Company Registration Number 3740688

PRIMORUS INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

PRIMORUS INVESTMENTS PLC

CONTENTS

PRIMORUS INVESTMENTS PLC

CHAIRMAN'S STATEMENT INCORPORATING THE STRATEGIC REPORT

I am pleased to present the Chairman's Statement and Strategic report for the year ended 31 December 2017.

Overview

Primorus Investments plc ("Primorus") has a strong balance sheet with no debt and with current assets (including cash of £561,000) as at 31 December 2017 amounting to £1,286,000. (2016: £1,295,000)

It has been a successful year for the Company with the addition of several new investments as detailed below in Investments. 2017 was dominated by portfolio acquisition, consolidation and rationalisation through the participation in our first secondary funding rounds and the sale of our legacy stake in GMOW and the strong growth seen at Engage Technology and Fresho.

Highlights for the year were as follows:

- HHDL received planning permission for the Extended Flow Test of the HH-1 oil discovery;
- Engage Technology platform expanded significantly and appointed Microsoft UK Cloud Services Director as non-executive Director;
- Sale of entire stake in Gold Mines of Wales for 83,333,333 shares in Alba Mineral Resources plc;
- Participation in a successful A$4m second round investment in Fresho Pty Ltd at a 40% premium to first round;
- Second round investment in WeShop at a 20% premium to first round. Platform usage grows markedly since second-round investment, with registered users surging 76% in Q1 2018 to 150,000 and unique users topped 1m for the first time.
- Appointment of TPI Limited as exclusive Company Broker;
- Directors purchased 97m ordinary shares in the Company via on-market purchases;
- Successfully raised approximately GBP£3.4m during the period through the issue of approximately 1.7 billion Primorus shares at placing prices of 0.15p and 0.20p per share;
- A post year end sale of 5% stake in HHDL for consideration of £1m; and
- A further investment post year end in Engage of £500,000.

Significant progress has also been made elsewhere in our portfolio and we look forward to providing updates as key news develops at TruSpine, Sport80, FOMO Money, Nomad Energy, SOA, Farina and StreamTV.

We regularly meet the CEOs and management of companies which are seeking funds to further their businesses. It is notable the comments we receive on the perceived difficulty in securing funding outside of the VC/VCT and private equity universe. Several companies pointed out to us that there is simply a dearth of investors able to participate directly in pre-IPO and private funding rounds and that VC/VCT funding terms are onerous to the point of being unattractive.

It is important for shareholders to understand that whilst we do everything possible to support our existing investments because it is in our interest to do so, we do not have a direct effect on the exact timing of any given IPO and or trade sale. We do however maintain regular dialogue with the companies in question and use the Board's extensive experience in public markets to make a value judgement on when and if a transaction may occur.

Thus, these timings may change over time as the facts change but we will update shareholders as material changes occur.

Recently we have seen sustained core investment progress, portfolio rebalancing and more clarity on the likely timing of several of our investments towards IPO. Going forward we hope to receive material news from several of our investments as they commence the formal IPO process.

Investments

Horse Hill Developments Limited

The Company currently owns a 5% direct interest in Horse Hill Developments Limited ("HHDL"), which 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 announced on 28 February 2018, the Company disposed of half of its original 10% stake in HHDL for a total consideration of £1m. This sale was designed to increase existing cash reserves, rebalance the portfolio make-up and reduce the expected cash calls resulting from the soon-to-commence 90 day extended flow test ("EWT") of the HH-1 discovery well. As a result of this transaction, Primorus retains a 5% direct shareholding in HHDL. We remain optimistic that the EWT will return substantial flow-rates.

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.

The carrying value of this investment remains unchanged however the Board looks forward with considerable interest to the upcoming long-term extended flow test programme in 2018 and its likely potential impact on our investment value going forward.

SOA Energy

SOA Energy ("SOA") is an oil exploration and development company with prospects in the Dead Sea region of Israel. Primorus participated in a private funding round by purchasing 14,977 shares at £6.67 per share. SOA is currently seeking a significant funding package to further their development plans. We are encouraged by funding progress made by SOA and we expect a funding deal to be completed soon.

