



Report and Financial Statements
For The Year Ended 30 September 2016

Starvest plc

2016 annual report and financial statements

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Officers and professional advisers

Directors	Callum N Baxter – Chairman & Chief Executive Gemma Cryan – Non Executive Director John Watkins, FCA – Finance Director
Secretary and registered office	Stephen Ronaldson 55 Gower Street London, WC1E 6HQ
Business address	67 Park Road Woking Surrey, GU22 7DH email@starvest.co.uk Tel: 01483 771992
Auditor	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Registered number	3981468
Solicitors	Ronaldsons LLP 55 Gower Street London WC1E 6HQ
Nominated adviser	Grant Thornton UK LLP 30 Finsbury Square London, EC2P 2YU
Banker	Allied Irish Bank (GB) 10 Berkeley Square London, W1J 6AA
Broker	SI Capital Limited 46 Bridge Street Godalming Surrey, GU7 1HL
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey, GU9 7DR Tel: 01252 821390
Listing	AIM Market of the London Stock Exchange (AIM) Ticker: SVE
Website	www.starvest.co.uk

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Chairman's Statement

I am pleased to present my annual statement to Shareholders for the year ended 30 September 2016 and the sixteenth since the Company was formed in 2000.

Results for the year

The natural resource sector made an encouraging recovery throughout 2016 and many of our investee companies saw significant share price increases during the period. But at the end of 2016 there remained, we believe, many undervalued opportunities. It is at this time we can benefit by employing our sector knowledge and market experience in sourcing compelling investments.

Since the end of September 2015 (to 31 Jan 2017) our Trading Portfolio Value has improved by more than 25%. This is as a result of investments in several new companies combined with a better operating environment for mining companies and improvements in share prices of our portfolio companies.

A sustained recovery in the sector is apparent with continued improvements in our portfolio companies such as Oracle Coalfields (ending at 3.01p on 30th Sept 2016 up from 1.33p on 30th Sept 2015), BMR Group (ending at 5.6p on 30th Sept 2016 up from 4.5p on 30th Sept 2015), Greatland Gold (ending at 0.172p on 30th Sept 2016 up from 0.075p on 30th Sept 2015), Ariana Resources (ending at 1.75p on 30th Sept 2016 up from 0.85p on 30th Sept 2015) and Salt Lake Potash (ending at 25.34p on 30th Sept 2016 up from 5.38p on 30th Sept 2015).

Two companies in the portfolio are still edging towards gold production; we wait with anticipation for continued good news from Ariana Resources plc expecting first production in Q1 2017 and KEFI Minerals plc beginning mine construction in H2 2017.

Improvement in our portfolio value has been reflected in our share price over the past 12 months but our share price remains strikingly undervalued due to a relatively low investor appetite for companies involved in mining focussed investments. However, we believe interest will follow once markets provide a clearer direction for investors. During this opportune time, we continue to evaluate very good investment opportunities and look to enhance our portfolio.

Investing policy

The Company's investing policy is reproduced on page 3 of this report and made available on our website, www.starvest.co.uk.

Trading portfolio valuation

A brief review of the major portfolio companies follows from page 4; other investee companies are listed with the websites from which further information may be obtained.

Shareholder information

The Company's shares are traded on AIM.

Announcements made to the London Stock Exchange are available from the Company's website, www.starvest.co.uk where historic reports and announcements are also available.

Annual general meeting

We will hold our annual general meeting at 11.00 am on Thursday 30 March 2017 at the City office of Grant Thornton UK LLP, our Nominated Adviser, when we look forward to meeting those Shareholders able to attend.

Callum N Baxter

Chairman & Chief Executive, 28 February 2017

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Investing policy statement

About us

The Board, under the leadership of the previous chairman, Bruce Rowan, had managed the Company as an investment company since January 2002. Collectively, the Board has significant experience over many years of investing in small company new issues and pre-IPO opportunities in the natural resources and mineral exploration sectors.

Following the appointment as chairman of Callum Baxter, the Board continues with a similar investment strategy, that is, with a focus on the natural resources sector.

Company objective

The Company is established as a source of early stage finance to fledgling businesses, to maximise the capital value of the Company and to generate benefits for Shareholders in the form of capital growth and modest dividends.

Investing strategy

Natural resources: Whilst the Company has no exclusive commitment to the natural resources sector, the Board sees this as having considerable growth potential in the medium term. Historically, investments were generally made immediately prior to an initial public offering, on AIM or ISDX/NEX as well as in the aftermarket. As the nature of the market has changed since 2008, it is more likely that the future investment portfolio will include a spread of companies that generally have moved beyond the IPO stage but remain in the early stages of identifying a commercial resource and/or moving towards development with the appropriate finance.

Investment size: Initial investments are for varying amounts but usually in the range of up to £100,000. These companies are invariably not generating cash, but rather they have a constant requirement to raise new equity in order to continue exploration and development. Therefore, after appropriate due diligence, the Company may provide further funding support and make later market purchases, so that the total investment may be greater than £100,000.

High risk: The business is inherently high risk and of a cyclical nature dependent upon fluctuations in world economic activity which impacts on the demand for minerals. However, it offers the investor a spread of investments in an exciting sector, which the Board believes will continue to offer the potential of significant returns for the foreseeable future.

Lack of liquidity: The investee companies, being small, almost invariably lack share market liquidity, even if they are quoted on AIM, NEX, ASX, or TSX-V. Therefore, in the early years it is rarely possible to sell an investment at the quoted market price with the result that extreme patience is required whilst the investee company develops and ultimately attracts market interest. If and when an explorer finds a large exploitable resource, it may become the object of a third party bid, or otherwise become a much larger entity; either way an opportunity to realise cash is expected to follow.

Success rate: Of the 25 to 30 investments held at any one time, it is expected that no more than five will prove to be 'winners'; from half of the remainder we may expect to see modest share price improvements. Overall, the expectation is that in time Shareholder returns will be acceptable if not substantial. Accordingly, the Board is unable to give any estimate of the quantum or timing of returns.

Profit distribution: When profits have been realised and adequate cash is available, it is the intention of the Board to recommend the distribution of up to half the profits realised.

Other matters: The Company currently has investments in the following companies, which themselves are investment companies: Equity Investors plc and Equity Resources Limited.

The Company takes no part in the active management of investee companies, although directors of the Company are or have been non-executive directors on the boards of several such companies. Callum Baxter, Chairman, is also an Executive Director of one such company.

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Review of trading portfolio

Introduction

During the year to 30 September 2016, the portfolio comprised interests in the companies commented on below. In addition, several other active companies were included but not commented on in this review.

The tough trading and fundraising conditions of the past several years have taken a toll on some of the businesses in which Starvest is invested, although there was some relief during the year so that as at 30 September 2016, the net asset value had increased to £1.27m from a low start at September 2015 of £1.14m. The largest element of the value is in coal, where the value has improved significantly; of the remainder, much is in gold exploration.

Transactions

During the year the Company acquired interests in Salt Lake Potash, and Diamond Corp. and raised cash from modest sales of Alba Mineral Resources plc, Ariana Resources plc, BMR Group plc, Red Rock Resources plc and Regency Mines plc. As is to be expected, we suffered failures during the year the largest being our interest in Nordic Energy plc which was de-listed.

During the year, we received modest interest on short-term loans advanced during the previous year to Goldcrest Resources plc; Goldcrest also made a partial repayment of the capital.

Trading portfolio valuation

When reporting in previous years, attention was drawn to the continuing adverse conditions in our chosen market for early stage mineral exploration stocks. The year to September 2016 has seen a modest reversal of fortunes. We trust that we are seeing the beginning of a long awaited recovery.

