



Company No. 03981468

Starvest plc

Report and Financial Statements

For the Year Ended 30 September 2020

Starvest plc
2020 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
Mark J Badros – 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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Chairman's Statement

I am pleased to present my annual statement to Shareholders for the year ended 30 September 2020 and the twentieth since the Company was formed in 2000.

It is however with sadness that I and my colleagues acknowledge the passing of former Chairman Bruce Rowan. Bruce joined the board in late 2001 and brought his own unique style and personality to the company and proceedings during his 14-year tenure. His encouragement and belief in fledgling natural resource companies allowed many to succeed while also providing returns for our shareholders. Our condolences go to his family and friends.

Results for the year

After a relatively quiet start to our fiscal year during the fourth quarter of calendar 2019, the economic shock of the global pandemic and investors' desire for traditional safe-haven assets boosted precious metals stocks and certain other natural resources companies. In this environment, the strategy we have pursued for several years to focus on investments in gold producers has proven to be rewarding for our shareholders. Our investment portfolio appreciated 829% in the year to 30 September 2020 to £17.8 million. Our market capitalisation and, in turn, our share price gained approximately 700% over this same period, although our shares continued to trade at a significant discount to net asset value. As at 31 Dec 2020 our Company's Net Asset Value had increased further to £31.4m compared to a Net Asset Value of £2.4m twelve months prior, a gain of more than 1,200% however we note that the value of the company's publicly traded investments have declined somewhat since then.

Greatland Gold plc (ticker: GGP), which is by far our largest investment, remained one of our best-performing investments for a third consecutive year due to its outstanding Havieron gold-copper discovery in Australia. Havieron's initial inferred resource of 4.2Moz gold equivalent* was announced in December 2020 and Greatland has continued to develop its Farm-In and Joint Venture deals with its major partner Newcrest Mining Ltd. Greatland's share price increased more than 1,000% in the twelve months to 30 Sept 2020 and has risen further since. Ariana Resources continues to meet and often exceed forecasted production and revenue at its 50/50 JV Kiziltepe mine. It is also achieving good progress at its Salinbas exploration property and new Cyprus assets. Cora Gold continued work on its Sanankoro project, expanding the known mineralisation along strike and at depth and developing the project with positive metallurgical and feasibility studies.

We believe that the long-term outlook for the gold price remains favourable and we remain committed to our strategy.

* GGP RNS dated 10 December 2020

Investing policy

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

Trading portfolio valuation

A brief review of the major portfolio companies follows from page 5. Other investee companies are listed on 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 historical reports and announcements are also available.

Callum N Baxter

Chairman and Chief Executive

9 February 2021

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Investing policy statement

About us

The previous Board managed the Company as an investment company since January 2002. Following the appointment of Callum Baxter as Chairman in 2015, the Board has continued to focus the Company's investment strategy on the natural resources sector.

Collectively, the current Board has significant experience investing in small-capitalisation new issues and pre-IPO opportunities in the natural resources and mineral exploration sectors.

Company objective

The Company was 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's investment mandate is not exclusively limited to natural resources, the Board sees this sector as having considerable growth potential in the medium term. Historically, investments were generally made immediately prior to an initial public offering on AIM or Aquis (formerly NEX) as well as in the aftermarket. As the nature of the public market has changed since 2008, it is more likely that the future investment portfolio will include companies that have completed an IPO but remain in the early stages of identifying or, with the appropriate financial backing, developing a commercial resource.

Direct Project: The Company invests predominantly through ownership of equity stakes in target companies. However, the Company believes there may be opportunities to take direct interests in mining projects and subsequently to acquire equity positions in target companies on favourable terms in exchange for these direct project interests. 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 approved by shareholders at the Company's annual general meeting held 1 December 2017.

Investment size: Initial investments are usually not greater than £100,000. Target companies are invariably not generating cash, but rather they have a constant need for additional funding 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 exceed £100,000.

High risk: The business is inherently high risk and cyclical, dependent upon fluctuations in world economic activity which affects the demand for minerals. However, the Company affords investors the opportunity to participate in diverse early-stage ventures, which the Board believes will offer the potential for significant returns for the foreseeable future.

Lack of liquidity: Shares of investee companies typically trade in small volumes, even if they are quoted on AIM, Aquis (formerly NEX), ASX, or TSX-V. Therefore, during the early phase following an investment, it is rarely possible to liquidate a position at the quoted market price so investors must remain patient until the investee company develops and ultimately attracts greater market interest. If and when an exploration company finds a large exploitable resource, it typically presents greater liquidity to patient investors as an acquisition target by a third party or as a much larger and more actively traded independent entity.