Fresho Pty Ltd

Fresho Pty Ltd ("Fresho"), a company in which Primorus holds an investment of approximately £250,000, representing approximately 3.1% of Fresho's issued 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 suppliers are able to make savings in time, money and wastage and also generate powerful reporting and business data analytics.

We continued to be impressed by the team at Fresho. We met management in Melbourne in October 2017 and were not only pleased with the business performance to date but also by the financial interest generated in Fresho which enabled them to raise A$4m in what we understand to have been a keenly sought-after funding round.

Pleasingly the Fresho platform continues to perform strongly with order volumes and customers numbers in Australia and now New Zealand growing strongly. Fresho maintains a strong cash balance and it is anticipated that it should get to a breakeven basis, including R&D spend, sometime in the second half of 2018. Whilst much of the data regarding Fresho is now "commercial in confidence", the Board of Primorus believes the Fresho platform is exceeding our expectations.

Nomad Energy

Nomad Energy is a private oil and gas exploration and development company primarily focussed on commercialising existing gas reserves in shallow offshore waters off the Ivory Coast. Nomad Energy is currently attempting to negotiate a gas sales agreement with local utilities for the supply of gas to existing and proposed power stations in the country. Primorus owns 40,000 shares at the last investor round price of US$7.50 per share.

We have been informed that negotiations over off-take pricing for its domestic gas project are moving forward, albeit more slowly than first anticipated. Completing this off-take is the final step in allowing Nomad to monetise the asset with its partner VITOL and thereby potential providing a good return on our investment. We will keep shareholders up to date as these matters progress.

TruSpine Technologies Limited

Primorus invested £500,000 in TruSpine Technologies Limited ("Truspine") on a pre-new money valuation of £15m. Founded in December 2014, TruSpine secured intellectual property and subsequently developed the Faci-LOK and Cervi-FAS minimally invasive spine stabilisation devices, and the VOSC Catheter atherosclerosis treatment product 'VOSC Catheter'. This development is on-going and TruSpine is targeting FDA clearance and commercialisation of its first product, the Faci-LOK with a view to an AIM IPO. We have been informed TruSpine will require further funding to complete this. We understand TruSpine is in negotiations with a funder at the current time to provide all the funding required.

Importantly, TruSpine has appointed Mr Simon Stephens as its new interim CEO. Most recently, Simon has held the position of Research Director for London Valve Therapies, where he was responsible for the provision of a new service for the analysis of CT/Echocardiography scans for bleeding edge transcathether cardiac interventions mainly for Mitral Valve/Left Ventricular procedures. He is also a Research Fellow at the Royal Brompton & Harefield NHS Foundation Trust. In a previous role as CTO for Hometrack, he was responsible for developing software technologies that resulted in the company being sold in 2017 for £120m. In addition to Mr Stephens, Professor Abdallah Raweh has joined the medical advisory board. He is a professor of Cardiology who was trained in Italy, the UK and US, and who now operates internationally.

We view the appointment of Mr Stephens and Professor Raweh as key steps in helping to secure the remaining funding required to complete the FDA fast-track approvals process and build a credible Board in advance of an IPO. We look forward to updating shareholders in the near future as to the progress of the aforementioned TruSpine funding, as that is key to unlocking the FDA fast-track and IPO processes.

Sport:80 plc

Primorus invested £100,000 in Sport:80 plc ("Sport:80") on a pre-new money valuation of £10m as part of a fundraising of up to £1m. Sport:80 is a technology and management company with a proprietary cloud-based platform focused on transforming the business operations and management of sports organisations. The Sport:80 platform is used by 20 prominent sports organisations. Sport:80 is revenue-generating with four-fold revenue growth per annum since 2014. It is the intention of Sport:80 to pursue an AIM IPO.

Sport:80 remains on track to formally commence the IPO process soon with our best estimate suggesting a likely Q3 2018 listing subject to financing and regulatory approvals. We view Sport:80 as a strong IPO candidate and subject to available funds, we may participate in any IPO funding round.

