Company No. 03981468

Starvest plc

Report and Financial Statements

For The Year Ended 30 September 2018

Starvest plc
2018 annual report and financial statements

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Officers and professional advisers

Directors	Callum N Baxter – Chairman and Chief Executive Gemma Cryan – Executive Director Anthony CR Scutt – Non-Executive Director
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Listing	AIM Market of the London Stock Exchange (AIM) Ticker: SVE
Website	www.starvest.co.uk

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2018 annual report and financial statements

Chairman's Statement

I am pleased to present my annual statement to Shareholders for the year ended 30 September 2018 and the eighteenth since the Company was formed in 2000.

Results for the year

The natural resource sector made an encouraging recovery throughout 2017 but then saw a decline in market sentiment from January 2018. As a result, the Company Net Asset Value per share has decreased year on year by approximately 14%, however it is pleasing to note the robustness of the Company's investment portfolio with a current value of £1.5m, effectively the same year on year (£1.52m to Sept 2017).

With interest in the sector declining during 2018, companies with good projects and experienced teams have seen little to encourage them to achieve quotation on a recognised exchange when their full valuation may not be met by the market. We have restricted stock purchases during the year to 30 September 2018 to preserve our cash resources. With the oil price recently rising this may spur a renaissance in basic resources and our exposure to oil and gas stocks will likely benefit the overall portfolio value in the near term.

The majority of our investee companies have seen a small decrease in share price year on year, reflecting the lack of interest in the basic resource sector during the year. But despite the lower market sentiment several investee companies have announced very encouraging exploration results and/or excellent progress made towards production.

Greatland Gold plc remains one of our best preforming stocks and while their share price fell back in early 2018 the company has regained ground and seen an 80% share price increase year on year, due to excellent results from field work on projects in Australia. Other companies announcing very positive results are Cora Gold which focused exploration on its flagship Sanankoro project which has shown the potential for a sizeable greenfield gold discovery, along with Ariana Resources releasing increased gold production guidance for the 2018 period. Kefi Minerals have progressed gold project development in Ethiopia and oil and gas explorer Block Energy made a successful transition to AIM. Toward year end an all cash offer for Kuwait Energy was announced to market with an expected valuation of approximately US$490m.

It is our belief that there still remains many undervalued opportunities in the natural resource sector and we can benefit by employing our sector knowledge and market experience in sourcing compelling investments.

Investing policy

The Company's investing policy is reproduced on page 4 of this report and made available on our website, www.starvest.co.uk. At our December 2017 AGM we put before shareholders a proposal to add Direct Investment in mining projects to our Investing Policy which was approved. This allows the Company to take ownership of its own mining projects and utilise these for stock positions in new and existing investee companies. We continue to monitor the markets and may take on projects when sentiment in the sector improves.

Trading portfolio valuation

A brief review of the major portfolio companies follows from page 6. 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.

Chairman's Statement, continued

Callum N Baxter

Chairman and Chief Executive

19th November 2018

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 current 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 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.

Direct Project: The Company's investing policy is to hold shares in companies. However, the Company believes there may be opportunities to acquire shares in companies on favourable terms by taking a direct interest in mining projects and using these projects as consideration for shares in such companies; those companies would therefore become Starvest investee companies. The projects will be operated by the investee company; Starvest will not manage any project. Prior to selling any projects to corporate entities, Starvest may therefore have an interest in a number of projects. The addition of the Direct Project strategy to the Company's Investing Policy was put before shareholders for approval at the AGM of the Company held 1st December 2017 and was approved.

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.

Investing policy statement, *continued*

Investing strategy, *continued*

Other matters: The Company currently has an investment in the following company, which itself is an investment company: 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.

Review of trading portfolio

Introduction

During the year to 30 September 2018, the portfolio comprised interests in the companies commented on below. In addition, several other active companies are included in the portfolio but not commented on in this review.

Market sentiment declined during the period and the Company focussed attention on rebalancing the existing portfolio which resulted in the minor adjustment of several positions. The Trading Portfolio Value declined by 1.3% year on year, Net Asset Value per share declined 14% year on year and market capitalisation decreased 53% reflecting the negative sentiment within the basic resources sector. The largest element of the decrease was attributed to gold focussed companies.

Transactions

During the year the Company did not raise capital through placing and subscription.

The Company took part in the IPO of Cora Gold Limited, an exploration company focused on West Africa. 303,030 new ordinary shares were purchased at a cost of 16.5p per share for £50,000.

Trading portfolio valuation

A flat economic climate and decreased investor confidence in the natural resources sector has been reflected in share price valuations throughout the year. Since the highs of late 2017 we have seen a minor decline in stock prices and our portfolio valuation. The decrease in portfolio value was approximately 1.3% since 30 September 2017 demonstrating the robustness of the portfolio to weather the decline in sector sentiment.

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 only exception to this is our holding in Kuwait Energy plc where we currently use a value provided via a recent buyout offer for the company.

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; net provisions made in previous years were increased by £71,924 during the year (released in 2017: £311,121).

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

The Company Asset Value net of debt decreased during the year to 30 September 2018 to £1.59m and the Company made a loss of £316,242 compared with a profit of £302,329 in 2017. 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 sound position to benefit from any emerging upturn in markets; and
- believes that the fundamentals have not changed: the world is becoming more affluent with an increasing number of people expecting consumer items, 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.

Review of trading portfolio, *continued*

Trading portfolio valuation, *continued*

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 2018 at Closing values as adjusted	30 September 2017 at BID values as adjusted	Change %
• Trading portfolio value	£1.50 m	£1.52 m	-1.3%
• Company asset value net of debt	£1.59 m	£1.88 m	-12%
• Net asset value per share	3.07 p	3.56 p	-14%
• Closing share price	2.15 p	4.62 p	-53%
• Share price discount to net asset value	30%	-30 %	-100%
• Market capitalisation	£1.16 m	£2.44 m	-53%

Since the year end values have improved marginally. As at the close of business on 31 October 2018 the Asset Value net of debt was £1.67m.

Review of the current market

The basic resource sector saw a gradual decline in sentiment throughout 2018 following a promising end to 2017. Demand for raw materials continues to fluctuate and is likely to be volatile in the near term.

The gold price peaked at around US$1,350 per oz in early 2018 but has since declined to lows of US$1,200 per oz. Other metals such as copper, lead, nickel and zinc have all seen decreases over the year. However, crude oil prices have risen over the period with Brent Crude increasing from around $60/bbl to over US$70/bbl.

Within the current environment, industry majors have been focused on returning capital and providing dividends to shareholders rather than putting investment into exploration and development of new mines.

This lack of investment into exploration and development of world-class mines opens the field to junior explorers and developers to realise value and generate cash flow through increasing interest in the sector, and from majors in need of replenishing diminishing reserves.