Success rate: Of the 15 to 20 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 portfolio 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, the Board intends to distribute up to half the profits realised.

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Investing policy statement, *continued*

Investing strategy, *continued*

Other matters: The Company currently has an investment in Equity Resources Limited, which itself is an investment company.

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

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Review of trading portfolio

Introduction

During the year to 30 September 2020, the portfolio comprised interests in the companies discussed below, as well as other active companies that are not discussed herein.

After a relatively quiet start to our fiscal year during the fourth quarter of calendar 2019, the economic shock of the global pandemic and investors' desire for traditional safe-haven assets boosted precious metals stocks and certain other natural resources companies. In this environment, the strategy we have pursued for several years to focus on investments in gold producers has proven to be rewarding for our shareholders. The value of our trading portfolio increased 829% over the twelve months to 30 September 2020. Including our cash position, our net asset value ("NAV") and NAV per share increased 698% and 673%, respectively, over the 12-month period to 30 September 2020. Following a gain of 722% in market capitalisation, the discount to NAV remained approximately constant at 42% compared to 44% year on year.

Transactions

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

The Company disposed of its full holdings in Marechale Capital and Salt Lake Potash during the year, along with a portion of its positions in Oracle Power and Ariana Resources.

Trading portfolio valuation

Greater investor interest in perceived safe-haven assets led to stronger returns for the natural resources sector generally and for precious metals producers in particular. Our strategy of focusing on producers of precious metals, especially gold, benefited handsomely, as did our progress in restructuring and streamlining the portfolio investments. Many of our investee companies have appreciated substantially, leading to a portfolio value increase of 750% in the 12 months to 30 September 2020.

Given the availability of actual trading prices for many of our portfolio assets, we value our holdings using closing market prices for the periods shown.

The Company's Net Asset Value increased during the year to 30 September 2020 to £17.95m and the Company made a profit before and after tax of £15,749,105 compared with a profit of £386,850 in 2019.

In addition, the Company believes it has a strong financial position as it has no outstanding debt and ensures additional financial flexibility and liquidity by maintaining a bank overdraft facility, currently unutilised. Starvest is well-positioned to benefit from further strength in the natural resources sector through its exposure to early-stage precious metal producers. We believe that worldwide economic growth and more affluent consumers will increasingly demand motor cars, air conditioning, consumer goods, computers and other items that require the development and exploitation of natural resources in order both to produce and power.

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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 2020 at Closing values	30 September 2019 at Closing values	Change %
• Trading portfolio value	£17.83 m	£1.92 m	+ 829%
• Company net asset value	£17.95 m	£2.25 m	+ 698%
• Net asset value per share	31.17 p	4.03 p	+ 673%
• Closing share price	18.00 p	2.25 p	+ 700%
• Share price discount to net asset value	42%	44%	2percentage points
• Market capitalisation	£10.36 m	£1.26 m	+ 722%

Since the year end values have improved significantly. As at the close of business on 31 December 2020 the Company's Net Asset Value was £31.38m.

Review of the current market

The end of calendar 2019 continued to be a relatively difficult market for natural resources. Following the worldwide economic slowdown caused by the emergence of the COVID-19 virus, investors' desire for traditional safe-haven assets boosted precious metals stocks and certain other natural resources companies. The price of gold increased from a low of US\$1,452 per troy ounce in November 2019 to a peak of US\$2,067 in August 2020 and has remained at elevated prices relative to the last decade. Copper, nickel and zinc also gained over the year, as has lead, following a dip in late summer.

Oil prices fell over the period with US oil prices diving to negative figures briefly in April 2020 for the first time in history as traders sought to offload excess physical inventories in a world largely shut down by COVID-19. The slow re-opening of economic activity and production cutbacks have caused prices to recover somewhat, although they remain below pre-pandemic levels.

Investors are demonstrating greater interest in the natural resources sector, as the market looks forward to economic growth and further government stimulus via major infrastructure projects.

While the natural resources sector appears to have brighter prospects, the relative dearth of recent investment in the exploration and production of world-class mines has shifted attention to smaller opportunities as junior explorers take advantage of opportunities to acquire and develop available targets and as majors seek to replenish diminishing reserves by looking more towards exploration and development of smaller deposits that are more viable due to the increase in metal prices.

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

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Portfolio review, *continued*

Our primary investments in companies include the following:

Greatland Gold plc (www.greatlandgold.com)

The AIM-listed exploration company holds six exploration projects, four in Western Australia and two in Tasmania. Greatland also has farm-in and joint venture agreements in place with its major partner Newcrest Mining Ltd.