Against this background, we continue to value our portfolio of investments conservatively at the lower of cost or bid price or lower directors' valuation, where we believe those facts of which we are aware cast doubt on the market prices or where the Company's interest is of such a size as to inhibit selling into a depressed market. With one exception, we attribute no value to those of our investments that do not enjoy a market quote. The exception is our holding in Kuwait Energy plc where we use a value provided by that company's broker based on actual trades in the company's stock.

The Directors are satisfied that this is the only significant management estimate made within the financial statements.

This cautious approach has proved to be appropriate in these difficult times; net provisions made in previous years totalling £260,967 were released during the year (2015 additional provision after restatement: £3,100,352).

A review of the leading portfolio companies follows. As last year, we are not commenting on the smaller companies, although they are listed at the end of the review.

Raising new finance, an essential requirement for any mineral exploration business, has continued to be very tough leading to the heavy dilution of existing shareholders and to some failures.

As the net asset value has increased marginally during the year to 30 September 2016 £1.27m, the Company has achieved a profit of £81,113 as compared with an adjusted loss of £3.315m in the previous year (before restatement: £964,136). In addition, the Company:

- has no debt other than a convertible loan from a shareholder and a bank overdraft facility only;
- continues to believe that it is in a strong position to benefit from an upturn in markets which will come in time;
- believes that the fundamentals have not changed: the world is becoming more affluent with an increasing number of people expecting refrigerators, motor cars, air conditioning, laptop computers and all other tools of 21st Century living which all require natural resources in order to both produce and power.

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Portfolio review, *continued*

Financial Reporting Standards (FRS102)

With effect from 1 October 2015, the Company was required to adopt FRS 102 (“New UK GAAP”). The significant impact of this change concerns the valuation of the Company’s investments. Previously, investments were carried at the lower of cost or current value. However, under the new accounting standard, all investments are marked-to-market. The new standard seeks to replace the previous standards applying in the UK and align reporting towards the international accounting standards that have been evolving over recent years. The alignment is intended to be appropriate and not unduly onerous for the mainly medium sized companies that will be affected.

Company statistics

The Company considers the following statistics to be its Key Performance Indicators (KPIs) and is satisfied with the results achieved in the year given the uncertain market conditions.

	30 September 2016 at BID values as adjusted	30 September 2015 at BID values as adjusted	Change %
• Trading portfolio value	£1.37m	£1.04m	32%
• Company asset value net of debt	£1.27m	£1.14m	11%
• Net asset value per share	3.21p	3.09p	4%
• Closing share price	2.25p	2.75p	-18%
• Share price discount to net asset value	30%	11%	
• Market capitalisation	£0.89m	£1.02m	-13%

Since the year end, values have slightly improved; as at the close of business on 20 January 2017, the asset value net of debt was £1.3m.

Review of the current market

We and our investee companies have endured yet another difficult year; extreme short termism leading to lower prices and/or greater volatility has become the norm. It is clear that many private investors upon whom we and our investee companies have relied for new capital have withdrawn their support or, at best, are awaiting a recognisable upturn in world-wide economic fortunes; this is compounded in that few institutional investors have an appetite for early stage projects.

World markets continue to be volatile. For instance, in the past six years the gold price has been as high as \$1,883 per oz. but has also been as low as \$1,093; at the present time it is approximately \$1,200, not far from where it was two years ago.

Demand for raw materials continues to fluctuate. Although there may be timing issues, we expect demand to recover to be followed by prices. Meanwhile, opportunities for junior explorers to realise value and generate cash are few.

In spite of the challenging environment, the strengthening of the US\$ has been and will be a factor in determining world commodity prices.

Patience continues to be the key as we await a sustained recovery.

It is worth reminding ourselves of what we have consistently stated: we are investing in a high risk sector where positive returns are not guaranteed and that we never expect more than five of the 25 to 30 investments held at any one time to be ‘winners’.

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Portfolio review, *continued*

Interests in Gold exploration

Our interests in gold exploration have improved during the period!

Following a gold price of below \$1,100 per ounce in late 2015, we have seen an increase to current levels of \$1,200.

Amongst the Starvest investments, there are six with interests in gold exploration. Of these, we comment on three:

Ariana Resources plc (www.arianaresources.com)

Ariana is a United Kingdom-based company engaged in the exploration and development of epithermal gold-silver and porphyry copper-gold deposits in Turkey.

Ariana has a 52-week low of 0.67p and a 52 week high of 2.09p. The firm's market cap is £14.82 million.

Ariana is now in the final stage of its transformation from exploration to production with its SW Turkey project, Kiziltepe mine due to come on line by in Q1 2017 with an initial rate of 150ktpa producing 20koz Au and 100koz Ag a year for the first 8 years of mine life and at \$600/oz cash cost.

As well as a first gold pour imminent for the company, it holds advanced exploration areas around the mine site, including a recent purchase of the 1Moz Salinbas Gold Project from Eldorado Gold Corp; it is expected that this will add extra ounces to the mine reserves and extend the life-of-mine beyond 10 years. In NE Turkey it holds Tavsan with historic PEA reports outlining an open-pittable operation with over 1M indicated and inferred gold equivalent ounces.

In addition to **Ariana's** main focus on gold exploration and production in Turkey, it also owns an Australian subsidiary, Asgard Metals, which focuses on technology-commodities used in renewable energy sources such as lithium; it holds interests in a hard-rock/pegmatite lithium resource project in the Pilbara region of Western Australia.

Panmure Gordon and Co recommended a conservative 2.71p target price for the company in September 2016. With an average price of 1.13p over the last year this shows a healthy growth potential for the company and once a first gold pour is achieved will see **Ariana** well-funded to carry out additional exploration work on both near mine and portfolio projects further afield.

Kefi Minerals plc (www.kefi-minerals.com)

Kefi Minerals is an exploration and development company focused on gold and copper deposits in the Arabian-Nubian Shield. Its main projects are Tulu Kapi in Ethiopia (100% ownership) and the Jibal Qutman project in Saudi Arabia (40% ownership).

The Tulu Kapi project has an ore reserve of 1Moz Au open-pittable at 115,000oz Au per annum over a nine year mine life and has an opex of US\$742/oz. Construction of the open pit is scheduled to begin in H2 2017 with production then scheduled for 2018 and a mining licence valid until 2035 with a renewable option for a further 10 year period.

The resource is open at depth, along strike and down plunge. During 2016 **Kefi** carried out a Preliminary Economic Assessment (PEA) on underground operations with a JORC compliant resource of 1.65Mt Au with an average grade of 6.26g/t. The PEA calculated a 50,000oz per annum production rate at a 93% recovery rate. Resources combined, open pit and underground, would produce over 150,000oz/year.

The PEA returned an NPV of US\$44m based in a gold price of US\$1,250 per ounce and when added to the open pit resources this totals an NPV of US\$190m with the open pit alone giving an IRR of 33% at US\$1,300/oz Au. Even at a lower gold price of US\$1,050/oz IRR is calculated at 15%.

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Portfolio review, *continued* *Interests in Gold exploration*

Kefi Minerals plc (www.kefi-minerals.com), *continued*

Kefi intends to start underground mining only after the open pit has begun to generate positive cash flow and is repaying development financing. This will bring the time line of first production from the underground operation to 2020, after a 2 year construction period.

The company also continued development of its Jibal Qutman project (0.73Moz Au resource) in Saudi Arabia with studies into a low-cost heap leach treatment of oxide ore. The next step is to start the Mining Licence application process, whereby they have begun discussions with the regulator for the planned heap leach operation and to complete a full feasibility study.

With the company on track for mine construction and production as well as development of their exploration projects there is plenty of upside over the next two-three years.

Greatland Gold plc (www.greatlandgold.com)

The AIM listed exploration company with licences in Australia has undergone numerous changes to the board during 2016. Alex Borrelli, who chairs BMR Group, now also chairs **Greatland Gold** and Callum Baxter has remained on board heading up the technical side of the company.