The current market conditions allow for measured, strategic investment in undervalued, early stage, natural resource projects.

Portfolio review, *continued*

Interests in Gold exploration

A summary of our primary interests in gold exploration is presented here:

Ariana Resources plc (www.arianaresources.com)

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

Ariana's Kiziltepe mine (Red Rabbit JV) delivered its first gold-silver pour in March 2017. Gold production guidance for 2018 from Ariana's JV partner at Kiziltepe was around 20,000 oz Au per year, an increase of some 47% on an annualised basis (2017: 10,191 oz Au). Gold production to the end of September 2018 totalled 19,625 ounces with annual production expected to exceed full year guidance.

The company is focusing exploration efforts on a number of areas in Turkey. As well as extending the area currently under development at Kiziltepe (near mine exploration) they are also looking at potential satellite open-pittable prospects slightly further afield but still within a distance to utilise existing mine infrastructure.

The Tavsan project, which is part of the Red Rabbit JV, has seen the resource updated to 3.98Mt at 1.32 g/t Au and 4.46 g/t Ag for 168,900 oz Au and 571,700 oz Ag. The company are targeting 300,000oz gold production, with over 60% of this open-pittable, and will be undertaking feasibility-related work to advance the project toward production.

Work is also continuing on exploration of the 100% owned Salinbas project. During the year exploration work extended the Salinbas main target by over 500m of strike to the north, and a JORC exploration target of up to 2.7Moz gold and 16.1Moz silver has been established at the project which excludes the current JORC Indicated and Inferred Resource of approximately 1Moz gold.

The Kepez resource has also been updated to 0.37Mt at 2.0 g/t Au and 14.0 g/t Ag for 23,900 oz gold and 164,300 oz silver. Metallurgical testwork following trial mining at Kizilcukur demonstrates high gold recoveries ranging from 83% to 92%.

Ariana's share of profits from Kiziltepe amounted to £1.8m in the year ended 31 December 2017 and £1.1m in 6 months to 30 June 2018. A profit (before tax) of £0.3m was recorded for H1 2018 with operating costs in line with reported forecasts.

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 and the Jibal Qutman project in Saudi Arabia.

During the year Kefi continued to progress development on the Tulu Kapi Gold Project in Ethiopia. Pre-development costs of approximately US$60m have been met and the Government of Ethiopia has committed US$20m to fund construction of off-site infrastructure during 2019 and 2020.

ANS Mining Share Company is committed to spending US$30-38m to be released in stages based on government consents and finance assurances. Numerous consents have been granted during the year including development, operational, environmental and social.

Construction is scheduled to begin in early 2019 with commissioning in the later parts of 2020. Production costs are estimated at approximately US$700/oz with all-in sustaining costs of around US$800/oz.

Portfolio review, *continued*

Interests in Gold exploration, continued

Greatland Gold plc (www.greatlandgold.com)

The AIM listed exploration company holds 100% of six exploration areas in Western Australia and Tasmania in Australia. Greatland Gold concentrated work on four of its project areas during the year and together with shares issues and warrant exercises the company is in a strong financial position holding more than £4,000,000 in cash for work on its exploration projects over the next 18-24 months.

Greatland continued to advance its exploration targets at Firetower in Tasmania and Ernest Giles in central Western Australia. Ernest Giles has an established target area, Meadows, which saw large scale mineralised zones drilled at closer spacing confirming gold mineralisation in basement greenstone lithologies. The drill programme extended two previously identified large zones of gold mineralisation, including the Western Zone which has been extended to a strike length of approximately 6.2km and remains open to the north, and the Eastern Zone with an extended strike length of approximately 2.5km. Broad zones of consistently anomalous gold were apparent in many holes for up to 40m metres down hole.

At Firetower a 3D induced polarisation (IP) geophysical survey was conducted producing excellent 3D models which highlight a large target, approximately 1,000 metres long, traversing east-west across the Firetower prospect, which is open to the east and up to depths of 400 metres. Significantly, the results illustrate the existing sub-surface gold mineralisation identified in drilling to date is spatially associated with the 3DIP chargeability anomaly.

Greatland also began work on recently acquired ground in the Paterson area of Western Australia. The first drilling campaign at Havieron, carried out in Q2 2018, yielded excellent results of 121m at 2.93g/t gold and 0.23% copper from 497m, including 11.5m at 21.23g/t gold and 0.67% copper from 568.5m (HAD001), and 21m at 3.79g/t gold 0.44% copper from 418m (HAD003). The company is currently conducting a second drill programme at Havieron, with plans for several more holes before end of 2018 and have already reported significant mineralisation visibly similar to that of HAD001, in the first hole of the current drilling campaign.

In June 2018, Greatland Gold embarked on the first exploration efforts at its Black Hills licence. Multiple gold nuggets were found at surface in thin sand cover, illustrating the presence of high-grade gold mineralization over a 200 metre strike length at the Saddle Reefs prospect. In addition to collecting pieces of gold, rock chip samples were taken over 800m of strike at the Saddle Reefs prospect. Eleven of 28 rock chip samples collected returned gold values over 10.0g/t gold with a maximum result of 81.7g/t Au, as well as high silver values up to 106.1g/t. The company then conducted a 3D IP survey over the mineralised zone of the Saddle Reefs area which produced a 1,000m long chargeability anomaly spatially co-incident with surface gold mineralisation. Drill testing of the resultant targets at Saddle Reefs is scheduled for H1 2019.

Cora Gold Limited (www.coragold.com)

Cora Gold is an AIM listed gold exploration company focussing on Southern and Western Mali and Eastern Senegal in West Africa. Their licence portfolio covers nearly 1,500km^2 of prospective ground across two of the most prolific gold belts in the region, Yanfolila and Kenieba, from where more than 65moz gold has been discovered over the last two decades.

During the year Cora Gold focused exploration work on its flagship Sanankoro project area, extending identified zones of gold mineralisation to 8km, with the remainder of a 14km long structural corridor as yet untested. Geological setting and the scale of the anomalies suggest the potential for a reasonably sized greenfield gold discovery at Sanankoro. The management team are aiming for a +1moz deposit and SRK Consulting confirmed an initial exploration target of between 1.0-2.0moz gold.

The mineralisation has been delineated to a depth of 100m most of which is hosted within soft weathered material. From surface weathered material ranges from around 50m to in excess of 100m in depth across the project area. The soft, weathered rock would potentially allow for open cut mining and milling, potentially providing a low cost source of ore to a processing plant.

Portfolio review, *continued*

Interests in Gold exploration, continued

Cora Gold Limited*, continued*

At Tekeledougou, a short reconnaissance drill programme intersected near surface gold mineralised quartz veins in weathered material. The company plans to follow up on targets to evaluate the potential for a low cost open pit mining operation with the potential to supply ore feed to the recently commissioned Yanfolila plant located 8km away and operated by Cora's major shareholder Hummingbird Resources.