Greatland carried out ground gravity and induced polarization (IP) geophysical surveying over its Havieron licence not operated by Newcrest Mining and, following a few months' delay due to COVID-19 restrictions, commenced drilling at the Scallywag target. Newcrest expanded the drill campaign at Havieron and continued with infill and step-out drilling with very successful results. A mining lease was also successfully obtained for the Havieron gold-copper deposit from the Western Australian Department of Mines, Industry Regulation and Safety ("DMIRS"). The Mining Lease covers the 12 block area within the Havieron licence (E45/4701) that is subject to the Farm-in Agreement between Greatland and Newcrest dated 12 March 2019. Newcrest aimed to release a resource estimate before calendar year end 2020.

Drilling was carried out at the Saddle Reefs target on the Black Hills licence. Results confirmed the presents of high-grade gold mineralisation. Ground gravity surveys over the rest of the licence identified an additional three target areas within the licence area.

In Paterson Range East Greatland carried out aeromagnetic and ground geophysics surveys which were used for modelling and target generation, with eight high-priority targets identified. A mobile metal ion (MMI) geochemical surface soil sampling survey was subsequently carried out on the Goliath target, which returned geochemical signatures similar to Havieron.

Greatland Gold carried out drilling at Warrantinna and confirmed near surface gold mineralisation.

At Panorama surface geochemical work and airborne magnetics were carried out. Results returned extended a mineralised zone by 1km to 6.1km and magnetics determined a NE-SW oriented anomaly, clearly identifiable from magnetic derivative images, coincident with an anomalous gold trend identified from soil geochemistry.

While the company has a large market capitalisation, it does not yet generate any cash. However, Greatland is well-funded from the proceeds of exercised warrants and options.

Significant activities since year end: The company has continued to report excellent drilling results from the Havieron project and an Initial Inferred Mineral Resource estimate of 52Mt @ 2.0g/t Au, 0.31% Cu or 2.5g/t AuEq for 3.4Moz Au, 160Kt Cu or 4.2Moz AuEq. Mineralisation remains open outside of the resource shell with potential to grow the resource over time.

Greatland have also signed new agreements with Newcrest Mining covering the mining lease and a US\$50million loan agreement to cover capital costs of establishing early-stage costs of development of the Havieron deposit through to completion of the Feasibility Study. A new joint venture agreement was also signed covering exploration of the Black Hills and Paterson Range East licence, and the Juri JV further cemented a strong working relationship between the two companies and provided Greatland with funds to carry out extensive exploration campaigns over the coming year.

Ariana Resources plc (www.arianaresources.com)

Ariana Resources PLC (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 and exploration in Cyprus.

The company is part of a joint venture on the Kiziltepe mine and has continued to meet and often exceed forecasted production rates. Despite difficulties and uncertainties during the pandemic Kiziltepe mine maintained production levels in line with forecasts and operating costs are averaging below \$500 per ounce in the last reported quarter.

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Portfolio review, *continued*

Ariana Resources plc, *continued*

Ariana continued with exploration work on its Red Rabbit and Kizilcukur projects in Turkey and also undertook additional works on the Mariner project in Cyprus held by Venus Minerals Ltd (“Venus”), where it completed a required minimum spend of €920,000 in exchange for a 9.24% shareholding in Venus. Ariana has the right to earn up to 50% by October 2022 upon a minimum spend of €3million.

Ariana has been developing other exploration projects in recent years and have entered into an MOU to partially dispose of some of these interests. One such deal will see Ozaltin Holdings acquire 53% of the Salinbas project and 50% of the Zenit, which is itself held in a 50:50 JV between Ariana and Proccea, for US\$30million in cash.

Significant activities since year end: Ariana released a maiden resource for the Magellan Project in Cyprus, a Venus-run operation where Ariana are earning up to a 50% stake. A JORC-compliant implied resource of 8.5Mt @0.63% Cu with potential for gold, silver and zinc-rich zones was reported with the known mineralised sectors open in several directions and down-plunge.

The company also announced the sale of satellite deposits at Kiziltepe with a conditional agreement to sell its three remaining satellite deposits to the expanded Zenit JV for US\$2m in cash payable over 20 months. In December the Company announced completion of the conditional agreement regarding the new JV between Ozaltin and Proccea for partial disposal of the Turkish assets, subject to approval by the Competition Authority in Turkey and by shareholders at Ariana’s general meeting.

The Company also released a MRE for the New Sha project in Cyprus with an implied 1Mt at 0.8% Cu and 0.3% Zn for 8kt Cu and 2.5kt Zn. The resource is open pittable at 50-170m below surface, adding to the earlier Magellan Project’s 8.5Mt resource.