Farina Investments (UK) Limited

Primorus invested £100,000 in Farina Investments (UK) Limited ("Farina") on a pre-new money valuation of £4m. Farina is a boutique corporate finance and asset management company which specialises in leveraging profit opportunity in the post-crisis financial landscape. Farina has been carefully structured and strategically placed to fully capitalise on these opportunities, thereby optimising capital growth, profitability and returns for both the company and investors. Farina is currently exploring various UK listing opportunities either via IPO or reverse takeover.

Engage Technology Partners Limited

The Company initially invested £400,000 in Engage Technology Partners Limited ("Engage") on a pre-new money valuation of £15m as part of a fully subscribed £5.25m funding round. Founded in 2013, Engage builds software to assist with finding, hiring, compliance and paying of the rapidly growing contingent workforce in the UK. Engage has developed and is now selling a unique, fully integrated SaaS platform servicing the HR industry surrounding the contingent workforce in the UK.

Engage has developed, and is now selling, access to a unique, fully-integrated SaaS platform servicing the HR industry surrounding the contingent workforce in the UK. In recent shareholder updates we have been informed that the platform has already reached £1m of Annual Recurring Revenue (”ARR”).

This is significant because from this ARR figure we believe that top-line revenues and underlying EBITDA for the Engage platform may grow exponentially as customers are on-boarded and the product becomes fully self-serve from a customer point of view. The underlying attraction of SaaS platforms is their ability to scale rapidly as a result of a low cost of service base to generate very high EBITDA margins as a result.

We believe testimony to this potential is the appointment of Mr Paul Bolt as a non-executive director at Engage. Paul is UK Cloud Services Director at Microsoft. Microsoft have allowed Paul to take on the non-executive role at Engage whilst retaining his current post as UK Cloud Services Director allowing him to foster and mentor potentially globally scalable SaaS platforms.

We have been informed that Engage continues to be courted by a large number of VC funds in the UK and US but is considering maintaining its independence via a further capital raise during 2018. On 13 March 2018, the Company announced that it had invested a further £500,000 in Engage at £22 per share and now held approximately 3.6% of the issued share capital of Engage.

As flagged in our announcement of 13 March 2018, we remain optimistic regarding Engage as an investment because of the rapid pace of uptake of the product from UK corporates. It is also noteworthy that Engage has begun discussions with City brokers regarding a potential IPO in 2019. The Company is hoping to invest further in Engage in the coming Quarter should the opportunity arise.

WeShop Limited

Primorus invested £200,000 in WeShop Limited ("WeShop") on a pre-new money valuation of £25m in September 2017. We invested a further £675,000 at a £30m valuation in November 2017. WeShop is a new way to shop online and earn rewards. Users can browse millions of products from many top brands, discover which have been recommended by people known to them and earn rewards to withdraw as cash or donate to charity.

WeShop allows the user to shop with friends to share ideas and gain inspiration, with everyone earning rewards. An AIM IPO is planned to take place during 2018.

Stream TV

Primorus invested US$200,000 on a fully-diluted valuation of US$336m. Stream TV is a Philadelphia-based new media company created to serve a consumer market seeking enhanced entertainment and communications experiences through devices with unlimited accessibility and superior quality. Through its wholly-owned research subsidiary, SeeCubic B.V., Stream TV has developed breakthrough glasses-free 3D display technology launched under the trade name Ultra-D. Stream TV is on the cusp of commercially launching, via license, a range of TV, tablet and smartphone glasses-less 3D screens in 2018.

Recently Stream TV has added to their product plan 8K displays which produce effects approaching hologram-like quality as new prototypes used by prospective customers. They announced joint cooperation with Beijing Optical and Electric (“BOE”) to commercialise its Ultra-D Glasses-Free 3D technology in its next generation 8K panels. Further licensed products will follow including laptops, PCs, gaming, medical, and automotive. Stream TV desires to IPO in the near future.

CHAIRMAN'S REPORT INCORPORATING THE STRATEGIC REPORT – CONTINUED

Gold Mines of Wales

In December 2017, the Company sold its entire 49% stake in Gold Mines of Wales ("GMOW") for circa 83m shares in Alba Mineral Resources PLC ("Alba"). We see this as an attractive outcome for shareholders as we retain some exposure to the project via the consequent 3.6% shareholding in Alba and by definition increase our exposure to HHDL in which Alba is a 18.1% shareholder. Furthermore, the Alba stake is inherently more liquid than our previous direct stake in GMOW.