The Company has five main projects; three situated in Western Australia and two in Tasmania. All projects are 100% owned by **Greatland** or **Greatland** has the right to take 100% ownership.

Greatland is seeking to identify large mineral deposits in areas that have not been subject to extensive exploration previously. It is widely recognised that the next generation of large deposits will come from such under-explored areas and Greatland is applying advanced exploration techniques to investigate a number of carefully selected targets within its focused licence portfolio.

During the year four of the company's licence areas in Western Australia and Tasmania were redefined in order to concentrate exploration efforts on areas of high priority targets with the most potential for gold and/or nickel resources. Drilling was carried out on 3 of the 4 licences with encouraging results.

A 5th licence area, Havieron, was acquired in Western Australia during Q3 for a small cash sum of just \$25,000 plus an issue of shares. This licence covers 135 sq km of the under-explored Paterson Region just 40km east of Newcrest's Telfer Gold mine (27M oz gold production to date). With historical data reporting grades of up to 15.45g/t Au and 2.5% Cu this is a welcome addition to the **Greatland** pipeline of projects and sits in an area attracting increasing interest from major mining companies such as Rio Tinto.

With share placements during 2016, **Greatland Gold** holds a good cash position to further exploration and development of its existing licences and is also actively investigating a range of new opportunities in precious and strategic metals.

The company has recently entered into an MoU with Metal Tiger Australia Pty Ltd to explore and co-operate on new precious and strategic base metal ventures, primarily focusing on Australia and Asia, either through JV or co-investments, furthering its ability to expand its portfolio of projects in the sector.

The remaining companies are: Goldcrest Resources plc (www.goldcrestresourcesplc.com), West Africa and **Minera IRL Limited** (www.minera-irl.com), Peru.

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Portfolio review, *continued*

Interests in energy

We have three companies in the energy sector on which we comment as follows:

Alba Mineral Resources plc (www.albamineralresources.com)

Alba is a UK-based explorer focused on oil and gas, graphite, uranium and base metals with holdings in Greenland (graphite), Mauritania (uranium), UK (oil and gas) and Ireland (base metals).

The Company's UK oil and gas focus is on Horse Hill-1 project where Alba holds the second largest stake in the HHDL consortium developing the project. The project has been drilled and was granted flow testing to be undertaken which was completed in March 2016, with flow rates close to 1,700bpd. Alba has also now acquired a 5% interest in the Brockham oil and gas project just 5 miles from Horse Hill-1. Brockham was, until earlier in 2016, a producing oil field but with production halted in order to upgrade the site with the intension of increasing the flow rates and to prepare for drilling of additional target areas.

Their graphite project encompasses a former graphite mine with additional exploration ground around it in Greenland and they have recently acquired the rights to earn up to 70% of this lease and to date have earned a 49% stake. An EM survey was carried out targeting the extent of graphite resources in the area and also to investigate a possible gold resource in the south, neighbouring the Nalunaq gold mine (340,000oz produced to date).

The base metal project in Ireland has had drilling carried out and a gravity survey and soil sampling were completed in 2016 with the exploration licence extended for a further 2 year period. The Mauritania uranium project is still in early stage exploration phase and awaiting renewal of the licence.

The company raised £900,000 at 0.2p/share in a placing completed in September 2016. The share price is up from 0.24p a year ago to 0.34p in mid-November.

Kuwait Energy plc (www.kuwaitenergy.co)

Kuwait Energy, the independent oil and gas company involved in exploration appraisal and development and production of hydrocarbons was established in 2005 and maintains a diverse portfolio of projects in Iraq, Egypt, Yemen and Oman. Of the 10 exploration, development and production assets they hold, Kuwait Energy directly operates seven.

The company has continued with production of Block-9 Faihaa-1 well in Iraq with 3,321 bopd, carried out extensive testing of Block-9 Faihaa-2 well earlier in the year and began production in October at a rate of 5,600 bopd. **Kuwait** also signed an Export Oil Sales Agreement with the State Oil Marketing Company (SOMO) putting in place the means by which Kuwait Energy will be paid for services in Block-9. **Kuwait** received a payment of US\$13.9M for production from Block 9 between Oct 2015 and March 2016 and, under the agreement is set to receive a further US\$10M for Q2 2016 production.

The company also successfully obtained a Development Licence from the Egyptian General Petroleum Corporation to develop its Al Jahraa SE-1X well. Production began in August 2016 with an average rate of 410 bopd.

And while **Kuwait** has increased its Proven and Probable reserves to 818 mmboe (up 22% on 2015), unfortunately, production at the Yemen licence which was shut down in April of 2015 has not yet been restarted. **Kuwait** maintains they are 'operationally-ready when the situation permits'.

With a forward sale agreement recently signed with VITOL for up to US\$100M, the company looks well placed to expand its production in both Iraq and Egypt and has a long-term buyer for its Iraq crude oil.

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Portfolio review, *continued*

Oracle Coalfields plc (www.oraclecoalfields.com)

As reported last year, **Oracle Coalfields** holds a JORC compliant resource of 529m tonnes of lignite coal in SE Pakistan and is concentrating on development of the mine for first production by end 2018 with the intension of supplying a new 600MW mine-mouth power plant to supply much needed power to Pakistan.

Work over the last 12 months has concentrated on formalising agreements and contracts for both mine and plant development and securing terms for coal and power prices.

In June the company announced a set coal price at feasibility stage of the Thar Block VI Project, averaging US\$60.23/tonne over a 30 year period with an average production of 4M tonnes per annum. This provides a stable price structure for the producing mine, isolated from fluctuation in internationally traded coal and provides a certainty for investors.

It also announced a capex reduction of over US\$200M, bringing costs from US\$879M down to US\$673M with a 70:30 debt equity financing in place for the coal mine.

It was also announced that a key shareholder agreement was signed with new and existing Chinese partners. Under the plan the Chinese will take 70% equity in the project and act as engineering, procurement and construction contractors for the mine and plant. They are also leading discussions with Sinasure over financing.

Plans remain in place for the mine to start coal production alongside construction of the power plant with first electricity delivered by late 2018.

With the extension of the guarantee of 20% IRR on power production from the plant and the appointment of experienced board members in international capital markets and asset management in the natural resource sector, the company is well placed to deliver on financial and construction targets over the coming year.

Interests in Base Metals and Agricultural Products

BMR Group plc (www.bmrplc.com)

BMR Group is a new acquisition during the year which has undergone some recent management changes.

A forensic audit under the new management team determined a company holding at the historic Kabwe lead-zinc mine as a priority target for future development and the company's ability to generate revenue.

The mine closed in mid 1990s and tailings tests showed combined grades of approx. 18% lead-zinc JORC compliant resource from a 2004 report: 160,000 tonnes Zn and 260,000 tonnes lead JORC compliant with additional 190,000 tonnes zinc and 79,000 tonnes lead non-JORC compliant calculated.

BMR raised £414,000 at 3p in February 2016, a further £395,000 at 4.25p in April and £620,000 at 6.7p per share in October. It has approximately \$1M in cash. A \$3.5M loan facility was signed in November 2016 for plant construction with the plant commissioning expected in H1 2017 and first sales by H2 2017. It is expecting an 8-9 year equipment lifespan. The local work force is experienced in mining and a stable power supply is already in place.

Work has concentrated on developing an acid/brine leach involving zinc cathode technology to extract lead and zinc in the tailings. Recovery rates are between 80-90% and they are expecting to process 5 tonnes/hour 24/7, with just over 37,000 tonnes per annum running at 80% capacity. The processing plant equipment is currently being sourced with a total CapEx of \$2.7M. It is expected to be fully operational by early 2017. ZEMA (environmental licencing) approval is already in place. Production cost is roughly \$150/tonne of tailings. The expectation is that this will reduce in future.