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 efforts focus on Horse Hill-1 project where Alba hold a stake in the HHDL consortium developing the project, with a stake of approximately 10% in the project. HHDL received approval from the UK Oil and Gas authority to start long-term production from the field. The company is now reviewing options for the future use of the Horse Hill-2z Well to reduce future operating costs and improve production rates.

Activities at the UK Clogau Gold Mine (Alba hold a 90% stake) and Greenland Amitsoq Graphite field, which are undertaken during the northern hemisphere summer, were curtailed due to the pandemic. Work was, however, able to progress on planning and consent for underground drilling and bulk sampling at the gold site and the Greenland licences have been extended for a year to allow for the freeze on field work during 2020.

In February the company agreed to issue unsecured zero-coupon convertible securities to Bergen Asset Management (“Bergen”) in exchange for up to £1.054million of funding. In March they issued the first tranche to Bergen with a nominal value of £223,000. Bergen converted this tranche into Alba shares over a period commencing in April 2020 through August 2020. The company followed this by raising over £450,000 (before expenses) of equity in August.

Significant activities since year end: Alba announced that it has been granted a six-year exploration licence over the Gwyfynydd Gold Mine in North Wales, a mine which historically produced 45,000 oz gold and which shares many geological and mineralogical characteristics to the Clogau mine. This licence extends the Company’s land holding in the Dolgellau Gold Belt considerably. The company also reported drill results from the Clogau mine where over 550m were drilled over 7 holes, each intersecting quartz veining, the known historical host of prior gold sources.

Alba also announced that it raised £1.2m in November through a share placing at 0.375p as well as additional £36,000 generated through exercise of warrants. As a result, the company are well-funded for their planned drilling and exploration programmes over the coming year.

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Portfolio review, *continued*

Cora Gold Limited (www.coragold.com)

The Company's exploration activities have already delineated significant mineralisation with confirmation of continuous oxide gold occurrences at Zone A, Zone B and Selin within the Sanankoro project. A maiden JORC 2012 compliant Inferred Mineral Resource Estimate ("MRE") of 5.0 million tonnes at 1.6g/t Au for 265,000 oz gold is supported by an independent JORC 2012 compliant Exploration Target of between 30-50mt of ore at an average grade of 1.0-1.3g/t for 1.0-2.0moz gold.

Results at its Bokoro and Dako II targets discovered two new 1.5km long gold zones about 1.5km south of the existing Selin deposit and 7.5km south of Zone A respectively. The discovery of two new zones of mineralisation close to the existing Selin deposit illustrates the potential of the Sanankoro project.

Cora have continued to de-risk this project showing shallow oxide material with potential for lower cost open pit mining, together with positive metallurgical test work results. The company also signed a US\$21million term sheet with Lionhead Capital Advisors to fund construction on completion of a positive Feasibility Study before the end of 2021.

The company raised £2.89million in March and received £1.5million from the exercise of warrants during the year, leaving them well-funded.

Significant activities since year end: Post year end the company have announced commencement of a 5,000m air core drill programme across three of its licences in the Yanfolila Project area. The programme is targeting expansions to existing discovery holes.

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

In February Oracle signed a Consortium Agreement with its partners, China National Coal Development Company Ltd. ("CNCDC") and Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLC ("HH Private Office"), the private office of His Highness Sheikh Ahmed Bin Dalmook Juma Al Maktoum.

News through the year then focused on discussions regarding finance and infrastructure for the Thar coal project.

The company have also announced that they have expanded their project scope to include a MOU with HH Private Office to look at mining opportunities in Africa. This in some way may lead to reducing the company's reliance on the Thar coal project and the Chinese investment with its protracted timescale.

Significant activities since year end: In November 2020, the company announced the acquisition of two gold projects in Western Australia, one located 25km east of the Kalgoorlie Superpit and the other 9km east of Northern Star's Jundee Gold Mine. Oracle have already begun field work on the North Zone Gold Prospect east of Kalgoorlie with the aim of refining drill targeting in advance of a maiden drilling campaign planned for early 2021.

Kefi Gold and Copper plc (www.kefi-minerals.com)

The company changed its name during the year to Kefi Gold and Copper.

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 Qutmanand Hawiah projects in Saudi Arabia.

Kefi have progressed with project development on their Tulu Kapi Gold Project in Ethiopia with road and power infrastructure construction underway. Security on the mine licence has also been established and the ore processing plant was completed. Funding requirements were brought down by over \$20m from those forecast in 2019. The company are reporting the plans for mine start up in 2022 are still on track.