Financial Results

The operating loss for the year was £703,000 (2016 - £420,000 loss). The net loss after tax was £947,000 (2016: £694,000). The increase in the net loss is due to share based payments expense during the year of £311,000 (2016: nil) and loss on disposal of GMOW of £199,000 (2016:nil).

Current assets including cash at 31 December 2017 amounted to £1,286,000 (2016: £1,295,000).

Outlook

2017 was dominated by portfolio acquisition, consolidation and rationalisation through the participation in our first secondary funding rounds and the sale of our legacy stake in GMOW and the exceptional growth seen at Engage Technology and Fresho.

The Board remains confident that the private and pre-IPO markets remain significantly under-served and as such significant opportunities exist for the Company going forward. We look forward to 2018 being one in which we can demonstrate our business model by exiting some more of our investment positions, thereby realising tangible value for all shareholders.

As evidenced by the above, Primorus has had a busy end to 2017 and start to 2018. We successfully completed the first two second-round investments and are confident a number of our investments are making material progress towards either IPO or trade sale. Furthermore, I am pleased that all Directors have made significant on-market purchases of Company stock which demonstrates to investors that the Board are committed and aligned to shareholders and to generating share price-based outcomes in the future for the benefit of all.

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
18 May 2018

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	Turner Pope Investments (TPI) Ltd 6th Floor, Becket House 36 Old Jewry London EC2R 8DD
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 qualified geologist, Alastair also has a Graduate Diploma in Finance and Economics and maintains a broad network of Equity Provider and Private Equity relationships in Europe, Africa and the US.

Donald Strang, Non-Executive Director

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

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2017.

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 15 and are stated in UK sterling. The Company made a loss after taxation of £947,000 (2016 - loss of £694,000). The Directors do not recommend payment of a dividend (2016 - 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 5.

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 2017. The Directors have prepared cash flow forecasts for the period ending 31 May 2019 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;

Jeremy Taylor-Firth
Alastair Clayton
Donald Strang

Each of the directors at the date of this report hold fully vested options over ordinary shares. Jeremy Taylor-Firth holds 87 million options, Alastair Clayton holds 162 million options and Donald Strang holds 97 million options (total options held by directors is 346 million). The option details are disclosed in Note 14 to the financial statements.

REPORT OF THE DIRECTORS

Substantial Shareholding

As at 1 May 2018, the Company had been notified of the following substantial shareholdings in the ordinary share capital, over 3%;

	Number of ordinary shares	%
JIM Nominees Limited	878,838,190	31.43%
Interactive Investor Services Nominees Limited	251,153,506	8.98%
Hargreaves Lansdown (Nominees) Limited	132,735,860	4.75%
Interactive Investor Services Nominees Limited	129,526,019	4.63%
Share Nominees Limited	121,060,456	4.33%
HSDL Nominees Limited	111,316,651	3.98%
Lawshare Nominees Limited	111,095,085	3.97%
Hargreaves Lansdown (Nominees) Limited	100,994,016	3.61%

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

Suppliers' Payment Policy

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

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

Charitable Contributions

During the year the Company made charitable donations amounting to Nil (2016- 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.

PRIMORUS INVESTMENTS PLC

REPORT OF THE DIRECTORS

Principal risks and uncertainties

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

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

Financial risk management objectives and policies

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

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

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern' and in note 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
18 May 2018

PRIMORUS INVESTMENTS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

REPORT OF THE AUDITOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC

OPINION

We have audited the financial statements of Primorus Investments Plc (the 'Company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the Company's loss for the year then ended;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

CARRYING VALUE OF AVAILABLE FOR SALE INVESTMENTS

The Company's Available for Sale Investment assets ('AFS assets') represent the most significant asset on its statement of financial position totalling £3.8m as at 31 December 2017, of which unlisted investments represented £3.3m of the total AFS assets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC - CONTINUED

CARRYING VALUE OF AVAILABLE FOR SALE INVESTMENTS

The carrying value of AFS assets represents significant assets of the company and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of these asset may exceed its recoverable amount was considered key to the audit. This assessment involves significant judgement applied by management to the Company's unlisted investments.

