and wastage and also generate powerful reporting and business data analytics. To date Fresho's customer base has been located in Melbourne with many of Australia's most iconic restaurants and suppliers using the product, however they are now expanding into a number of Australia's other cities.

Boletus Resources Limited ("Boletus")
In January 2014, Stellar acquired an initial 20% shareholding in Boletus, a special purpose company established for developing the Bengkulu Coal Project on the Indonesian island of Sumatra. Since the time of the original investment in Boletus, 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 and as such the investment in Boletus has been fully impaired by a further £150,000. (2015: nil).

CHAIRMAN'S REPORT INCORPORATING THE STRATEGIC REVIEW – CONTINUED

Financial Results

The operating loss was £332,000 (2015 - £266,000 loss). The net loss after tax was £694,000 (2015: £348,000), which included a provision of £150,000 against an unlisted investment in Boletus, and a provision of £152,000 against the loan due from its associate GMOW.

Current assets including cash at 31 December 2016 amounted to £1,295,000 (2015: £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 were used for general working capital purposes and to assist in seeking further investment opportunities.

In March 2017, the Company announced it had raised £237,000 through the issue of 158 million new shares at a placing price of 0.15 pence per share. The funds are to be used for general working capital purposes and to assist in seeking further investment opportunities. Also in March 2017, the Company obtained, at a general meeting, shareholder approval for an increased authority to issue new ordinary shares. The Directors stated that they wished to undertake a further placing, and a further announcement will be made as appropriate.

Outlook

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. We will work closely with HHDL on potentially increasing our oil production and reserves from the existing fields.

GMOW continues with its exploration activities and we await further updates.

We will continue to seek out further investments in line with the Company's investing strategy.

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

Jeremy Taylor-Firth
Chairman
10 May 2017

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

PRIMORUS INVESTMENTS PLC

COMPANY INFORMATION

Directors	J Taylor-Firth (Non-executive Chairman) A Clayton (Executive director) D Strang (Non-executive director)
Secretary	D Strang
Registered Office:	Suite 3B, 38 Jermyn Street, London, SW1Y 6DN
Company Registration Number:	03740688
Country of Incorporation:	United Kingdom
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House, Crown Court 62-63 Cheapside London EC2V 6AX
Broker	Optiva Securities Ltd 2 Mill Street London W1S 2AT
Auditor	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Bankers	Barclays Bank plc Corporate Banking One Churchill Place London E14 5HP
Solicitors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Registrars	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham, Surrey GU9 7LL

PRIMORUS INVESTMENTS PLC

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 qualifed 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.

PRIMORUS INVESTMENTS PLC

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2016.

Principal Activities
Primorus Investments plc is an investing company with a focus 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 acquisitions in the leisure, corporate services, consultancy and brand licensing sectors. The Company will consider possible opportunities anywhere in the world.

Results
The results for the year are set out on page 13 and are stated in UK sterling. The Company made a loss after taxation of £694,000 (2015 - loss of £348,000). The Directors do not recommend payment of a dividend (2015 - 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 2016. The Directors have prepared cash flow forecasts for the period ending 31 May 2018 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 17 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
Jeremy Taylor-Firth
Alastair Clayton

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 14 to the financial staements.

REPORT OF THE DIRECTORS

Substantial Shareholding

As at 8 May 2017, the Company had been notified of the following substantial shareholdings in the ordinary share capital, over 3%;

	Number of ordinary shares	%
JIM Nominees Limited	276,028,962	21.76%
TD Direct Investing Nominees (Europe) Limited	112,203,093	8.84%
Hargreaves Lansdown (Nominees) Limited (15942)	55,512,302	4.38%
HSDL Nominees Limited	54,749,923	4.32%
Barclayshare Nominees Limited	51,805,023	4.08%
Mr Neil Maclachlan	50,000,000	3.94%
HSDL Nominees Limited (IWSIPP)	47,313,247	3.73%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	39,181,395	3.09%

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 Alastair Clayton, 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 Companys employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

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 (2015- Nil).

Directors' Indemnities

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

Principal risks and uncertainties

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

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

Financial risk management objectives and policies

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

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

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 12 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
10 May 2017

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.