A limited amount of work was completed over other licence areas including geological mapping, surface sampling and reconnaissance drilling. Extensive areas of present and historic artisanal mining works are apparent.

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 Mineral Resource is a diversified mineral exploration company focused on oil and gas, gold and base metals with holdings in Greenland (heavy minerals and copper), UK (oil and gas, gold) and Ireland (base metals).

The Company's UK oil and gas focus is on the Horse Hill-1 project where Alba hold an interest in the HHDL consortium developing the project, with a 10% stake in the project. During 2018 significant progress was made towards obtaining regulatory approvals for extending well tests. All planning conditions were satisfied and the Oil and Gas Authority (UK) granted permission for testing which commenced in June 2018. Test results were positive. The operator HHDL is targeting the start-up of long term Portland oil production during 2019 subject to the grant of necessary regulatory consents.

Alba also hold a 5% stake in the Brockham project in the Weald Basin and Angus Energy, the operator, announced in March 2018 that continuous production at no.2 well had resumed with planning approvals granted in August for appraisal of no.4 side-track well.

In December 2017 Alba acquired a 49% interest in Gold Mines of Wales (GMOW), owner of the Clogau Gold Project, and subsequently acquired a further 41% stake in GMOW bringing their total holding to 90%. The project comprises the Clogau Gold Mine and a number of highly prospective targets and former gold workings. Their 2018 work represents the first modern exploration campaign in the area and included surface geochemistry and geophysical surveys in order to establish new gold targets within the existing mine area. Work has already found potential extensions of mineralisation close to the existing mine workings.

Alba's Greenland activities saw a field programme completed across their Thule Black Sands ilmenite project, with mapping and drilling completed which refined zones of interest over approximately 10km of strike and some bulk sampling carried out for metallurgical test work. Copper targets have also been identified by field exploration activities at their Inglefield Project, with drill programme preparations underway.

Alba continued work on the Ireland base metal project extending tenure for a further two years. The company applied for drilling permissions on targets at Limerick and once approved the company intends to drill test one or more of these.

The Company raised over £1.5m (before expenses) during the year and two senior oil and gas appointments were made to bring additional expertise to the team.

Portfolio review, *continued*

Interests in energy, continued

Kuwait Energy plc (www.kuwaitenergy.co)

Kuwait Energy is an independent oil and gas company involved in exploration, appraisal, development and production of hydrocarbons in Iraq, Egypt, Yemen and Oman. Of the nine exploration, development and production assets held Kuwait Energy directly operates six.

The company reported average daily WI production for the half-year to end June 2018 at 28.7kboepd. At Block 9 in Iraq, Kuwait Energy saw the commencement of production from its 4th well, Faihaa-4, enabling record exit production on 30 June 2018 of approximately22 kboepd. Drilling of Faihaa-5 production well was completed and is expected to come online in tandem with the nearly complete Faihaa-6 before the end of 2018. Both new wells are expected to increase production at Block 9 to approximately 30 kboepd. At the Iraq Siba gas field pre-commissioning activities continued with commercial production of 25 mmscfd expected in H2 2018.

Kuwait Energy continued exploration on its Egypt ground with over 50% of completed exploration wells encountering oil, including a discovery at South Kheir-1X (SK-1X).

Kuwait Energy signed an Agreement with Dragon Oil in February 2018 for the transfer of a 15% participating interest in its Block 9 (Iraq) project. The Agreement composed of two different parts; a sale of 8.57% interest for US$100 million cash and a transfer of 6.43% interest as settlement of a dispute with Dragon Oil.

In September 2018 Kuwait Energy announced an agreement with United Energy Group Limited ("UEG") for the sale of its entire issued share capital. Under the terms of the acquisition the consideration comprises approximately US$490 million for all the current issued share capital of Kuwait Energy (on a fully diluted basis) which equates to approximately US$1.50 per share. The consideration is subject to foreign exchange adjustments and the price per share paid at completion may be more or less than US$1.50 per share.

Oracle Power plc (www.oraclepower.co.uk)

Over the last 12 months Oracle Power obtained a 'Letter of Intent' conditionally issued by Private Power Infrastructure Board ('PPIB') and continued work with Chinese partners under a Memorandum of Understanding (MOU). Pakistan elections saw an orderly transition of power and indications are that the new government remain in favour of the China-Pakistan Economic Corridor ("CPEC") initiative maintaining its momentum.

Oracle Power raised funds of £1,000,000 (gross) during the year in order to meet working capital costs while due diligence was continued by Chinese investment partners. The company acquired the minority interest in its subsidiary Sindh Carbon Energy Limited through the issue of 95,652,174 shares

In February 2018 the Company announced that the Private Power Infrastructure Board approved the issue of conditional Notice to Proceed ("NTP") and Letter of Intent ("LOI") to the Company's subsidiary, Thar Electricity (Private) Limited, subject to an increase in size of the power plant from 660 MW to 700 MW being approved within the CPEC. Once achieved, Oracle will seek approval to build, own and operate the 700MW power plant. Additional approvals will still be required, such as Environmental and Social Impact Assessments, and Electricity Tariff Petitions before a Generation Licence can be sought.

The parties to the MOU are still proceeding with financial, legal and commercial due diligence. On successful conclusion of this work the parties will move forward to the second phase of the project, drawing up definitive agreements and working towards financial close.

Interests Agricultural Products

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

Salt Lake Potash is the owner of the Goldfields Salt Lakes Project (GSLP), which comprises nine large salt lakes in the northern Goldfields Region of Western Australia. The Company's aim is to develop the first salt-lake brine Sulphate of Potash (SOP) operation in Australia, starting with a demonstration plant producing up to 50,000tpa of SOP.

Portfolio review, *continued*

Interests Agricultural Products, continued

Salt Lake Potash Limited, *continued*

The Company has made substantial progress during the year entering into Memorandums of Understanding (MOU) with Blackham Resources Limited (Blackham) and progressing with scoping studies and resource estimates, as well as obtaining its first Mining Lease at Lake Wells.

The MOU with Blackham is to investigate the potential development of a SOP operation based at Lake Way, near Wiluna. Under the MOU, Salt Lake Potash would construct an initial pond system to dewater Blackham's Williamson Pit offering a shorter development time due to the pits very high grade and salt saturation.

Salt Lake Potash also entered into a MOU and Co-operation Agreement with Australian Potash Limited to undertake a joint study of the potential benefits of development cost sharing for each Company's projects at Lake Wells.

The Company executed its first MOU for an Offtake Agreement with Japan based Mitsubishi Corp. for the sale and offtake rights for up to 50% of production from the demonstration plant at the GSLP for distribution into Asia and Oceania and, potentially, other markets.