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Portfolio review, *continued*

Interests in Base Metals and Agricultural Products, *continued*

BMR Group plc (www.bmrplc.com), *continued*

In October 2016 the company reported that laboratory scale testing was completed and recoveries of circa 85% zinc and 91% lead were achieved. It also reported that the sulphate brine leach process recovered approximately 90% of the contained vanadium, currently calculated at 9,000 tonnes and that current market prices for the resulting vanadium pentoxide product stand in excess of US\$15,000 per tonne.

In September 2016 the company entered into a finance deal with Africa Compass International Limited for US\$5.2M to aid construction and plant processing facilities. The deal is interest free and repayable 12 months after the final milestone has been reached.

With a new board and management team in place engaged in establishing the processing plant over the next 12 months, BMR looks set to continue to add value to its share price during 2017.

Salt Lake Potash Limited (www.saltlakepotash.com.au)

The Australia based AIM and ASX listed **Salt Lake Potash** is a recent addition to the Starvest Portfolio.

Over the past year the company has raised US\$12.1M through placements.

The company's main project is Lake Wells targeting Sulphate of Potash (SOP), a fertilizer product rich in potassium. The capital raising allowed for the development of the Lake Wells project including further drilling, field evaporation trials on bulk brine samples and a scoping study. The company intends to develop another of its recently acquired projects, Lake Irwin.

Results of the scoping study on Lake Wells were released August 2016 and proved highly encouraging, highlighting the projects potential to produce low cost SOP by solar evaporation of lake brines for domestic (Australia) and international markets. The Lake Wells Project has the potential to be one of only five large scale salt lake SOP producers globally and with initial cash costs of production estimated at A\$185 per tonne this would make the project amongst the lowest cost in the world.

The company is engaging in a pre-feasibility study during which it intends to undertake more detailed hydrological modelling, brine extraction optimisation and further assessment aimed at identifying opportunities to enhance the project economics through capital and operating cost reductions.

With the Lake Wells projects progressing to a pre-feasibility study, further projects in their exploration pipeline and a decent cash reserve this company is poised to continue its share price increase over the coming year.

Sunrise Resources plc (www.sunriseresourcesplc.com)

Sunrise Resources' objectives are to generate cash flow from more advanced projects and to add value through mineral discovery by drill testing more speculative exploration targets.

They are invested in industrial minerals as they believe these to have the greatest potential to achieve an early cash flow as they typically have fewer permitting issues allowing projects to advance to production more quickly than base or precious metals.

The company holds ground in Nevada (USA), Ireland and Australia with commodities ranging from gold, silver and diamonds through to copper, barite and diatomite.

Sunrise has entered into an agreement with EP Minerals (the world's leading diatomite producer) in Nevada in which it retains a significant revenue based royalty payable 6 months from the start of production on its diatomite licence with an initial payment of US\$450,000 in June 2017 and 3 years thereafter a payment of US\$75,000 and payments of US\$150,000 every year thereafter.

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Portfolio review, *continued*

Sunrise Resources plc (www.sunriseresourcesplc.com), *continued*

Its Baystate Silver project, also in Nevada, produced encouraging results in underground drilling at an historic mine in 2015 as did their Garfield Gold-Copper-Silver Project and Junction Gold project. During 2016 they formed a dedicated vehicle 'Westgold Inc' specifically to acquire gold and silver projects in Nevada and have so far staked 3 projects in the state targeting Carlin-style mineralisation and has added substantial new ground with 15 new stakes claimed on its pozzolan project.

In Australia; the Cue Diamond project, previously held by De Beers, has recovered encouraging numbers of diamonds from test drilling the kimberlite dykes and the float material, the source of which has yet to be traced. Its Bakers Gold Project is in an historically well-known gold producing belt and is ready to be drill tested. With a pipeline of projects at drill ready stage and an agreement in place to generate cash flow from its diatomite project. Sunrise has a good spread of projects which are likely to add value through further exploration.

Other investments

The remaining non-core investments are available for sale when the conditions are deemed to be right. These include: **Marechale Capital plc** (www.marechalecapital.com), and **Regency Mines plc** (www.regency-mines.com). In addition, there are a number of failed or almost failed ventures to which we attribute no value, although we always hope and seek to crystallise value where possible.

Board of directors

Callum N Baxter – Chairman and Chief Executive

Callum is an experienced geologist and investor. He is also an executive director of AIM quoted company Greatland Gold plc, a Starvest investee company.

Gemma Cryan – Non-executive Director

Gemma holds formal qualifications in geology (BSc Hons) and has over 15 years industry experience in the oil and gas industry, followed by mineral exploration, in both private and public companies throughout North America, Europe, Australasia and Africa. Her time has been spent in the field, and in management roles assisting with corporate matters. Gemma is well versed in pre-IPO activities and early stage mineral exploration ventures.

John Watkins, FCA – Finance Director

John is a chartered accountant in practice and formerly a non-executive director of other companies, including investee companies.

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Strategic report

Principal activities and business review

Since Bruce Rowan was appointed Chief Executive on 31 January 2002, the Company's principal trading activity was the use of his expertise to identify and, where appropriate, support small company new issues, pre-IPO and on-going fundraising opportunities with a view to realising profit from disposals as the businesses mature in the medium term. The directors expect this to continue in the future under the leadership of Callum Baxter, appointed Chief Executive in September 2015.

The Company's investing policy is stated on page 3.

The Company's key performance indicators and developments during the year are given in the Chairman's statement and in the trading portfolio review, all of which form part of the Directors' report.

Finance Review

As explained in Note 22, the Company has adopted a new financial standard, FRS 102, for the year ended 30 September 2016. This has required the Company to revalue its trade investments at 1 October 2014 and 30 September 2015 with the effect that the loss on ordinary activities for the year to 30 September 2015 is restated at £3,314,817.

The greater part of this adjustment relates to the investment in Nordic Energy plc which had a book value of £265,000 at 1 October 2014 but which had a market value of £2,800,000.

Key risks and uncertainties

This business carries with it a high level of risk and uncertainty, although the rewards can be outstanding. The risk arises from the very nature of early stage mineral exploration where there can be no certainty of outcome. In addition, often there is a lack of liquidity in the Company's trading portfolio, most of which is, or in the case of pre-IPO commitments is expected to be, quoted on AIM or NEX, formerly ISDX, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company.

By order of the Board

John Watkins

Finance Director

28 February 2017

Company registration number: 3981468

Starvest plc

2016 annual report and financial statements

Directors' report

The Directors present their sixteenth annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2016.

Results and dividends

The Company's results are set out in the income statement on page 18. The audited financial statements for the year ended 30 September 2016 are set out on pages 18 to 31.

The Directors cannot recommend the payment of a dividend for the year (2015: £nil).

Directors

The Directors who served during the year are as follows:

Callum N Baxter
Anthony C R Scutt – resigned 30 September 2016
Gemma Cryan – appointed 16 June 2016
John Watkins

Substantial shareholdings

At the close of business on 30 September 2016, the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	Ordinary shares of £0.01 each	Percentage of issued share capital
Ronald Bruce Rowan	10,170,000	25.67%
Barclayshare Nominees Limited	4,641,387	11.72%
Hargreaves Lansdown Nominees Limited	2,467,995	6.23%
Rock Nominees Limited, (of which 1,515,872 representing 3.83% are beneficially owned by Callum N Baxter)	2,777,324	7.01%
TD Direct Investing Nominees Limited	1,701,780	4.30%
Mrs Diane Mary Watkins	1,200,000	3.03%

Share capital

In accordance with the authority to purchase up to 5,850,000 Ordinary shares renewed at the 2012 annual general meeting, the Company held 2,300,000 of its own Ordinary shares in treasury bought in previous years. These shares were cancelled by resolution at the 2015 annual general meeting.

Charitable and political donations

During the year there were no charitable or political contributions (2015: £nil).