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Portfolio review, *continued*

Kefi Gold and Copper plc, *continued*

The company is also progressing with work on the Hawiah copper-gold exploration licence in Saudi Arabia. Kefi entered into a JV with Gold and Minerals Ltd in June 2019, with Kefi maintaining operational control. A maiden implied mineral resource estimate of 19.3m tonnes at 0.9% Cu, 0.8% Zn, 0.6% Au and 10.3g/t Ag are reported. Mineralisation remains open at depth with other high grade target zones undrilled. An internal PEA shows favourable production rates of 2m tonnes per annum over 7 years with capital expenditures of approximately \$222m and operating expenses of about \$46m. At current metal prices, this project could generate net operating cash flow of approximately \$70m per annum for a total estimated net cash surplus of \$200m before financing costs and taxes.

Significant activities since year end: The company completed an equity placing for £3m in November 2020 with proceeds slated to be used for drilling and exploration on the Hawiah copper-gold project and general working capital.

The company have also released preliminary drilling results on the Hawiah project where 3,600m were drilled over 6 holes. While assay results are still pending, mineralisation of chalcopyrite similar to previous drill holes was reported and sulphide mineralisation is reported in 5 holes up to 240m away from previously drilled holes in the Camp Lode zone.

Sunrise Resources plc (www.sunriseresourcesplc.com)

Sunrise Resources holds ground in Nevada (USA) and Australia with commodities ranging from precious and base metals as well as industrial minerals. Its main focus is developing pozzolan-perlite deposits while looking to JV its other tenements.

The company is currently focusing on the development of its 100% owned CS Pozzolan-Perlite project in Nevada USA. Sunrise had targeted first production in Q4 2019 but was hit with permitting delays. Sunrise has continued to develop the operation throughout the year and has received numerous mine permit, reclamation and air quality permits.

Its JV with VR Resources on the copper-silver-gold project in Nevada is also advancing with plans to advance drilling on the porphyry system. The company also have plans to drill on gold projects in Nevada and Western Australia.

Significant activities since year end: The company announced that the commercial scale plant has been assembled for trial processing with 100-ton bulk sampling of perlite completed and 20-30 tons of horticultural grade product going to 5 customers across the USA for further expansion testing and fines to the prepped for pozzolan tests and concrete pours. First commercial production is scheduled for Spring 2021.

Other investments

The remaining non-core investments are available for sale when the conditions are deemed to be right. These include **Kincora Copper plc** (www.kincoracopper.com), **Minera Irl Ltd** (www.minera-irl.com) and **Block Energy plc** (www.blockenergy.co.uk). 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.

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Board of directors

Callum N Baxter – Chairman and Chief Executive

Callum is a qualified Geologist (MSc Geol) and investor. His primary experience lies in early stage exploration geology and he has been involved in several discoveries throughout his +25 years in the industry. Callum has more than 20 years exposure to capital markets with many investments focusing on early-stage exploration opportunities. 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 16 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.

Mark J Badros – Non-Executive Director

Mark has more than 16 years of financial and investment experience in public and private equities as an analyst and investment manager at mutual funds and hedge funds, including Merrill Lynch Investment Managers, Zweig-DiMenna Associates, Highland Capital and Ironbound Capital. Mark graduated from Princeton University and received his law degree from Harvard Law School. He began his career practicing securities, mergers and acquisitions, and corporate law in New York.

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Strategic report

Principal activities and business review

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

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

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

Finance Review

Over the 12 months to 30 September 2020 the Company recorded a profit of £15,749,105, equating to a profit of 27.76 pence per share with net cash inflow for the year of £60,198. This compares to a profit of £386,850 in the previous year that equated to a profit of 0.70 pence per share. The Company's cash deposits stood at £120,365 at the period end.

Key risks and uncertainties

This business carries with it a high level of risk and uncertainty with commensurately high potential returns. 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, even for securities quoted on AIM or Aquis (formerly NEX), such that the Company may have difficulty in realising the full value in an immediate or rapid 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 total size of any single commitment, both as to the absolute amount and percentage ownership of the target company.

Section 172 Statement

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole. This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

- a) The likely consequences of any decision in the long term;
- b) The interests of the Company's employees;
- c) The need to foster the Company's business relationship with suppliers, customers and others;
- d) The impact of the Company's operations on the community and environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to invest in businesses where prospects appear to be exceptional and deliver growth to its shareholders. Some key decisions were taken by the Board since 1 October 2019 which were aimed to deliver on this strategy, being the point at which the Board invests and disposes in its key investments throughout the year, and which Company's to invest in. The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of a listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). We also provide an environment where shareholders can interact with the Board and management, as questions and raise their concerns. The Directors believe they have acted in a way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

By order of the Board

Callum Baxter

Chairman and Chief Executive

9 February 2021

Company registration number: 03981468

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Directors' report

The Directors present their twentieth annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2020.