PRIMOROUS INVESTMENTS PLC

REPORT OF THE AUDITOR

Report of the Independent Auditor to the Members of Primorus Investments plc

We have audited the Financial Statements of Primorus Investments plc for the year ended 31 December 2016 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 December 2016 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
10 May 2017

PRIMORUS INVESTMENTS PLC

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000	2015 £000
Revenue	2	-	-
Share based payments		-	(60)
Administrative costs		(332)	(206)
Total administrative costs		(332)	(266)
Operating (loss)	2, 3	(332)	(266)
Realised gain on disposal of AFS investments	5	17	-
Unrealised gain on market value movement of AFS investments		45	-
Impairment provision on AFS investments		(150)	-
Provision on associate loan		(152)	-
Share of (loss) of associate	7	(122)	(82)
(Loss) before tax		(694)	(348)
Taxation	5	-	-
(Loss) for the year attributable to equity holders of the company		(694)	(348)
(Loss) per Share			
Basic and diluted (loss) per share (pence)	6	(0.07)	(0.05)

There are no other recognised gains or losses for the year.

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

PRIMORUS INVESTMENTS PLC

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

ASSETS	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Non-Current Assets					
Investment in Associate	7	155		277	
Available for Sale Investments	8	915		750	
			1,070		1,027
Current Assets					
Trade and other receivables	9	1,074		901	
Cash and cash equivalents	10	221		317	
			1,295		1,218
Total Assets			2,365		2,245
LIABILITIES					
Current Liabilities					
Trade and other payables	11	(38)		(38)	
Total Liabilities			(38)		(38)
Net Assets			2,327		2,207
EQUITY					
Equity Attributable to Equity Holders of the Company					
Share capital	13	15,223		15,188	
Share premium account		32,205		31,426	
Share based payment reserve		160		160	
Retained earnings		(45,261)		(44,567)	
Total Equity			2,327		2,207

These Financial Statements were approved by the Board of Directors and authorised for issue on 10 May 2017.

Donald Strang
Director

Alastair Clayton
Director

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

PRIMORUS INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2016

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total attributable to owners of parent £000
Balance at 31 December 2014	15,188	31,432	100	(44,219)	2,501
Loss for the year	-	-	-	(348)	(348)
Total comprehensive income for the year	-	-	-	(348)	(348)
Share options issued	-	-	60	-	60
Share Issue costs	-	(6)	-	-	(6)
Transactions with owners of the company	-	(6)	60	-	54
Balance at 31 December 2015	15,188	31,426	160	(44,567)	2,207
Loss for the year	-	-	-	(694)	(694)
Total comprehensive income for the year	-	-	-	(694)	(694)
Shares issued	35	835	-	-	870
Share Issue costs	-	(56)	-	-	(56)
Transactions with owners of the company	35	779	-	-	814
Balance at 31 December 2016	15,223	32,205	160	(45,261)	2,327

PRIMORUS INVESTMENTS PLC

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016

	2016	2016	2015	2015
	£000	**£000**	**£000**	**£000**
Cash Flows from Operating Activities				
Operating Loss		(332)		(266)
Adjustments for:				
Share based payment charge	-		60	
Change in trade and other receivables	24		217	
Change in trade and other payables	-		(26)	
Taxation (paid)	-		-	
		24		251
Net Cash used in Operating Activities		(308)		(15)
Cash Flows from Investing Activities				
Loan advanced to associate	(60)		(87)	
Loan advanced to related party	(289)		(179)	
Net payment for available for sale investments	(253)		-	
Net Cash used in Investing Activities		(602)		(266)
Cash Flows from Financing Activities				
Proceeds from share issues	870		-	
Share issue costs	(56)		(6)	
Net Cash in generated from Financing Activities		814		(6)
Net Change in Cash and Cash Equivalents		(96)		(287)
Cash and Cash Equivalents at beginning of period		317		604
Cash and Cash Equivalents at end of period		221		317

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

Basis of Preparation

Primorus Investments 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 NEX Exchange Growth Market as operated by NEX Exchange Limited (“NEX”). On 5 December 2016, the Company changed its name from Stellar Resources Plc to Primorus Investments Plc by way of a statutory notice of change filed at Companies House.