Payment of suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 14 days of receipt of invoice. At 30 September 2016, the Company's trade creditors were equal to costs incurred in 42 days (2015: 11 days).

Events after the end of the Reporting Period

There are no other material events to disclose other than those included in Note 21.

Starvest plc

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Directors' report, *continued*

Auditor

A resolution to reappoint Chapman Davis LLP as auditor for the coming year will be proposed at the forthcoming AGM in accordance with section 489 Companies Act 2006.

Remuneration

The remuneration of the Directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director without paying more than is necessary.

Details of Directors' fees and of payments made for professional services rendered are set out in Note 7 to the financial statements.

Management incentives

The Company has no share purchase, share option or other management incentive scheme.

As required by legislation, the Company has introduced a stakeholders' pension plan for the benefit of any future employees.

Going concern

The Company's day to day financing is from its available cash resources or via a bank overdraft and, on occasion, by the use of short term loans. The Company's formal overdraft facility was last confirmed by the bank in early 2016.

Whilst the Directors fully expect a sufficient overdraft facility to remain in place for the foreseeable future, they are confident that adequate funding can be raised as required to meet the Company's current and future liabilities without resorting to this facility. In the very unlikely event that such finance could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments, although such a 'forced' sale is to be avoided if at all possible.

To assist the Company with its financing obligations, a shareholder provided a loan of £100,000. After the period end, £50,000 of this loan was satisfied by the issue of 2,500,000 new Ordinary shares in January 2017 with the remaining balance carried forward.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving the financial statements. The preparation of the financial statements on a going concern basis is therefore considered to remain appropriate.

Management of capital

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by trading its current asset investments.

The Company sets the level of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Control procedures

The Board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with applicable accounting standards and effective reporting.

Financial instruments

The Company uses financial instruments, comprising cash, bank overdraft, short term loan, trade investments and trade creditors, which arise directly from its operations. The main purpose of these instruments is to further the company's operations.

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Directors' report, *continued*

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures.

Trade investments

Trade investments are stated at market/fair value less any provision for impairment. The movements between fair and book value are set out in Note 11. The Board meets quarterly to consider investment strategy in respect of the Company's portfolio.

Interest rate risk

The Company finances its operations through retained profits and new investment funds raised. The Board utilises short term floating rate interest bearing accounts to ensure adequate working capital is available whilst maximising returns on deposits.

Liquidity risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. More information about the company's liquidity risk, and the management of that risk, is given under 'going concern' in Note 2 to the financial statements.

Borrowing facilities

As at 30 September 2016, the Company had an overdraft facility of £100,000 arranged with its bankers (2015: £125,000) secured on certain investments with a market value at 30 September 2016 of £260,000. The overdraft facility is renewable annually with the next review due in March 2017.

Currency risk

The Company trades substantially within the United Kingdom and all transactions are denominated in Sterling. Consequently, the Company is not significantly exposed to currency risk.

Fair values

Except where shown above, the fair values of the Company's financial instruments are considered equal to the book value.

Price and credit risk

Management do not consider price or credit risk to be material to the Company.

By order of the Board

John Watkins

Finance Director
28 February 2017

Company registration number: 3981468

Starvest plc

2016 annual report and financial statements

Statement of directors' responsibilities

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Directors' report, the Strategic 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The Directors confirm that so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order 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.

Starvest plc

2016 annual report and financial statements

Independent auditor's report to the members of Starvest plc

We have audited the financial statements of Starvest plc for the year ended 30 September 2016 which comprise the income statement, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland

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 Statement of Directors' Responsibilities set out on page 16, 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 FRC'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 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, 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.

Keith Fulton

Senior Statutory Auditor

For and on behalf of Chapman Davis LLP

Statutory Auditor, Chartered Accountants,

London

28 February 2017

Starvest plc

2016 annual report and financial statements

INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	Year ended 30 September 2016	Year ended 30 September 2015
		£	(restated) £
Revenue		117,920	123,891
Cost of sales		(72,670)	(112,916)
Gross profit		45,250	10,975
Administrative expenses		(231,499)	(234,766)
Amounts off against trade investments	11	(382,594)	(3,178,773)
Amounts written back against trade investments	11	643,561	78,421
Operating profit/(loss)		74,718	(3,324,143)
Interest receivable	6	6,395	9,326
Profit/(loss) on ordinary activities before tax	5	81,113	(3,314,817)
Tax on profit on ordinary activities	8	-	-
Profit/(loss) for the financial year attributable to Equity holders of the Company		81,113	(3,314,817)
 Earnings per ordinary share			
Basic & diluted	9	0.21 pence	(8.93) pence

There are no other recognised gains and losses in either year other than the result for the year.

All operations are continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

Starvest plc

2016 annual report and financial statements

STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2016

	Note	30 September 2016 £	30 September 2015 (restated) £
Current assets			
Trade and other receivables	10	71,667	55,040
Trade investments	11	1,372,616	1,033,096
Cash and cash equivalents		9,856	228,318
Total current assets		1,454,139	1,316,454
Current liabilities			
Trade and other payables	12	(132,227)	(125,155)
Total current liabilities		(132,227)	(125,155)
Net current assets		1,321,912	1,191,299
Capital and reserves			
Called up share capital	13	396,185	394,173
Share premium account		1,514,673	2,118,396
Profit and loss account		(593,946)	(1,326,270)
Equity reserve		5,000	5,000
Total equity shareholders' funds		1,321,912	1,191,299

These financial statements were approved and authorised for issue by the Board of Directors on 28 February 2017.

Signed on behalf of the Board of Directors

Callum N Baxter
Chairman and Chief Executive

John Watkins
Finance Director

Company No. 3981468

The accompanying accounting policies and notes form an integral part of these financial statements.

Starvest plc

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital £	Share premium £	Equity reserve £	Profit and loss account £	Total Equity attributable to shareholders £
At 1 October 2014 (restated)	394,173	2,118,396	-	1,988,547	4,501,116
(Loss) for the period	-	-	-	(3,314,817)	(3,314,817)
Total recognised income and expenses for the period	-	-	-	(3,314,817)	(3,314,817)
Equity component of convertible loan		-	5,000	-	5,000
Total contributions by and distributions to owners	-	-	5,000	-	5,000
At 30 September 2015 (restated)	394,173	2,118,396	5,000	(1,326,270)	1,191,299
Profit for the period	-	-	-	81,113	81,113
Total recognised income and expenses for the period	-	-	-	81,113	81,113
Shares issued	25,012	24,488	-	-	49,500
Cancellation of treasury shares	(23,000)	(628,211)	-	651,211	-
Total contributions by and distributions to owners	2,012	(603,723)	-	651,211	49,500
At 30 September 2016	396,185	1,514,673	5,000	(593,946)	1,321,912

Starvest plc

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	30 September 2016 £	30 September 2015 (restated) £
Cash flows from operating activities			
Operating profit/(loss)		74,718	(3,324,143)
Net interest receivable		6,395	9,326
Share based payment charge		49,500	5,000
(Decrease)/increase in debtors		(16,627)	45,144
Increase in creditors		7,072	80,805
Net cash used in operating activities		121,058	(3,183,868)
Cash flows from investing activities			
Purchase of current asset investments	11	(140,390)	(40,000)
Sale of current asset investments		117,300	123,892
Loan converted into shares	11	(10,000)	-
Profit on sale of current asset investments		(45,463)	(11,598)
Increase in investment provisions		382,594	3,178,773
Decrease in investment provisions		(643,561)	(78,421)
Net cash used in investing activities		(339,520)	3,172,646
Net (decrease) in cash and cash equivalents		(218,462)	(11,222)
Cash and cash equivalents at beginning of period		228,318	239,540
Cash and cash equivalents at end of year	15	9,856	228,318

The accompanying notes and accounting policies form an integral part of these financial statements.