Salt Lake Potash released an initial estimate of Exploration Targets for eight of the nine lakes comprising the GSLP. The ninth lake, Lake Wells, already having a Mineral Resource reported in accordance with the JORC code. The total "stored" Exploration Target for the GSLP is 290Mt – 458Mt SOP with an average grade of 4.4 – 7.1kg/m3 (including Lake Wells' Mineral Resource of 80-85Mt). On a "drainable" basis the total Exploration Target ranges from 26Mt – 153Mt of SOP.

The Company completed a Scoping Study on the development of a 50,000tpa SOP Demonstration Plant at Lake Way that supports a low capex, highly profitable, staged development model with total capital costs of approximately A$49m and average cash operating costs of approximately A$387/t. The Company's objective is to commence construction in 2018, harvesting first salts in 2019, and producing first SOP in 2020. Pilot scale crystalliser validation testwork was completed in the United States, successfully producing high quality SOP crystals representative of full-scale plant product.

Surface aquifer exploration programs were completed at Lake Ballard and Lake Irwin. This work provided preliminary data for the geological and hydrological models for surface aquifers of the Lakes, as well as brine, geological and geotechnical samples. The Company undertook initial surface brine sampling of the near surface aquifer and reconnaissance of access and infrastructure at all remaining Lakes held under the GSLP.

Salt Lake Potash intends to progress with a PFS for the Lake Way plant; and continue with other exploration and development work across the Company's multi lake portfolio.

Sunrise Resources plc (www.sunriseresourcesplc.com)

Sunrise Resources interests lie in Nevada (USA) and Australia with commodities including precious and base metals as well as industrial minerals.

The company is currently focusing on the development of its 100% owned CS Pozzolan-Perlite project in Nevada USA. First production is targeted for the first half of 2019. During 2018 a drill programme was completed to better define mineralisation of commercial interest and assist in the preparation of mine plans.

Pozzolan was intersected from surface of bedrock, directly beneath shallow colluvium at the Main Zone and Tuff Zone prospects and in step out holes. Thick perlite intersections were encountered at Main Zone. Results of testwork on three composite samples of pozzolan show that the product mitigates the impact of "concrete cancer" and places it amongst the best natural pozzolans available on the market. Perlite test results support multiple market applications including horticulture, tiles, plaster and mortar. Permitting work continued during the year, with the US Bureau of Land Management appointing an interdisciplinary project permitting team for the project.

Portfolio review, *continued*

Interests Agricultural Products

Sunrise Resources plc, *continued*

Sunrise Resources signed two non-binding Memorandums of Understanding with potential customers in respect of future sales for perlite from the CS Project. The parties will negotiate Offtake Agreements subject to satisfactory testing results and other commercial terms.

The JV Junction Copper-Silver-Gold Project saw surface exploration and gravity surveys completed. A large gravity anomaly at Denio Summit suggests there is potential for down dip copper-silver veins. Further exploration, including an IP geophysical survey and airborne magnetic and radiometric survey, have commenced with the aim of generating robust targets for a first-pass drill programme.

A 1.5km trend of surface showings of copper-silver-gold quartz veins and pegmatites has been reported. A potassium depletion anomaly approximately 800m long has been defined by airborne magnetic and radiometric survey coincident with the soil anomaly (gold enrichment in 86 soil samples on 10 lines covering 1km of the surface trend of showings), and coincident with an interior low in the gravity high anomaly at the Denio Summit target.

The 100% owned Bakers Gold Project in Western Australia has had mapping and chip sampling of gold bearing quartz-stockwork veins in the Dicky Lee open pit; gold values averaged 1.7 g/t Au and peaked at 32.1g/t Au. Infill soil sampling at DRL4 target confirms 500m long gold-in-soil anomaly.

The company raised over £500,000 (before expenses) through share issues during the year.

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 – 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.

Anthony CR Scutt – Non-Executive Director

Tony is a qualified Chartered Secretary and a Certified Internal Auditor with the US Institute of Internal Auditors. He has over 30 years of financial management experience and has worked in many parts of the world including Asia and Africa and latterly as the Chief Internal Auditor of Shell UK. Tony is also former Chairman of Oracle Power Plc (LON:ORCP).

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 4.

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' & Strategic reports.

Finance Review

Over the past 12 months the Company recorded a loss of £316,242, equating to a loss of 0.60 pence per share with net cash outflow for the year of £278,933. This compares to a profit of £302,329 in the previous year that equated to a profit of 0.64 pence per share. The Company's cash deposits stood at £153,849 at the period end.

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, 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

Callum Baxter
Chairman and Chief Executive
19th November 2018
Company registration number: 03981468

Directors' report

The Directors present their eighteenth annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2018.

Results and dividends

The Company's results are set out in the income statement on page 30. The audited financial statements for the year ended 30 September 2018 are set out on pages 30 to 43.

The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Directors

The Directors who served during the year are as follows:

- Callum N Baxter
- Gemma Cryan
- John Watkins – resigned 8 May 2018
- Anthony CR Scutt – appointed 8 May 2018

Substantial shareholdings

At the close of business on 30 September 2018, 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	12,670,000	23.48%
Hargreaves Lansdown (Nominees) Limited	5,451,849	10.10%
Rock (Nominees) Limited (of which 4,552,014 representing 8.4% are beneficially owned by Callum N Baxter)	5,423,466	10.05%
Barclays Direct Investing Nominees Limited	4,841,697	8.97%
Interactive Investor Services Nominees Limited	4,111,417	7.62%
HALB Nominees Limited	1,658,500	3.07%

Charitable and political donations

During the year there were no charitable or political contributions (2017: £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 2018, the Company's trade creditors were equal to costs incurred in 40 days (2017: 55 days).

Events after the end of the Reporting Period

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

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.

Directors' report, *continued*

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 continuation of the Company's formal overdraft facility was last confirmed by the bank in early 2018.

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, which has been confirmed within the cash flow forecast prepared by the Board for the 12 months ending 30 November 2019. 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. In January 2017, £50,000 of this loan was satisfied by the issue of 2,500,000 new Ordinary shares 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.

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.

Directors' report, *continued*

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 and in Note 19 to the financial statements.

Borrowing facilities

As at 30 September 2018, the Company had an overdraft facility of £100,000 arranged with its bankers (2017: £100,000) secured on certain investments with a market value at 30 September 2018 of £467,000. The overdraft facility is renewable annually with the next review due in March 2019.

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

Callum Baxter

Chairman and Chief Executive
19th November 2018

Company registration number: 03981468

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.

Corporate governance statement

The board of Starvest plc are committed to the principles of good corporate governance and believe in the importance and value of robust corporate governance and in our accountability to our shareholders and stakeholders.

The AIM Rules for companies, updated in early 2018, required AIM companies to apply a recognised corporate governance code from 28 September 2018. Starvest has chosen to adhere to the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") and listed below are the 10 broad principles of the QCA Code and the Company's disclosure with respect to each point.