The Financial Statements are for the year ended 31 December 2016 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 10 May 2017 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.

The Directors have considerable experience 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 2016 (CONTINUED)

1. Accounting Policies (continued)

Going Concern

The Directors noted the losses that the Company has made for the Year Ended 31 December 2016. The Directors have prepared cash flow forecasts for the period ending 31 May 2018 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 2016 the Company had cash and cash equivalents of £221,000 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 2016 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 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.

- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.

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.

1. Accounting Policies (continued)

Sources of Estimation and Key Judgements

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

Revenue

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

Finance Income and Costs

Finance income and costs are reported on an accruals basis.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1. Accounting Policies (continued)

Foreign Currencies

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

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

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.

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.

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.

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.

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 (2015 - £nil). The non-current assets of the segment is £1,070,000 (2015 - £1,027,000).

3. Operating Activities and Auditor's Remuneration

	2016 £000	2015 £000
Included within results from operating activities are the following:		
Operating lease rentals - land and buildings	23	36
Auditor's remuneration:		
Audit services:		
- Company statutory audit	10	13
Non-audit services:		
- Taxation compliance	-	-

4. Information Regarding Directors and Employees

	2016 £000	2015 £000
Employment costs, including Directors, during the year:		
Wages and salaries	72	40
Share based payments	-	60
	72	100
Average number of persons, including Directors employed	**No.**	**No.**
Administration	3	2
	3	2
Directors' remuneration	**£000**	**£000**
Emoluments	72	100
	No.	**No.**
Number of Directors in money purchase pension schemes	-	-

4. Information Regarding Directors and Employees (continued)

Emoluments of the Individual Directors

	Fees and salaries	Share based payments	Total
2016	**£000**	**£000**	**£000**
A Clayton	24	-	24
J Taylor Firth	24	-	24
D Strang	24	-	24
	72	**-**	**72**
2015	**£000**	**£000**	**£000**
A Clayton (*1)	2	20	22
J Taylor Firth (*1)	2	20	22
D Strang	36	20	56
E. Priestly (*1)	-	-	-
	40	**60**	**100**

Directors' interest in share options is set out in note 14.

(*1) – These Directors were either appointed or resigned during the relevant 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. There remuneration is included in note 4 above.

5. Income Tax (Credit)/Expense

The relationship between the expected tax (credit)/expense based on the effective tax rate of the Company at 20% (2015 – 20/21%) and the tax (credit)/expense actually recognised in the income statement can be reconciled as follows:

	2016 £000	2015 £000
Loss for the year before tax	(694)	(348)
Tax rate	20%	20/21%
Expected tax credit	(139)	(70)
Differences between capital allowances and depreciation	-	-
Expenses not deductible for tax purposes	51	28
Deferred tax asset not recognised	88	42
Actual tax expense	-	-

Deferred Tax

The amount of approximate unused tax losses for which no deferred tax asset is recognised in the statement of financial position is £1,382,000 (2015 - £1,067,000).

6. Loss per Share

2016	£000	Weighted average No. of shares	Basic per share amount (pence)
Loss after tax	(694)		
Earnings attributable to ordinary shareholders	(694)		
Weighted average number of shares		1,052,549,167	(0.07)
Total basic and diluted loss per share			(0.07)
2015	**£000**		**(pence)**
Loss after tax	(348)		
Earnings attributable to ordinary shareholders	(348)		
Weighted average number of shares		762,549,167	(0.05)
Total basic and diluted loss per share			(0.05)

7. Investment in associate

	2016 £000	2015 £000
Investment in associate	155	277

	2016 £'000	2015 £'000
Carrying amount at 1 January	277	359
Share of associate loss	(122)	(82)
Carrying amount at 31 December	155	277

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	Liabilities	Revenues	Profit/(Loss)	% interest held
		As at 5 April 2016			Year to 5 April 2016	
Gold Mines of Wales Limited (Group)	Jersey	£115,000	£28,000	Nil	(£249,000)	49

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

8. Available for Sale Investments

	2016	2015
Investment in listed and unlisted securities	**£000**	**£000**
Valuation at beginning of the period	750	750
Additions at cost	291	-
Disposal proceeds	(37)	-
Gains on disposals	16	-
Gain on Market value revaluation	45	-
Impairment in value of unlisted investment	(150)	-
Valuation at the end of the period	**915**	**750**
The available for sale investments splits are as below:		
Non-current assets – listed	135	-
Non-current assets – unlisted	780	750
	915	750

The Directors have reviewed the carrying value of the unlisted investments, and have considered an impairment of £150,000 against the Company's investment in Boletus Resources Ltd has been deemed appropriate on the basis that Boletus's potential projects are not deemed commercially viable.