Starvest plc

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Company Information

Starvest Plc is a Public Limited Company incorporated in England & Wales. The registered office is 55 Gower Street, London, WC1E 6GQ. The Company's shares are listed on the AIM market of the London Stock Exchange. These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 28 February 2017 and signed on their behalf by Callum Baxter and John Watkins.

2. Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. There are no fair value adjustments other than to the carrying value of the Company's trade investments. This is the first year in which the financial statements have been prepared under FRS102. Refer to note 22 for an explanation of the transition.

Going concern

The Company's day to day financing is via a bank overdraft and, on occasion, by the use of short term loans. The Company's formal overdraft facility was last confirmed by the bank in early 2016.

Whilst the Directors fully expect a sufficient overdraft facility to remain in place for the foreseeable future, they are confident that sufficient funding can be raised as required to meet the Company's current and future liabilities. In the very unlikely event that such finance could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments, although such a 'forced' sale is to be avoided if at all possible.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving the financial statements. The preparation of the financial statements on a going concern basis is therefore considered to remain appropriate.

3. Principal Accounting Policies

Revenue

Revenue represents amounts receivable for trade investment sales. Revenue is recognised on the date of sale contract.

Cost of sales

Direct costs include the book cost of investments sold during the year.

Administrative expenses

All administrative expenses are stated inclusive of VAT, where applicable, as the company is not eligible to reclaim VAT incurred on its costs.

Taxation

Corporation tax payable is provided on taxable profits at the current rates enacted or substantially enacted at the balance sheet date.

Deferred tax

Deferred tax is provided on an undiscounted full provision basis on all timing differences which have arisen but not reversed at the balance sheet date using rates of tax enacted or substantively enacted at the balance sheet date.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and are recognised within debtors. The deferred tax assets and liabilities all relate to the same legal entity and being due to or from the same tax authority are offset on the balance sheet.

Starvest plc

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. Accounting Policies and Basis of Preparation, *continued*

Trade Investments

Current asset trade investments are stated at the lower of cost and net realisable value, excluding Kuwait Energy plc which has been valued based on the value advised by the brokers to Kuwait Energy plc. Net realisable value is the lower of bid price and Directors' valuation. The lower Directors' valuation is applied where the Company's interest in the investee company amounts to typically 3% or more of the investee Company's issued share capital or more than 7% of the investment portfolio or where there are factors of which the Directors are aware which call for some further adjustment. At 30 September 2016, these provisions totalled £131,000 (2015: £148,000).

Investments in unlisted company shares, are remeasured to available market values, or directors' valuations at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Investments in listed company shares, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Financial instruments:

Trade and other receivables

Trade and other receivables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Trade and other payables

Trade and other payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost.

Convertible debt

The proceeds received on issue of the convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Financial liabilities

All financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. There are no financial liabilities classified as being at fair value through profit or loss.

Share capital

The Company's ordinary shares are classified as equity.

Treasury shares

Where the Company acquired its own shares ('treasury shares') these are deducted from retained profits. No profit or loss is recognised on purchase or subsequent sale of treasury shares. On cancellation of treasury shares, the original purchase costs are deducted from share capital and profit and loss account by a reserve transfer within equity.

The share premium account

Represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

4. Turnover and Segmental Analysis

Turnover

Turnover represents the sales of trade investments on recognised listed stock exchanges. Turnover for the year to 30 September 2016 was £117,920 (2015: 123,891).

Segmental information

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The Company is to continue to operate as a single UK based segment with a single primary activity to invest in businesses so as to generate a return for the shareholders. No segmental analysis has been disclosed as the Company has no other operating segments. The Directors will review the segmental analysis on a regular basis, and update accordingly.

The Company has not generated any revenues from external customers during the period.

5. Operating Profit/(loss)

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
This is stated after charging/(crediting):		
Auditor's remuneration		
- audit services	15,600	15,500
- other services	-	15,000
Director's emoluments – note 7	<u>135,000</u>	<u>90,000</u>

In the previous year, auditor's remuneration for non-audit services provided during the year comprised nominated advisor fees of £15,000, stated exclusive of VAT.

6. Interest receivable

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Bank interest receivable	242	568
Interest on short term loans to related parties	6,153	8,758
	<u>6,395</u>	<u>9,326</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

7. Directors' Emoluments

There were no employees during the period apart from the directors. No directors had benefits accruing under money purchase pension schemes.

Year ended 30 September 2016	Fees £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
C Baxter	-	40,000	40,000	80,000
A C R Scutt	8,000	-	8,000	16,000
J Watkins	18,000	-	18,000	36,000
G Cryan	-	3,000	-	3,000
	26,000	43,000	66,000	135,000

Year ended 30 September 2015	Fees £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
R B Rowan	-	48,000	-	48,000
A C R Scutt	12,000	-	-	12,000
J Watkins	15,000	15,000	-	30,000
	27,000	63,000	-	90,000

Amounts paid to third parties and shares issued in lieu of fees

Included in the above are the following amounts paid to third parties:

- In respect of the management services of Callum Baxter, £80,000 (2015: £nil) is payable to Baxter Geological, a company of which he is a director and shareholder. Of this amount, £40,000 is payable in shares in the Company. At 30 September 2016, the equivalent of £10,000 (2015: £nil) in shares was outstanding.
- In respect of the professional services of John Watkins, FCA, £18,000 (2015: £15,000) of the above remuneration was payable through his personal business by way of shares in the Company. At 30 September 2016, the equivalent of £4,500 (2015: £nil) in shares was outstanding.
- In respect of fees of Anthony Scutt, £8,000 (2015: £nil) was payable to him by way of shares in the Company. At 30 September 2016, the equivalent of £2,000 (2015: £nil) in shares was outstanding.
- In respect of the professional services of Gemma Cryan, £3,000 (2015: £nil) was payable to Gemma Cryan Ltd, a company of which she is a director. At 30 September 2016 £nil (2015: £nil) remained outstanding.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

8. Income Taxes

a) Analysis of charge in the period

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
United Kingdom corporation tax at 20.00% (2015: 20.5%)	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

b) Factors affecting tax charge for the period

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015: 20.5%). The differences are explained below:

	Year ended 30 September 2016 £	Year ended 30 September 2015 (restated) £
Profit/(loss) on ordinary activities before tax	<u>81,113</u>	<u>(3,314,817)</u>
(Loss)/profit multiplied by standard rate of tax	16,223	(679,537)
Effects of:		
Utilised against carried forward losses	(16,223)	-
Losses carried forward not recognised as deferred tax assets	-	679,537
	<u>-</u>	<u>-</u>

9. Earnings Per Share

The basic earnings per share is derived by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of shares in issue.

	Year ended 30 September 2016 £	Year ended 30 September 2015 (restated) £
Profit/(loss) for the year	<u>81,113</u>	<u>(3,314,817)</u>
Weighted average number of Ordinary shares of £0.01 in issue	<u>38,876,323</u>	<u>37,117,259</u>
Earnings per share – basic and diluted	<u>0.21 pence</u>	<u>(8.93) pence</u>

No diluted earnings per share is calculated as a result of the Company's previously issued share options expiring on 31 January 2015.