We considered it necessary to assess whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of these assets may exceed its recoverable amount.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified across the Company's AFS assets, the indicators being:

- Expiring, or imminently expiring, rights to licences or assets held by the investee Companies
- A lack of flow of information in regards to the investee companies exploration activities and/or production, trading or strategic advancement.
- Discontinuation of, or a plan to discontinue, exploration activities in the areas, or cessation or delays in trading of interest by the Investee Companies.
- Sufficient data exists to suggest carrying value of exploration and evaluation assets is unlikely be recovered in full through successful development or sale by the Investee Companies.
- Updates on trading activities by Investee Companies.

We also reviewed Stock Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment.We also assessed the disclosures included in the financial statements and our results found the carrying value for AFS assets to be acceptable.

The materiality level for the financial statements as a whole was set at £75,000 , being 1.5% of Net Assets, with a lower materiality level set at £50,000 for the Company`s AFS assets.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC – CONTINUED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) or ISA IAASB will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Rowan Palmer
(Senior Statutory Auditor)
For and on behalf of Chapman Davis LLP, Statutory Auditor
London
Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).

18 May 2018

PRIMORUS INVESTMENTS PLC

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Revenue	2		
Realised gain on disposal of AFS investments	2	12	17
Unrealised gain on market value movement of AFS investments		29	45
Total gains on AFS investments		41	62
Impairment provision on AFS investments		-	(150)
Share based payments		(311)	-
Administrative costs		(433)	(332)
Operating (loss)	3	(703)	(420)
Provision on associate loan		-	(152)
Share of (loss) of associate	7	(45)	(122)
Net (loss) on disposal of associate	7	(199)	-
(Loss) before tax		(947)	(694)
Taxation	5	-	-
(Loss) for the year attributable to equity holders of the company		(947)	(694)
(Loss) per Share			
Basic and diluted (loss) per share (pence)	6	(0.05)	(0.07)

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

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

PRIMORUS INVESTMENTS PLC

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

ASSETS	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Non-Current Assets					
Investment in Associate	7	-		155	
Available for Sale Investments	8	3,761		915	
			3,761		1,070
Current Assets					
Trade and other receivables	9	725		1,074	
Cash and cash equivalents	10	561		221	
			1,286		1,295
Total Assets			5,047		2,365
LIABILITIES					
Current Liabilities					
Trade and other payables	11	(97)		(38)	
Total Liabilities			(97)		(38)
Net Assets			4,950		2,327
EQUITY					
Equity Attributable to Equity Holders of the Company					
Share capital	13	15,391		15,223	
Share premium account		35,296		32,205	
Share based payment reserve		471		160	
Retained earnings		(46,208)		(45,261)	
Total Equity			4,950		2,327

These Financial Statements were approved by the Board of Directors and authorised for issue on 18 May 2018.

Donald Strang
Director

Alastair Clayton
Director

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

PRIMORUS INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2017

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total attributable to owners of the Company
	£000	£000	£000	£000	£000
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
Loss for the year	-	-	-	(947)	(947)
Total comprehensive income for the year	-	-	-	(947)	(947)
Shares issued	168	3,219	-	-	3,387
Share Issue costs	-	(128)	-	-	(128)
Share options issued	-	-	311	-	311
Transactions with owners of the company	168	3,091	311	-	3,570
Balance at 31 December 2017	15,391	35,296	471	(46,208)	4,950

PRIMORUS INVESTMENTS PLC

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2017

	2017	2017	2016	2016
	£000	**£000**	**£000**	**£000**
Cash Flows from Operating Activities				
Operating Loss		(703)		(420)
Adjustments for:				
Share based payment charge	311		-	
Change in trade and other receivables	(26)		24	
Change in trade and other payables	59		-	
Change in AFS Investments	(2,530)		(165)	
Taxation (paid)	-		-	
		(2,186)		(141)
Net Cash used in Operating Activities		(2,889)		(561)
Cash Flows from Investing Activities				
Loan advanced to associate	(5)		(60)	
Loan advanced to related party	(25)		(289)	
Net Cash used in Investing Activities		(30)		(349)
Cash Flows from Financing Activities				
Proceeds from share issues	3,387		870	
Share issue costs	(128)		(56)	
Net Cash in generated from Financing Activities		3,259		814
Net Change in Cash and Cash Equivalents		340		(96)
Cash and Cash Equivalents at beginning of period		221		317
Cash and Cash Equivalents at end of period		561		221

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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").