The board recognises the importance of good governance, agrees to the principles set out in the QCA Code, and is compliant with the vast majority of the QCA Code. However, the Company does not achieve full compliance with the QCA Code; specifically, Principles 5 and 7. The areas of non-compliance will be readily addressed as the Company grows and additional members are added to the board.

The board recognises that it is non-compliant with Principle 5 where the QCA Code recommends that the Chairman and CEO positions are separate roles, and at least two directors are independent. The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors. At the present time Starvest has one independent, non-executive director, Mr. Anthony Scutt and Mr. Callum Baxter is joint Chairman and CEO. The board believes, at this time in the Company's development and with respect to the Company's size and goals of achieving good shareholder value through preserving cash for investment opportunities, that the positions within the board are sufficient to carry out good corporate governance with a balanced approach to decisions. As the Company grows this matter will be reviewed and addressed with the goal of appointing additional board members and separating the Chairman and CEO roles.

The board recognises that it does not fully comply with Principle 7 in that Starvest currently does not have formal evaluation procedures for individual board members, but the board recognises that a formal evaluation process may become necessary in the near future.

QCA CODE:

1: Establish a strategy and business model promoting long-term value for shareholders:

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 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.

Direct Project: The Company's investing policy is to hold shares in companies. However, the Company believes there may be opportunities to acquire shares in companies on favourable terms by taking a direct interest in mining projects and using these projects as consideration for shares in such companies; those companies would therefore become Starvest investee companies. The projects will be operated by the investee company; Starvest will not manage any project. Prior to selling any projects to corporate entities, Starvest may therefore have an interest in a number of projects.

Investment size: Initial investments are for varying amounts but usually up to£100,000. These companies are invariably not generating cash, 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.

Corporate governance statement, *continued*

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 the companies in which it invests, although directors of the Company are also directors on the boards of other investee companies. Callum Baxter, Chairman/CEO, is also an Executive Director of one such company.

2: Seek to understand and meet shareholder needs and expectations

The Board recognises that it is accountable to Shareholders for the performance and activities of the Company and to this end is committed to providing effective communication with the Shareholders of the Company.

Unpublished price sensitive information is disclosed in as timely a manner as possible and within regulatory requirements for disclosure via Regulatory News Services through the stock exchange.

Significant developments of investee companies are disseminated through stock exchange announcements and by regularly updating the Company's website, where descriptions of the investee company projects are available and updated quarterly or whenever there is a significant event. In addition, copies of any third party comment are available.

The Board views the Annual General Meeting as an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance. Previous shareholder engagements at AGMs and other functions have been productive with many questions answered by the board. During other times of the year shareholder contact is primary through the executive directors at investor events and via the company's email: info@starvest.co.uk. Shareholder comments or issues are disseminated to the board and taken into account when reviewing the performance and development of the Company.

The Board, through the Executive Chairman, the Executive Director and the Non-executive Director, also maintains regular contact with its advisors in order to ensure that the Board develops an understanding of the views of major Shareholders about the Company. The main point of shareholder contact is the Chairman/CEO Mr Callum Baxter and other executive director Ms Gemma Cryan who are contactable via email at info@starvest.co.uk, by telephone +44 (0)2077 696 876, or in writing to the following address; Starvest plc 33 St.James's Square London UK SW1Y 4JS

Corporate governance statement, *continued*

3: Take in to account wider stakeholder and social responsibilities and their implications for long-term success.

The Board recognises that the success of the Company is reliant on the stakeholders of the business and, to this effect, the Company engages with these stakeholder groups, both internal and external on a regular basis.

The Company's strategy to investment immediately prior to an initial public offering, on AIM or NEX dictates that we foster good relationships with broking firms, other professional service providers to the natural resource industry and members of mining and exploration companies in order to keep abreast of potential investment opportunities.

The company engages with numerous established broking firms and a network of professionals within the natural resource industry to keep abreast of new companies and investment opportunities becoming available. The company deals only with ethically sound entities and, as such, reduces any risk to investment capital by unethical business practices.

Investee companies and potential investee companies are reviewed with respect to country and community commitments to social and environmental responsibility. It is the company's belief that a good CSR (corporate social responsibility) policy enhances an investee company's standing and thus progress of a project/resource on a local, regional and government scale.

Investment by the Company in resource projects generally brings positive benefits to local communities who gain from employment, improved infrastructure and access to health facilities.

4: Embed effective risk management, considering both opportunities and threats throughout the organisation

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.

Through the board's collective industry experience and thorough research and investigation into potential investments, including but not limited to: geological setting, board and management experience, financial plans, jurisdictional risk and market conditions both current and forecast; we strive to minimise the inherent risks yet still avail of opportunities that will deliver good returns on investment capital in the medium to long term. The Company maintains an Audit Committee and Remuneration Committee with each reporting directly to the Board. Each Committee comprises one Executive Director and one Non-Executive Director.

The Company maintains a risk register that identifies key risks in the areas of corporate strategy, and finances as well as a comprehensive register for assessing investment opportunities. The register is reviewed periodically and updated as and when necessary. If there are any significant changes to the trading environment then the register is reviewed and updated as required.

Within the scope of the annual audit, specific financial risks are evaluated in detail, including in relation to foreign currency, liquidity and credit.

5: Maintain the board as a well-functioning, balanced team led by the chair

Information on the company board members is available on the following website page as well as in the company's annual reports and accounts disclosures.

http://www.starvest.co.uk/board/

Board of Directors

The Board of Directors currently comprises three Directors, two of whom are Executive Directors; of these, one is Executive Chairman and Chief Executive. There is one Independent Non-executive.

Corporate governance statement, *continued*

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties; executive Directors commit a minimum of twenty hours per week, with periods where this is increased considerably, such as mid-term and end of year reporting periods as well as times when investment transactions are being undertaken. Non-executive directors are expected to commit at least one hour per week to the company and, as with the executive team, are likely to exceed this many times throughout any twelve month period.

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director; through various activities including but not limited to: researching and reviewing potential investments, shareholder engagement, stakeholder engagement, administrative and accounting tasks, monitoring of market conditions and investee company activities.

Responsibilities of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

Executive Chairman

The Board acknowledges that, in having an Executive Chairman who is also the Chief Executive Officer, best practice, as stated in the listing rules of the Financial Services Authority applicable to the main market, is not being followed. However, it is the opinion of the Board as a whole that the current arrangements are appropriate to the Company at this stage of development. The board feels that, given the experience of the directors and their current practice to preserve capital for investment opportunities, combining the roles of Chairman and CEO is justifiable at present; but is kept under regular review by the board.

Board meetings

All Directors are required to attend board and board committee meetings, every quarter at a minimum throughout the year and to be available at other times as required for face-to-face and telephone meetings. Board meetings are led by the Chair and follow an agenda that is circulated prior to the meeting. Every board meeting is minuted and every Director is aware of the right to have any concerns minuted and to seek independent advice at the Company's expense where appropriate.