Starvest plc

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

10. Trade and Other Receivables

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Prepayments	28,014	27,540
Short term loans to related parties	43,653	27,500
	71,667	55,040

Short term loans to related parties

- At 30 September 2016 loans to Equity Resources Ltd ("EQR") totalling £20,000 remains unpaid. The purpose of the loans was to assist EQR meet its necessary operational costs during a period when it seemed inappropriate that EQR should realise cash from its investments. The advances were approved at 0% interest with no formal agreement as to repayment date. The Company holds 28.41% of the equity in EQR. However, the Company has made a full provision for these loans, totalling £20,000.
- At 30 September 2016, loans totalling £27,500 advanced to Goldcrest Resources plc ("GCRP") at 20% pa interest in order to assist GCRP in funding its necessary operational costs prior to an expected AIM listing remain unpaid. Interest of £6,153 has been accrued on these loans at the year end, and the balance of £33,153 remains unpaid.
- In 2014 a loan of £20,000 was advanced to Kryptonite 1 plc, formerly Guild Acquisitions plc ("Guild") at 12% pa interest to assist Guild in funding its necessary operational costs. In June 2016, Guild issued 25,000,000 new Ordinary shares in part settlement of the loan; the remaining balance of £10,000 is to be repaid within twelve months of the March 2016 EGM. In September 2016, the company was renamed 'Kryptonite 1 plc' to reflect its change of business to investing in blockchain technology.

11. Current Trade Investments

	30 September 2016 £	30 September 2015 (restated) £
Cost		
At 30 September 2015	5,607,775	6,680,779
Additions at cost	150,390	40,000
Disposals	(71,837)	(1,113,004)
At 30 September 2016	5,686,328	5,607,775
Market value movement & provisions		
At 30 September 2015	4,574,679	1,474,327
Released during the year	(643,561)	(78,421)
Provided during the year	382,594	3,178,773
At 30 September 2016	4,313,712	4,574,679
Fair value amount		
At 30 September 2016 & 2015	1,372,616	1,033,096

The fair value carrying values of the investments above were as follows:

Quoted on AIM	1,257,985	694,920
Quoted on ISDX	44,424	272,547
Quoted on foreign stock exchanges	1,735	708
Unquoted at Directors' valuation	68,472	64,921
	1,372,616	1,033,096

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

11. Current Trade Investments, *continued*

The Company has holdings in the companies described in the review of portfolio on pages 4 to 11. Of these, the Company has holdings amounting to 20% or more of the issued share capital of the following companies:

Name	Country of incorporation	Class of shares held	Percentage of issued capital	Profit/(loss) for the last financial year	Capital and reserves at last balance sheet date	Accounting year end
Equity Resources Limited – see note [1]	England & Wales	Ordinary	28.41%	£(8,860)	£(34,648)	31 May 2016
Treslow Limited – see note [2]	England & Wales	Ordinary	30.1%	-	£9,485	30 April 2016
Kryptonite 1 plc, formerly Guild Acquisitions plc – see note [3]	England & Wales	Ordinary	30.3%	£(52,007)	£129,094	31 Dec 2015

Note [1]: Equity Resources Limited is considered to be an associated undertaking. Equity accounting has not been used as Equity Resources Limited has a written down value of £nil.

Note [2]: During 2008, the Company agreed to support Treslow Limited through its pre IPO processes. The Company has no representation on the Board of Directors so it does not exert significant influence over Treslow Limited and so it is not considered to be an associated undertaking despite the holding being in excess of 20% of the issued share capital.

Note [3]: Kryptonite 1 plc, formerly Guild Acquisitions plc, is considered not to be an associated undertaking by virtue of its entirely separate management based in the Isle of Man; there is no common director.

The Company's share of the gross assets of its Associates at 30 September 2016 is £32,127. The share of gross assets has been derived from the latest available financial information in respect of the Associates. The company's share of the items making up the profit and loss account and cash flow statements of its Associates has not been disclosed as the numbers are not considered material.

12. Trade and Other Payables: Amounts falling due within one year

	30 September 2016	30 September 2015
	£	£
Trade creditors	20,242	5,635
Accruals	16,985	24,520
Loans	95,000	95,000
	132,227	125,155

A bank overdraft facility is secured by a charge over certain of the Company's investments having a market value at the balance sheet date of £262,512.

In September 2015, the Company received a loan of £100,000 from a shareholder repayable in 12 months with an interest rate of 0% and with a conversion option at 3 pence per share. After the year end, on 5 January 2017, £50,000 of the loan was satisfied by the issue of 2,500,000 new Ordinary shares at a price of 2 pence per share.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

13. Share Capital

The Called up share capital of the Company was as follows:

Called up, allotted, issued and fully paid

As at 30 September 2014 & 2015	39,417,259	394,173
Issued 7 January 2016	825,000	8,250
Treasury shares cancelled 15 March 2016	(2,300,000)	(23,000)
Issued 12 May 2016	733,332	7,333
Issued 8 July 2016	942,855	9,429
As at 30 September 2016	39,618,446	396,185

Shares held in treasury

	30 September 2016	30 September 2015
Total number of shares held in treasury	-	2,300,000

On 15 March 2016, the Company cancelled the 2.3 million treasury shares held since 2007/8. The balance of the treasury shares was accounted for via a reserve transfer as shown on the statement of changes in equity.

14. Share options

The Company's share option scheme, established on 14 February 2005, expired on 31 January 2015. During the year ended 30 September 2016 no new options were granted.

15. Cash and Cash Equivalents

	Year ended 30 September 2015 £	Cash flow £	Year ended 30 September 2016 £
Cash at bank	228,318	(218,462)	9,856
Net cash & cash equivalents	228,318	(218,462)	9,856

16. Capital Commitments

As at 30 September 2016 and 30 September 2015, the Company had no commitments other than for expenses incurred in the normal course of business.

17. Contingent Liabilities

There were no contingent liabilities at 30 September 2016 (2015: £nil).

18. Related Party Transactions

There were no related party transactions during the year other than those disclosed in notes 7 and 10.

The key management of the Company are considered to be the Directors, the compensation for whom was £135,000 (2015: £90,000).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

19. Financial Instruments

The Company's financial instruments comprise investments, cash at bank and various items such as other debtors, loans and creditors. The Company has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

Credit Risk

The Company's credit risk arises primarily from short term loans to related parties and the risk the counterparty fails to discharge its obligations. At 30 September 2016, these loans included £43,653 (2015: £27,500) which were past due but not fully impaired.

Liquidity Risk

Liquidity risk arises from the management of cash funds and working capital. The risk is that the Company will fail to meet its financial obligations as they fall due. The Company operates within the constraints of available funds and cash flow projections are produced and regularly reviewed by management.

Interest rate risk profile of financial assets

The only financial assets (other than short term debtors) are cash at bank and in hand, which comprises money at call. The interest earned in the year was negligible. The directors believe the fair value of the financial instruments is not materially different to the book value.

Foreign currency risk

The Company has no material exposure to foreign currency fluctuations.

Market risk

The Company is exposed to market risk in that the value of its investments would be expected to vary depending on trading activity of its shares.

Categories of financial instruments

	Year ended 30 September 2016 £	Year ended 30 September 2015 (restated) £
Financial assets		
Trade investments	1,372,616	1,033,096
Loans and receivables	71,667	55,040
	<u>1,444,283</u>	<u>1,088,136</u>
Financial liabilities		
Loans and payables	132,227	125,155
	<u>132,227</u>	<u>125,155</u>

20. Capital Management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its investment activities to provide returns for shareholders. The Company's funding comprises equity and debt. The directors consider the Company's capital and reserves to be capital. When considering the future capital requirements of the Company and the potential to fund specific investment activities, the directors consider the risk characteristics of all of the underlying assets in assessing the optimal capital structure.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

21. Events After the End of the Reporting Period

On 17 October 2016, the Company issued a total of 725,000 new ordinary shares of £0.01 in the Company at a price of 2.00p per Ordinary Share to its directors in lieu of a proportion of fees for the three months ended 30 September 2016.

On 5 January 2017, the Company issued a total of 3,300,000 new Ordinary shares of £0.01 in the Company at a price of 2.00p per Ordinary Share as follows:

- To Mr Ronald Bruce Rowan in part settlement of a loan granted to the Company in September 2015, 2,500,000 Ordinary shares. Following the Part Settlement, the Loan will be reduced from £100,000 to £50,000; and
- To its directors, 800,000 Ordinary shares, in lieu of a proportion of fees for the three months ended 31 December 2016.