Available-for-sale investments comprise investments in listed and unlisted which if listed are traded on stock markets throughout 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 2016 (CONTINUED)

9. Trade and Other Receivables

Current trade and other receivables	**2016** **£000**	**2015** **£000**
Trade receivables	-	-
Other receivables	11	18
Due from associate undertaking	400	422
Due from related party (see note 16)	658	369
Prepayments and accrued income	5	92
	1,074	901

The Directors have considered that a provision of £152,000 against the total loan of £552,000 due from its associate, Gold Mines of Wales Ltd is appropriate under the current economic climate.

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

10. Cash at Bank and Cash Equivalents

	2016 **£000**	**2015** **£000**
Cash at Bank	221	317

11. Trade and Other Payables

Current trade other payables	**2016** **£000**	**2015** **£000**
Trade payables	16	12
Taxation and social security	3	3
Accruals and deferred income	19	23
	38	38

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

12. Risk Management Objectives and Policies

Financial assets by category

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

Current assets	**2016**	**2015**
	£000	**£000**
Loans and receivables	1,074	901
Cash	221	317
	1,295	1,218

Financial Liabilities by Category

The 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	38	38

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.

12. 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.

13. Share Capital

	2016	2015
	£000	£000
Allotted, issued and fully paid		
1,110,549,167 ordinary shares of 0.01p each (2015 – 762,549,167 of 0.01p each)	111	76
28,976,581 deferred shares of 45p each (2015 – 28,976,581)	13,040	13,040
28,976,581 A deferred shares of 4p each (2015- 28,976,581)	1,159	1,159
92,230,985 B deferred shares of 0.99p each (2015- 92,230,985)	913	913
	15,223	15,188

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

	Ordinary Shares Number	Nominal Value £'000
Ordinary shares of 0.01p each		
As at 31 December 2014 and as at 31 December 2015	762,549,167	76
1 March 2016 – Placing for cash at 0.25p per share	308,000,000	31
2 March 2016 – Placing for cash at 0.25p per share	40,000,000	4
As at 31 December 2016	1,110,549,167	111

Details of the share options and warrants the Company has in issue are disclosed in Note 14.

14. Share-based payments

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

	At 1 January 2016 No.	Issued during the year No.	Exercised or expired during the year No.	At 31 December 2016 No.	Exercise price £	Date from which exercisable	Expiry date
Share options							
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
Consultants	10,000,000	-	-	10,000,000	0.004	14/11/2013	14/11/2023
	56,000,000	-	-	56,000,000			
Warrants							
Various	4,075,000	-	-	4,075,000	0.004	29/10/2013	14/11/2018
	4,075,000	-	-	4,075,000			

The share price range during the year was £0.0014 to £0.0030 (2015 - £0.004 to £0.0017).

The share based payment charge in the year was £nil (2015 - £60,000).

The weighted average values of options are as follows:	**2015**
Weighted average exercise price of options granted	0.30p
Weighted average exercise price of options exercisable at the end of the year	0.30p
Weighted average option life remaining	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 £nil (2015: £60,000) 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 (2015: nil options) during the year (2015: £nil).

15. Capital Commitments

The directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 December 2016. 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.

16. Related Party Transactions

The Company had the following amounts outstanding from its investee companies (Note 9) at 31 December:

	2016	2015
	£'000	£'000
Horse Hill Development Ltd ("Horse Hill")	658	369

The above loan outstanding is included within trade and other receivables, Note 9. 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. There remuneration is included in note 4 to the accounts.

17. Events after the end of the reporting period

On 3 March 2017, the Company announced it had raised £237,000 by way of a placing of 158 million new ordinary shares of 0.01 pence each at aprice of 0.15 pence per share.

18. Ultimate Controlling Party

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