The Financial Statements are for the year ended 31 December 2017 and have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"). These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 18 May 2018 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.

1. Accounting Policies (continued)

Going Concern

The Directors noted the losses that the Company has made for the Year Ended 31 December 2017. The Directors have prepared cash flow forecasts for the period ending 31 May 2019 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 2017 the Company had cash and cash equivalents of £561,000 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 2017 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.

- IFRS 17 Insurance Contracts (effective date 1 January 2021).

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 2017 (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.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2. Segment Reporting

The Company is now operating as a single UK based segment with a single primary activity to invest in businesses so as to generate a return for the shareholders. The revenue from this segment, generated from sale of investments, was £12,000 (2016 - £17,000). The non-current assets of the segment is £3,761,000 (2016 - £1,070,000).

3. Operating Activities and Auditor's Remuneration

	2017 £000	2016 £000
Included within results from operating activities are the following:		
Operating lease rentals - land and buildings	10	23
Auditor's remuneration:		
Audit services:		
- Company statutory audit	10	10
Non-audit services:		
- Taxation compliance	-	-

4. Information Regarding Directors and Employees

	2017 £000	2016 £000
Employment costs, including Directors, during the year:		
Wages and salaries	190	72
Share based payments	311	-
	501	72

Average number of persons, including Directors employed	**No.**	**No.**
Administration	4	3
	4	3

Directors' remuneration	**£000**	**£000**
Emoluments	489	72

The Company operates only the basic pension plan required under UK legislation, contributions thereto during the year amounted to £15.

4. Information Regarding Directors and Employees (continued)

Emoluments of the Individual Directors

	Fees and salaries	Share based payments (non-cash)	Total
2017	**£000**	**£000**	**£000**
A Clayton	112	156	268
J Taylor Firth	42	-	42
D Strang	24	155	179
	178	**311**	**489**
2016	**£000**	**£000**	**£000**
A Clayton	24	-	24
J Taylor Firth	24	-	24
D Strang	24	-	24
	72	**-**	**72**

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

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 19/20% (2016 – 20%) and the tax (credit)/expense actually recognised in the income statement can be reconciled as follows:

	2017 £000	2016 £000
Loss for the year before tax	(947)	(694)
Tax rate	19/20%	20%
Expected tax credit	(182)	(139)
Expenses not deductible for tax purposes	68	51
Deferred tax asset not recognised	114	88
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 £1,973,000 (2016 - £1,382,000).

6. Loss per Share

		Weighted average No. of shares	Basic per share amount
2017	**£000**		**(pence)**
Loss after tax	(947)		
Earnings attributable to ordinary shareholders	(947)		
Weighted average number of shares		1,743,253,998	(0.05)
Total basic and diluted loss per share			(0.05)
2016	**£000**		**(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)

7. Investment in associate

	2017 £000	2016 £000
Investment in associate	-	155

	2017 £'000	2016 £'000
Carrying amount at 1 January	155	277
Share of associate loss	(45)	(122)
Value at disposal of associate	(110)	-
Carrying amount at 31 December	-	155

On 1 December 2017, the Company completed the sale of its entire 49% interest in Gold Mines of Wales Limited to Alba Mineral Resources PLC ("Alba") for a total consideration of 83,333,333 shares in Alba. Alba's closing share price on December 1 2017 was 0.38p, these shares had a market value of approximately £316,667 and will represent 3.6% of the so enlarged issued capital in Alba. These shares are subject to a six month orderly market agreement and were issued immediately upon completion of the sale.