Results and dividends

The Company's results are set out in the statement of comprehensive income on page 31. The audited financial statements for the year ended 30 September 2020 are set out on pages 31 to 44.

The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors

The Directors who served during the year are as follows:

Callum N Baxter
Gemma Cryan
Mark J Badros

Substantial shareholdings

At the close of business on 5 February 2021, 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
Estate of Ronald Bruce Rowan (Deceased)	12,670,000	22.01%
Hargreaves Lansdown (Nominees) Limited	10,520,151	18.27%
Rock (Nominees) Limited (of which 7,639,388 representing 13.27% are beneficially owned by Callum N Baxter)	8,116,688	14.10%
Interactive Investor Services Nominees Limited	5,288,378	9.19%
Barclays Direct Investing Nominees Limited	2,253,704	3.91%
Wealth Nominees Limited	2,161,515	3.75%

Charitable and political donations

During the year there were no charitable or political contributions (2019: £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 30 days of receipt of invoice. At 30 September 2020, the Company's trade creditors were equal to costs incurred in 89 days (2019: 57 days).

Events after the end of the Reporting Period

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

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.

Starvest plc

2020 Annual Report and 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 2020.

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 28 February 2022. In the very unlikely event that suitable funding could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments. COVID-19 has had an impact on the company's investments and their activities, however all investments held by the company are Level 1 investments and hence the value at the balance sheet date is the fair value which can be liquidated in order to settle the company's liabilities as they fall due for the foreseeable future.

As at 30 September 2020, the Company has no Borrowings.

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.

Starvest plc

2020 Annual Report and Financial Statements

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 2020, the Company had an unsecured overdraft facility of £25,000 arranged with its bankers (2019: £25,000). The overdraft facility is renewable annually with the next review due in February 2021.

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.

Market price and credit risk

Management do not consider credit risk to be material to the Company. The Company is naturally exposed to market price risk, by the nature of its trade in investments, and the fluctuation of market and fair prices of its investment portfolio.

Statement of disclosure of information to auditors

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.

Independent Auditor

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

By order of the Board

Callum Baxter

Chairman and Chief Executive
9 February 2021

Company registration number: 03981468

Starvest plc

2020 Annual Report and Financial Statements

Statement of directors' responsibilities

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Directors' report, the Strategic report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Starvest plc

2020 Annual Report and Financial Statements

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 principals 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. Mark Badros, 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's investment mandate is not exclusively limited to natural resources, the Board sees this sector as having considerable growth potential in the medium term. Historically, investments were generally made immediately prior to an initial public offering on AIM or Aquis (formerly 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 companies that have completed an IPO but remain in the early stages of identifying or, with the appropriate financial backing, developing a commercial resource.

Direct Project: The Company invests predominantly through ownership of equity stakes in target companies. However, the Company believes there may be opportunities to take direct interests in mining projects and subsequently to acquire equity positions in target companies on favourable terms in exchange for these direct project interests; 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 approved by shareholders at the Company's annual general meeting held 1 December 2017.

Investment size: Initial investments are usually not greater than £100,000. Target companies are invariably not generating cash, but rather they have a constant need for additional funding 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.

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Corporate governance statement, *continued*

High risk: The business is inherently high risk and cyclical nature dependent upon fluctuations in world economic activity which impacts on the demand for minerals. However, the Company affords investors the opportunity to participate in diverse early-stage ventures, which the Board believes will offer the potential for 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, AQSE, 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 15 to 20 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

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2020 Annual Report and Financial Statements

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 AQSE 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 director.

Starvest plc

2020 Annual Report and Financial Statements

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 QCA Code, 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 2020:

Position	Member	AGM attendance	No. of board meetings	Attended
Chairman/CEO	C Baxter	Yes	13	13
Executive Director	G Cryan	Yes	13	13
Non-Executive Director	M Badros	Yes	13	13

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.

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Corporate governance statement, *continued*

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 early 50'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 perspective 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.

Mark Badros has extensive experience in investment in public and private equities and corporate law, as well as a background in economics and business, including securities, mergers and acquisitions.

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 advice 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. Badros has no ties to the major shareholders of the Company nor 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.

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.

Starvest plc

2020 Annual Report and Financial Statements

Corporate governance statement, *continued*

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.

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

Starvest plc

2020 Annual Report and Financial Statements

Corporate governance statement, *continued*

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
9 February 2021

Starvest plc

2020 Annual Report and Financial Statements

Audit Committee Report

Audit Committee

The primary purpose of the Company's Audit Committee is to provide oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations.

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference and to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary.