22. First Time Adoption of FRS 102

The Company has adopted FRS102 for the year ended 30 September 2016 and has restated the comparative prior year amounts.

	30 September 2015	1 October 2014
	£	£
Restated balance sheet:		
Original shareholders' funds	1,191,299	2,150,435
Net Revaluation to fair value of current trade investments	-	2,350,681
Restated shareholders' funds	1,191,299	4,501,116
 Restated profit/(loss) for the year:		
Original profit on ordinary activities after tax	(964,136)	
Revaluation to fair value of current trade investments	(2,350,681)	
	(3,314,817)	

The above table shows the impact of the move to the new accounting standard, FRS102, on figures disclosed in these financial statements. The changes shown relate to the treatment of current trade investments, and the revaluation of all investments to market/fair value in accordance with FRS102.

In relation to investments, changes have been made to the carrying value such that investments are carried at their fair market value where available, which resulted in a gain being included on the brought forward 1 October 2014 carrying values, however the gain subsequently reversed as market price(s) fell on investment(s) during the year to 30 September 2015, hence the fluctuation in restated figures as shown above.

No other changes were required on transition to FRS102.

STARVEST plc

55 Gower Street, London, United Kingdom, WC1E 6HQ

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Starvest plc (the “Company”) will be held at Grant Thornton UK LLP City Office, 30 Finsbury Square, London EC2P 2YU on Thursday 30 March 2017 at 11am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1 to 8 and as a special resolution in the case of resolution 9.

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

- 1 To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 September 2016.
- 2 To re-appoint Gemma Marie Cryan as a Director who was appointed to the Board on 20th June 2016 and retires in accordance with the Articles of Association of the Company and being eligible, offers herself for re-election.
3. To re-elect John Watkins as a Director of the Company, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.
- 4 To re-appoint Chapman Davis LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

SPECIAL BUSINESS

ORDINARY RESOLUTION

- 5 That Shareholders ratify and approve the issue and allotment at various times from 7 January 2016 to 3 January 2017 of 2,515,872 ordinary shares in the capital of the Company in lieu of a proportion of fees due to Callum Baxter or his nominee, subject to the terms and conditions and voting exclusions detailed in the Explanatory Notes to this notice of Annual General Meeting (“Explanatory Notes”).
- 6 That Shareholders ratify and approve the issue and allotment on 3 January 2017 of 75,000 ordinary shares in the capital of the Company in lieu of a proportion of fees due to Gemma Marie Cryan or her nominee, subject to the terms and conditions and voting exclusions detailed in the Explanatory Notes to this notice of Annual General Meeting (“Explanatory Notes”).
- 7 That Shareholders ratify and approve the issue and allotment at various times from 7 January 2016 to 3 January 2017 of 1,132,142 ordinary shares in the capital of the Company in lieu of a proportion of fees due to John Watkins or his nominee, subject to the terms and conditions and voting exclusions detailed in the Explanatory Notes to this notice of Annual General Meeting (“Explanatory Notes”).

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

- 8 That in substitution for all existing authorities under the following section to the extent unutilised, the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “Act”) to allot relevant securities (within the meaning of section 560) up to an aggregate nominal amount of £250,000. The authority referred to in this resolution shall be in substitution for all other existing authorities, and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the next Annual General Meeting of the Company and the date falling 15 months following the date of the Annual General Meeting being convened by this Notice. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the authority and the Directors are hereby authorised to allot relevant securities in pursuance of such offer or agreement as if the authority had not expired.

SPECIAL RESOLUTION

- 9 That in substitution for all existing authorities to the extent unutilised, the Directors, pursuant to Section 570 of the Act, be empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 8 as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
- (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their holdings of such ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in, any territory; and
 - (b) the allotment, other than pursuant to (a) above, of equity securities:
 - (i) arising from the exercise of options and warrants outstanding at the date of this resolution;
 - (ii) other than pursuant to (i) above, up to an aggregate nominal value of £250,000,and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months following the date of the Annual General Meeting being convened by this Notice. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided.

This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid envelope to:

The Company Secretary, Starvest plc
c/o Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

Registered Office:

55 Gower Street
London WC1E 6HQ

By order of the Board

John Watkins
Director

28 February 2017

Registered in England and Wales Number: 3981468

Notes to the Notice of General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at The Courtyard 17 West Street Farnham Surrey GU9 7DR or by facsimile transmission to 01252 719 232; and
- received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is

determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard 17 West Street Farnham Surrey GU9 7DR or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 28 February 2017, the Company's issued share capital comprised 43,643,446 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 28 February 2017 is 43,643,446.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone John Watkins on 01483 771992 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via euroclear.com/CREST).

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Notes to Resolutions 5 to 7

13. The Company seeks ratification and approval in respect of the issue of shares to the Directors or their respective nominees in lieu of cash payments for accrued Director's fees for the period shown in the table below (**Remuneration Shares**).

14. The Remuneration Shares issued to each Director (or their nominees) have been issued at prices of between 1.75p and 2.25p per share, being the market prices as quoted on the London Stock Exchange website at the close of business on the previous day.

15. The issue of new Ordinary Shares to directors is in accordance with the Company's enhanced focus on limiting the outflow of cash from the business at this time, thereby preserving cash for investment opportunities as they present themselves. The independent directors, having consulted with Grant Thornton UK LLP (the Company's nominated adviser), confirm that they are satisfied that the terms of the part settlement are fair and reasonable insofar as the Company's shareholders are concerned.

16. The amount owed to each Director on account of directors' fees and the number of Remuneration Shares to be issued to each Director (or their nominees) in lieu of cash payment, is set out in the table below.

Director	Position	Fees Owed	Number of Shares
Callum N Baxter	chairman	£50,000	2,515,872
John Watkins	finance director	£22,500	1,132,142
Gemma M Cryan	non-exec director	£1,500	75,000

STARVEST plc

Form of Proxy for use at the Annual General Meeting

I, a Member of **Starvest plc** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or _____ as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday 30 March 2017 at 11am at Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU UK and at any adjournment thereof.

(Please indicate below how you wish your votes to be cast. If the form of proxy is returned without any indication as to how the proxy should vote on any particular matter, the proxy will vote as they think fit.)

ORDINARY BUSINESS

Resolution Number	<i>Please delete as appropriate</i>
1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 September 2016	For / Against / Vote Withheld
2. To re-appoint Gemma Marie Cryan as a Director.	For / Against / Vote Withheld
3. To re-elect John Watkins as a Director	For / Against / Vote Withheld
4. To re-appoint Chapman Davis LLP as auditors of the Company and to authorise the Directors to determine their remuneration	For / Against / Vote Withheld
5. To ratify and approve the issue and allotment of 2,515,872 ordinary shares lieu of fees due to Callum Baxter	For / Against / Vote withheld
6. To ratify and approve the issue and allotment of 75,000 ordinary shares lieu of fees due to Gemma Marie Cryan.	For / Against / Vote withheld
7. To ratify and approve the issue and allotment of 1,132,142 ordinary shares lieu of fees due to John Watkins.	For / Against / Vote withheld
8. To authorise the directors to allot relevant securities up to a maximum of £250,000.	For / Against / Vote withheld
9. To dis-apply pre-emption rights over a maximum of £250,000.	For / Against / Vote Withheld

Signature
Date
Full name
Address

Explanatory notes to the proxy form are to be found appended to the notice of meeting.



Notes to the proxy form

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact the registrars of the Company, Share Registrars Limited, on 01252 821 390.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited at The Courtyard 17 West Street Farnham Surrey GU9 7DR; and
 - received by Share Registrars Limited no later than 48 hours (excluding non-business days) before the time of the meeting.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
12. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