Disposal of Associate	**£'000**
Sale Proceeds	316
Value of loan to associate satisfied on disposal	(405)
Value of associate at disposal	(110)
(Loss) on disposal of associate	(199)

8. Available for Sale Investments

	2017	2016
Investment in listed and unlisted securities	**£000**	**£000**
Valuation at beginning of the period	915	750
Additions at cost	3,052	291
Disposal proceeds	(247)	(37)
Gains on disposals	12	16
Gain on Market value revaluation	29	45
Impairment in value of unlisted investment	-	(150)
Valuation at the end of the period	**3,761**	**915**

The available for sale investments splits are as below:		
Non-current assets – listed	466	135
Non-current assets – unlisted	3,295	780
	3,761	915

The Directors have reviewed the carrying value of the unlisted investments, and have considered no impairment is required in the current year to 31 December 2017. For the year ended 31 December 2016, 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 both listed and unlisted investments. The listed investments are traded on stock markets throughout the world, and are held by the Company as a mix of strategic and short term investments.

9. Trade and Other Receivables

Current trade and other receivables	**2017**	**2016**
	£000	**£000**
Trade receivables	-	-
Other receivables	24	11
Due from associate undertaking	-	400
Due from related party (see note 16)	683	658
Prepayments and accrued income	18	5
	725	1,074

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

10. Cash at Bank and Cash Equivalents

	2017 £000	2016 £000
Cash at Bank	561	221

11. Trade and Other Payables

Current trade other payables	2017 £000	2016 £000
Trade payables	44	16
Taxation and social security	13	3
Accruals and deferred income	40	19
	97	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	2017 £000	2016 £000
Loans and receivables	725	1,074
Cash	561	221
	1,268	1,295

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	97	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.

12. Risk Management Objectives and Policies (continued)

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.

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

	2017	2016
	£000	£000
Allotted, issued and fully paid		
2,796,619,344 ordinary shares of 0.01p each (2016 – 1,110,549,167of 0.01p each)	279	111
28,976,581 deferred shares of 45p each (2016 – 28,976,581)	13,040	13,040
28,976,581 A deferred shares of 4p each (2016- 28,976,581)	1,159	1,159
92,230,985 B deferred shares of 0.99p each (2016- 92,230,985)	913	913
	15,391	15,223

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 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
2 March 2017 – Placing for cash at 0.15p per share	158,000,000	16
7 July 2017 – Placing for cash at 0.15p per share	333,333,334	33
2 August 2017 – Placing for cash at 0.15p per share	694,736,843	69
23 November 2017 – Placing for cash at 0.20p per share	500,000,000	50
As at 31 December 2017	2,796,619,344	279

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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 2017 No.	Issued during the year No.	Exercised or expired during the year No.	At 31 December 2017 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
D Strang	-	75,000,000	-	75,000,000	0.003	03/08/2017	03/08/2022
A Clayton	-	75,000,000	-	75,000,000	0.003	03/08/2017	03/08/2022
	56,000,000	150,000,000	-	206,000,000			
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 £0.00075 to £0.0036 (2016 - £0.0014 to £0.0030).

The weighted average values of options are as follows:	**2017**	**2016**
Weighted average exercise price of options granted	0.30p	-
Weighted average exercise price of options exercisable at the end of the year	0.31p	0.33p
Weighted average option life remaining	4.43 years	5.03 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
3 August 2017	0.75%	108.7%	5.00 years	£0.0027

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 £311,000 (2016: £nil) relating to equity-settled share-based payment transactions during the year, and £nil was transferred via equity to retained earnings on the exercise of nil options (2016: nil options) during the year (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

15. Capital Commitments

The directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 December 2017. 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:

	2017 £'000	2016 £'000
Horse Hill Development Ltd ("Horse Hill")	683	658

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 9 January 2018, the Company announced that it had agreed to grant 75 million share options each to Alastair Clayton and Jeremy Taylor-Firth ("New Options"). Each New Option will entitle the holder to subscribe for new ordinary shares of 0.01p each in the Company ("Shares") at an exercise price of 0.3 pence per Share and are exercisable at any time until 9 January 2025, which represented a premium of circa 67 per cent over the closing mid-price on 8 January 2018.

On 9 March 2018, the Company announced it had completed the disposal of a 5% interest in Horse Hill Developments Limited for consideration of £1m in cash and publicly trading shares.

On 13 March 2018, the Company announced it had invested a further £500,000 in an existing investment, Engage Technology Partners Limited.

18. Ultimate Controlling Party

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