The Board meets regularly throughout the year.

Board member attendance during the financial year to 30 September 2018:

Position	Member	AGM attendance	No. of board meetings	Attended
Chairman/CEO	C Baxter	Yes	6	6
Executive Director	G Cryan	Yes	6	6
Non-Executive Director	J Watkins	Yes	4	2
Non-Executive Director	A Scutt	N/A	2	2

Board committees

The Board has established an Audit committee and separate Remuneration Committee. There is no Nominations Committee as it is not seen relevant to the company at this stage of development.

6: Ensure that between them directors have the necessary up-to-date experience, skills and capabilities.

Information on the company board members is available on the following website page as well as in the company's annual reports and accounts disclosures.

http://www.starvest.co.uk/board/

Directors

The Directors are of the opinion that the Board comprises a suitable balance. Current board members range in age from early 40's to mid-70's and is well balanced with both male and female members. The board offers a range of backgrounds, experience and traits which when combined function well in delivering the Company's strategy.

All Directors have access to the advice of the Company's solicitors and the Company Secretary; necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Callum Baxter's active background in the mining industry (exploration geology) for more than 25 years and taking companies through the IPO process, as well as personal experience in investing in the natural resource sector, allows for an in-depth knowledge of the challenges potential investee companies face when progressing a company towards expansion and/or public listing. Callum also has a wide range of connections in the natural resource sector and supporting companies (e.g. brokering firms NOMADs, corporate finance) from which to draw information on potential investments. His skill set allows seasoned evaluation of the investment opportunities presented to the Company before an informed decision is made. Callum regularly attends conferences and meetings to keep fully abreast of the sector.

Gemma Cryan's background in oil and gas and mineral exploration, both in the field and office environment, in numerous countries, allows her to draw on personal experience and professional connections for information on potential investments as well as the ability to review projects from a geological and corporate prospective with regards to risk management. Her administrative and interpersonal skills are applied to corporate matters and seeking investment opportunities. Gemma regularly attends sector meetings and conferences and participates in courses on both technical and corporate matters.

Anthony Scutt's background in accounting and auditing within the natural resource sector brings with it an excellent ability to review company financials and projections. His years in the London market bring a wealth of personal and professional connections within the industry and a depth of knowledge on historic performance of companies, management teams and commodity cycles. Tony regularly attends conferences and meeting to keep abreast of activities and companies in the sector.

The directors remain active in their relevant sectors allowing them to keep their skills up to date. These activities are strengthened by directors' regular attendance at relevant industry conferences and workshops throughout the year assisting directors to keep their skills aligned to current industry standards.

All directors, jointly or independently, have access to the Company's solicitor for external advice should they so choose. The Company Secretary role is managed by the Company's solicitor. Issues of compliance to government or government body regulations and requirements are brought to the boards attention as necessary and advise is provided on methods required to comply fully. Matters arising with service contracts or agreements and general Company administration are also referred to the Company's solicitor and secretary for review and/or comment.

The Company's Non-Executive Director is considered an Independent Director. Mr Scutt has no ties to the major shareholders of the Company or any significant personal investment in investee companies; as such the board considers his input, advice and support on the running of the Company and investment opportunities that arise as independent.

Corporate governance statement, *continued*

7: Evaluate board performance based on clear and relevant objectives seeking continuous improvement.

The board evaluates its performance effectiveness based on reviews carried out at every board meeting where a critical review is carried out and performance objectives are benchmarked against current market dynamics.

During the year these critical reviews showed the Company had made significant progress and results were presented to shareholders at the most recent AGM.

The Company does not currently have a formal evaluation procedure for individual board members. Board members are able to communicate effectively, and members are actively encouraged to participate in continuing professional development (CPD). The directors remain active in their relevant sectors allowing them to keep their skills up to date. These activities are strengthened by directors' regular attendance at relevant industry conferences and workshops throughout the year assisting directors to keep their skills aligned to current industry standards.

Board committees: The Company has a Remuneration Committee and Audit Committee. Each committee reviews relevant remuneration and audit matters and provides recommendations to the board as a whole. Each Committee meets several times per year as required. Committee matters are minuted and items recommended to the board are recorded in Minutes of meeting of the Board; significant events and matters are announced to market in a timely fashion and noted in each Annual Report.

8: Promote a corporate culture that is based on ethical values and behaviours

Ethical decision making

In accordance with the engagement contracts board members enter into on joining Starvest, professional and personal ethics are expected to be maintained to a high standard with any misconduct subject to termination of their position. Requirements include maintaining high standards of business conduct; and acting fairly as between the members of the Company.

Confidentiality

In accordance with legal requirements and agreed ethical standards, the Directors have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated. The Company employs no other staff, although the accounting function is delegated to a suitably qualified professional accountant.

Bribery

In accordance with the provisions of the Bribery Act, all Directors have been informed and have acknowledged that it is an offence under the Act to engage in any form of bribery. The Company has an anti-bribery and whistleblowing policy in force.

9: Maintain governance structure and processes that are fit for purpose and support good decision-making by the board.

The Chairman's role is to communicate the strategy of the board to shareholders of the Company. This role of the CEO is to ensure the implementation and execution of the board's strategy. These roles are largely combined in the case of Starvest plc which is considered reasonable for a Company at this stage of development. The Chairman/CEO is assisted in these duties by an Executive Director. Each Executive Director is charged with communication with shareholders.

The existing Governance structures and Corporate Cultures are appropriate to the current size of the Company and adequate to address its capacity, appetite and tolerance for risk.

The Company currently has a Remuneration Committee and an Audit Committee. Relevant matters are considered by each committee and recommendations are taken to the full board. Each committee meets several times per year as required.

Corporate governance statement, *continued*

Matters reserved for the board are those directly related to implementing the Company's strategy. Good financial management is a high priority and reviewed frequently. Market dynamics are monitored daily and long term planning is key to delivering sound result.

The board is constantly monitoring its state of affairs and intends to expand the board when the Company sufficiently increases in size. Evolution of the Company's governance framework will follow growth and board expansion

10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises that it is accountable to Shareholders for the performance and activities of the Company and to this end is committed to providing effective communication with the Shareholders of the Company.

Significant developments are disseminated through stock exchange announcements and regular updates of the Company website where descriptions of the investee company projects are available and updated quarterly or whenever there is a significant event. In addition, copies of any third party comment are available.

The Board views the Annual General Meeting as an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance.

Outcomes of Audit Committee reports and Remuneration Committee reports are summarised in each Annual Report.