The Board has appointed the Audit Committee to include the sole non-executive director as well as one executive director, given the current size of the Company and the board. During the year ended 30 September 2020 and up to the date of this report, the Audit Committee comprised Mark Badros, who acts as Chairman; and Gemma Cryan. The Audit Committee formally met twice during year.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 30 September 2020. The Audit Committee is primarily responsible for providing oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations and are outlined in more detail in the below report.

The main role and responsibilities of the Audit Committee are:

- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the company's internal financial controls;
- to monitor and review the effectiveness of the company's internal control and risk management systems (including without limitation fraud risk);
- to monitor and review the effectiveness of the company's internal and external audit arrangements;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken;
- to consider the findings of internal investigations and management response; and
- to report to the Board on any issues arising and how they may be dealt with.

Starvest plc

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Audit Committee report, *continued*

Audit Committee Membership and Activities

The Audit Committee's members during the year were myself, as Chair of the Committee, and Gemma Cryan.

The Committee met independently twice during the year.

Its activities were as follows:

- 1) reviewed key accounting and audit judgements;
- 2) reviewed and consider whether the information provided was complete and appropriate based on its own knowledge
- 3) reviewed the external auditor issues that arose during the course of the audit and have subsequently been resolved and those issues that had been left unresolved were satisfactorily concluded;
- 4) reviewed the management letter in order to assess whether it is based on a good understanding of the company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon;
- 5) reviewed management's responsiveness to the external auditor's findings and recommendations;
- 6) reviewed whether the auditor met the agreed audit plan and understand the reasons for any changes;
- 7) obtained feedback about the conduct of the audit from key people involved;
- 8) reported to the Board on the effectiveness of the external audit process;
- 9) reviewed the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm;
- 10) reviewed any non-audit services provided by the external auditor during the financial year and what, if any effect that would have to the audit process
- 11) review terms and proposals from new auditor
- 12) review impact of the change in auditor on the process and timeline for the annual audit

Mark Badros

Committee Chairman

9 February 2021

Starvest plc

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Remuneration Committee Report

Remuneration Committee

The Remuneration Committee is responsible for establishing and proposing to the Board a recommended framework for the remuneration of the Chairman, other directors and designated senior executives and, pursuant to the terms of the agreed framework, determining for such persons their total individual remuneration packages, including, where appropriate, bonuses, incentive payments and share options or other share awards.

The remuneration of Non-executive Directors is a matter for the Chairman and the executive members of the Board. No Director is involved in any decision as to his or her own remuneration.

Details on the activities of the Remuneration Committee during the year are contained in the Remuneration Committee Report below.

During the year ended 30 September 2020 and up to the signing of this report, the Remuneration Committee comprised Mark Badros, who acts as Chairman, and Gemma Cryan. The Remuneration Committee formally met once during year and all members attended the meetings. Director's roles and remuneration were also a point for general Company board meetings throughout the year.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 30 September 2020. The Remuneration Committee is responsible for establishing and proposing to the Board a recommended framework for the remuneration of the Chairman, other directors and designated senior executives and, pursuant to the terms of the agreed framework, determining for such persons their total individual remuneration packages, including, where appropriate, bonuses, incentive payments and share options or other share awards. The Remuneration Committee is also responsible for ensuring the Company is compliant with all relevant consultant and employment contracts and HMRC responsibilities.

As an AIM-listed company, Starvest is not required to comply with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The following disclosures are therefore made on a voluntary basis. The information is unaudited.

Remuneration Committee Membership and Activities

The Remuneration Committee's members during the year were myself, as Chair of the Committee, and Gemma Cryan.

The Committee met once during the year and its activities were as follows:

- reviewed Executive Director remuneration arrangements (including cash or shares in lieu)
- reviewed and approved the Executive Directors' performance
- reviewed developments in corporate governance and best practice

Remuneration Policy

The Company's remuneration policy is based on the following broad principles:

- to provide competitive remuneration packages to enable the Company to recruit, retain and motivate individuals with the skills, capabilities and experience to achieve its objectives;
- to align the interests of management with the interests of shareholders;
- to ensure remuneration levels support the Company's strategy; and
- to align pay with market conditions and the Company's activities, taking due account of (i) pay and conditions throughout the Company and (ii) best practices of corporate governance.

Executive remuneration consists of base pay. The Company does not currently have a bonus or incentive scheme in place.

Starvest plc

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Remuneration Committee report, *continued*

Executive Directors' base pay is reviewed on an annual basis.

The individual salaries and benefits of Executive Directors are reviewed and adjusted taking into account individual performance, market factors and sector conditions.

The Committee reviews base salaries with reference to:

- the individual's role, performance and experience;
- business performance and the external economic environment; and
- salary increases across the Company

Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Company.