Historic annual reports and other governance-related material, including notices of all general meetings over the last 5 years can be found here:

http://www.starvest.co.uk/announcements/

http://www.starvest.co.uk/financial-results/

By order of the Board

Callum Baxter
Chairman and Chief Executive
19th November 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC

OPINION

We have audited the financial statements of Starvest plc (the 'Company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and UK Generally Accepted Accounting Standards (UK GAAP).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of the Company's profits for the year then ended;
- the Company financial statements have been properly prepared in accordance with UK GAAP;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

CARRYING VALUE OF TRADE INVESTMENTS

The Company's Trade Investment assets ('Trade assets') represent the most significant asset on its statement of financial position totalling £1.49m as at 30 September 2018, of which unlisted investments represented £0.12m of the total Trade assets.

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

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

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

How the Matter was addressed in the Audit

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

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

We also reviewed Stock Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment.

We also assessed the disclosures included in the financial statements and our results found the carrying value for Trade assets to be acceptable.

MATERIALITY

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the financial statements as a whole to be £37,000, based on a 2.5% percentage consideration of the total assets and 10% consideration of the loss for the year.

OTHER INFORMATION

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

USE OF OUR REPORT

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.

Keith Fulton
(Senior Statutory Auditor)
For and on behalf of Chapman Davis LLP, Statutory Auditor
London
Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).
19th November 2018

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	Year ended 30 September 2018 £	Year ended 30 September 2017 £
Revenue		**-**	526,595
Cost of sales		**-**	(266,466)
Gross profit		**-**	260,129
Administrative expenses		**(250,147)**	(274,506)
Amounts written off against trade investments	**11**	**(686,932)**	(277,277)
Amounts written back against trade investments	**11**	**615,008**	588,398
Operating (loss)/profit	**5**	**(322,071)**	296,744
Interest receivable	**6**	**5,829**	5,585
(Loss)/profit on ordinary activities before tax		**(316,242)**	302,329
Tax on (loss)/profit on ordinary activities	**8**	**-**	-
(Loss)/profit for the financial year attributable to Equity holders of the Company		**(316,242)**	302,329
(Loss)/earnings per ordinary share			
Basic	**9**	**(0.60) pence**	0.64 pence
Diluted	**9**	**(0.51) pence**	0.54 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.

STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2018

	Note	Year ended 30 September 2018 £	Year ended 30 September 2017 £
Current assets			
Trade and other receivables	**10**	**55,992**	29,589
Trade investments	**11**	**1,498,059**	1,519,983
Cash and cash equivalents		**153,849**	432,782
Total current assets		**1,707,900**	1,982,354
Current liabilities			
Trade and other payables	**12**	**(119,401)**	(101,613)
Total current liabilities		**(119,401)**	(101,613)
Net current assets		**1,588,499**	1,880,741
Capital and reserves			
Called up share capital	**13**	**539,649**	528,982
Share premium account		**1,654,209**	1,640,876
Retained earnings		**(607,859)**	(291,617)
Equity reserve		**2,500**	2,500
Total equity shareholders' funds		**1,588,499**	1,880,741

These financial statements were approved and authorised for issue by the Board of Directors on 19th November 2018.

Signed on behalf of the Board of Directors

Callum N Baxter
Chairman and Chief Executive

Gemma M Cryan
Executive Director

Company No. 03981468

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital £	Share premium £	Equity reserve £	Retained earnings £	Total Equity attributable to shareholders £
At 1 October 2016	396,185	1,514,673	5,000	(593,946)	1,321,912
Profit for the period	-	-	-	302,329	302,329
Total recognised income and expenses for the period	-	-	-	302,329	302,329
Shares issued	132,797	133,703	-	-	266,500
Cost of issue	-	(7,500)	-	-	(7,500)
Equity component of convertible loan	-	-	(2,500)	-	(2,500)
Total contributions by and distributions to owners	132,797	126,203	(2,500)	-	256,500
At 30 September 2017	**528,982**	**1,640,876**	**2,500**	**(291,617)**	**1,880,741**
Loss for the period	-	-	-	(316,242)	(316,242)
Total recognised income and expenses for the period	-	-	-	(316,242)	(316,242)
Shares issued	10,667	13,333	-	-	24,000
Cost of issue	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-
Total contributions by and distributions to owners	10,667	13,333	-	-	24,000
At 30 September 2018	**539,649**	**1,654,209**	**2,500**	**(607,859)**	**1,588,499**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	30 September 2018 £	30 September 2017 £
Cash flows from operating activities			
Operating (loss)/profit		**(322,071)**	296,744
Net interest receivable		**5,829**	5,585
Share based payment charge		**24,000**	46,500
(Increase)/decrease in debtors		**(26,403)**	42,078
Increase in creditors		**17,788**	16,886
Net cash used in operating activities		**(300,857)**	407,793
Cash flows from investing activities			
Purchase of current asset investments	**11**	**(50,000)**	(100,000)
Sale of current asset investments		**-**	523,883
Profit on sale of current asset investments		**-**	(260,129)
Increase in investment provisions		**686,932**	277,277
Decrease in investment provisions		**(615,008)**	(588,398)
Net cash used in investing activities		**21,924**	(147,367)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	170,000
Transaction costs of issue of shares		**-**	(7,500)
Net cash flows from financing activities		**-**	162,500
Net (decrease)/increase in cash and cash equivalents		**(278,933)**	422,926
Cash and cash equivalents at beginning of period		**432,782**	9,856
Cash and cash equivalents at end of year	**15**	**153,849**	432,782

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Company Information

Starvest plc is a Public Limited Company incorporated in England & Wales. The registered office is Salisbury House, London Wall, London, EC2M 5PS. 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 19th November 2018 and signed on their behalf by Callum Baxter and Gemma Cryan.

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.

Going concern
The Company's day to day financing is via cash at bank, the use of short term loans and, on occasion, may utilise a bank overdraft facility. The Company's formal overdraft facility was last confirmed by the bank in early 2018.

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, which has been confirmed within the cash flow forecast prepared by the Board for the 12 months ending 30 November 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 of a recent buyout offer for the company. 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 2018, these provisions totalled £142,000 (2017: £143,000).

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 the income statement 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 the income statement 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 the income statement.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 2018 was £nil (2017: £526,595).

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

	Year ended 30 September 2018 £	**Year ended 30 September 2017 £**
This is stated after charging:		
Auditor's remuneration		
- audit services	**14,400**	14,400
- other services	**-**	-
Director's emoluments – note 7	**137,035**	128,500

6. Interest receivable

	Year ended 30 September 2018 £	Year ended 30 September 2017 £
Bank interest receivable	**329**	85
Interest on short term loans to related parties	**5,500**	5,500
	5,829	5,585

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 2018	**Fees £**	**Pension £**	**Amounts paid to third parties – see note £**	**Shares issued in lieu of fees – see note £**	**Total £**
C Baxter	**4,000**	**-**	**57,000**	**19,000**	**80,000**
J Watkins (resigned 8 May 2018)	**6,044**	**-**	**6,044**	**-**	**12,088**
G Cryan	**20,000**	**200**	**15,000**	**5,000**	**40,200**
ACR Scutt (appointed 8 May 2018)	**4,747**	**-**	**-**	**-**	**4,747**
	34,791	**200**	**78,044**	**24,000**	**137,035**

Year ended 30 September 2017	Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
C Baxter	3,000	-	57,000	20,000	80,000
J Watkins	9,000	-	14,000	9,000	32,000
G Cryan	7,000	-	6,500	3,000	16,500
	19,000	-	77,500	32,000	128,500

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, £76,000 (2017: £77,000) is payable to Baxter Geological, a company of which he is a director and shareholder. Of this amount, £19,000 was settled in shares in the Company. At 30 September 2018, £19,000 (2017: £19,000) was outstanding.
- In respect of the professional services of John Watkins, FCA, £6,044 (2017: £23,000) of the above remuneration was payable through his personal business. At 30 September 2018, £nil (2017: £2,500) was outstanding.
- In respect of the professional services of Gemma Cryan, £20,000 (2017: £9,500) was payable to her personal business. Of this amount £5,000 was settled in shares in the Company. At 30 September 2018 £5,000 (2017: £2,500) remained outstanding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

8. Income Taxes

a) Analysis of charge in the period

	Year ended 30 September 2018	**Year ended 30 September 2017**
	£	**£**
United Kingdom corporation tax at 19% (2017: 19/20%)	-	-
Deferred taxation	-	-
	-	-

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 19% (2017: 19/20%). The differences are explained below:

	Year ended 30 September 2018	**Year ended 30 September 2017**
	£	**£**
(Loss)/profit on ordinary activities before tax	(316,242)	302,329
(Loss)/profit multiplied by standard rate of tax	(60,086)	59,710
Effects of:		
Utilised against carried forward losses	-	(59,710)
Losses carried forward not recognised as deferred tax assets	60,086	-
	-	-

9. (Loss)/Earnings Per Share

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

	Year ended 30 September 2018 £	Year ended 30 September 2017 £
(Loss)/profit for the year	**(316,242)**	302,329
Weighted average number of Ordinary shares of £0.01 in issue	**53,012,136**	47,287,952
(Loss)/profit per share – basic	**(0.60) pence**	0.64 pence
Warrants in issue	**8,500,000**	8,500,000
Weighted average number of Diluted Ordinary shares of £0.01 in issue	**61,512,136**	55,787,952
(Loss)/profit per share – diluted	**(0.51) pence**	0.54 pence

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. Trade and Other Receivables

	Year ended 30 September 2018 £	Year ended 30 September 2017 £
Prepayments	**55,992**	29,589
Short term loans to related parties	**-**	-
	55,992	29,589

Short term loans to related parties

- At 30 September 2018 loans to Equity Resources ltd ("EQR") totalling £20,000 remain 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 2018, loans totalling £27,500 advanced to Block Energy plc ("BEP") (formerly Goldcrest Resources plc ("GCRP")) at 20% pa interest in order to assist BEP in funding its necessary operational costs prior to its now completed AIM listing remain unpaid. Interest totalling £17,153 has been accrued on these loans at the year end. However, the Company has made a full provision for these loans & interest charges, totalling £44,653.

11. Current Trade Investments

	30 September 2018 £	30 September 2017 £
Cost		
At 30 September 2017 & 2016	**5,522,574**	5,686,328
Additions at cost	**50,000**	100,000
Disposals	**-**	(263,754)
At 30 September 2018 & 2017	**5,572,574**	5,522,574
Market value movement & provisions		
At 30 September 2017 & 2016	**4,002,591**	4,313,712
Released during the year	**(615,008)**	(588,398)
Provided during the year	**686,932**	277,277
At 30 September 2018 & 2017	**4,074,515**	4,002,591
Fair value amount		
At 30 September 2018 & 2017	**1,498,059**	1,519,983

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

Quoted on AIM	**1,373,783**	1,370,565
Quoted on NEX	**7,366**	10,692
Quoted on foreign stock exchanges	**367**	1,782
Unquoted at Directors' valuation	**116,543**	136,944
	1,498,059	1,519,983

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. Current Trade Investments, *continued*

The Company has holdings in the companies described in the review of portfolio on pages 6 to 13. 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 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%	£3,045	(£31,823)	31 May 2017

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.

The Company's share of the gross assets of its Associates at 30 September 2018 is £865. 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 2018 £	30 September 2017 £
Trade creditors	**20,791**	33,243
Accruals	**42,317**	20,870
Employment costs	**8,793**	-
Loans	**47,500**	47,500
	119,401	101,613

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 £467,074.

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. 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. In September 2017 the Company agreed with Mr Rowan to extend the existing loan term to 1 November 2018. The terms of this loan are currently being re-negotiated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

13. Share Capital

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

Called up, allotted, issued and fully paid

	Number of Shares	£
As at 30 September 2016	**39,618,446**	**396,185**
Issued 17 October 2016 in lieu of fees	**725,000**	**7,250**
Issued 5 January 2017 on conversion of loan	**2,500,000**	**25,000**
Issued 5 January 2017 in lieu of fees	**800,000**	**8,000**
Issued 11 May 2017 for cash placing	**8,500,000**	**85,000**
Issued 17 May 2017 in lieu of fees	**754,717**	**7,547**
As at 30 September 2017	**52,898,163**	**528,982**
Issued 22 August 2018 in lieu of fees	**1,066,666**	**10,667**
As at 30 September 2018	**53,964,829**	**539,649**

Share Warrants

On 11 May 2017, as part of the Placing, the Company issued 8,500,000 warrants to subscribe for new Ordinary Shares in Starvest at an exercise price of 4.0p per warrant, within a 24 month exercise period. As at 30 September 2018, 8,500,000 warrants remain outstanding (2017: 8,500,000).

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 2018 no new options were granted.

15. Cash and Cash Equivalents

	Year ended 30 September 2017 £	Cash flow £	**Year ended 30 September 2018 £**
Cash at bank	432,782	(278,933)	153,849
Net cash and cash equivalents	432,782	(278,933)	153,849

16. Capital Commitments

As at 30 September 2018 and 30 September 2017, 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 2018 (2017: £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 £137,035 (2017: £128,500).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 2018, these loans included £64,653 (2017: £59,153) which have been provided for in full.

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 2018	Year ended 30 September 2017
	£	£
Financial assets		
Trade investments	1,498,059	1,519,983
Loans and receivables	55,992	29,589
	1,554,051	1,549,572
Financial liabilities		
Loans and payables	119,401	101,613
	119,401	101,613

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

21. Events After the End of the Reporting Period
There are no events after the end of the reporting period to disclose.

22. Ultimate controlling party
There is no ultimate controlling party.