Non-Executive Directors' fees

The Non-Executive Directors are paid a fee for carrying out their duties and responsibilities as disclosed in the table below.

Service Contracts

Callum Baxter

Mr. Baxter entered into an updated agreement with the Company on 1 October 2018 to continue to serve as its Chairman and CEO. The service contract provides for part payments under PAYE in proportion to activities carried out on behalf of the Company within the UK as a non-resident director at £80,000 per annum. After consideration of the committee recommendation the board agreed to a total remuneration of £60,000 for the coming year to be taken as cash or shares in lieu of cash payments (after any PAYE obligations are withheld).

Gemma Cryan

Miss Cryan entered into an updated employment agreement with the Company on 1 October 2018 to continue to serve as an Executive Director. The employment agreement provided for an annual salary of £40,000. After consideration of the committee recommendation the board agreed to a total remuneration of £53,000 for the coming year to be taken as cash or shares in lieu of cash payments (after any PAYE obligations are withheld).

Mark Badros

Mr. Badros entered into an agreement with the Company on 21 December 2018 to serve as a non-executive director. The agreement provides for an annual fee of £20,000 taken as cash or shares in lieu of cash. After consideration of the committee recommendation the board agreed to a total remuneration of £27,000 for the coming year to be taken as cash or shares in lieu of cash payments (after any PAYE obligations are withheld).

All Directors are elected by the shareholders at an annual or special meeting, to serve until the next election and until their successors are elected and qualified, or until their earlier death, resignation or removal.

The Remuneration Committee notes that as the current arrangement of a single CEO/Chairman role is not best Corporate Governance practice and acknowledges that the Board regularly and formally discusses options to rectify the situation.

Board Member	Annual Remuneration £	Bonus £	Shares	% holding
C Baxter	60,000	0	7,639,388	13.27
G Cryan	53,000	0	1,241,112	2.16
M Badros	27,000	0	148,648	0.26

Mark Badros

Committee Chairman
9 February 2021

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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 2020 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 their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Our application of materiality

The materiality for the financial statements as a whole was £350,000, based on 2% of the net assets of the business, which we consider to be an appropriate benchmark because the valuation of investments held is the key determinant to the company's performance. The performance materiality was £245,000. The threshold used for reporting unadjusted differences to the audit committee was £17,500 as well as differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

In designing our audit, we determined materiality, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas where the Directors made subjective judgements, for example in respect of significant accounting estimates, including the fair value of the investments held at fair value through profit or loss. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Starvest plc

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including 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.

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Valuation of Investments (Note 11)</p> <p>The company holds equity investments at fair value through profit or loss of £17,825,053 at 30 September 2020. The investments held are in listed entities and valued at each reporting date based on the share price of the investment.</p> <p>There is a risk that these investments are not valued correctly in accordance with UK GAAP. This is a key audit matter due to the material nature of the balance. The risk of misstatement is also increased as a result of the Covid-19 pandemic and the impact this has on the investment valuations.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> • Confirming ownership of each investment held; • Reconciling investments held to the year end share price of the investments held at the year end; • Reviewing the disclosures made within the financial statements to ensure compliance with UK GAAP. • Completing an assessment of whether management's assumptions were reasonable in light of the measurement objectives under UK GAAP.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Starvest plc

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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, 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) 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.

Jonathan Bradley-Hoare (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
9 February 2021

15 Westferry Circus
Canary Wharf
London E14 4HD

Starvest plc

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Year ended 30 September 2020 £	Year ended 30 September 2019 <i>restated</i> £
Administrative expenses		(303,259)	(251,225)
Gain/(loss) on disposal of financial assets	11	59,146	53,213
Amounts written off against financial assets	11	(104,116)	(383,612)
Movement in fair value of financial assets through profit and loss	11	16,097,296	968,387
Operating profit	5	15,749,067	386,763
Interest receivable	6	38	87
Profit on ordinary activities before tax		15,749,105	386,850
Tax on profit on ordinary activities	8	(2,003,618)	-
Profit for the financial year attributable to Equity holders of the Company		13,745,487	386,850
Earnings per share			
Basic	9	24.22 pence	0.70 pence
Diluted	9	24.22 pence	0.70 pence

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

All operations are continuing.

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

Starvest plc

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STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2020

	Note	Year ended 30 September 2020 £	Year ended 30 September 2019 <i>restated</i> £
Fixed assets			
Financial assets through profit and loss	11	17,825,053	1,916,398
Total fixed assets		17,825,053	1,916,398
Current assets			
Trade and other receivables	10	31,047	114,537
Cash and cash equivalents		120,365	60,167
Total current assets		151,412	174,704
Current liabilities			
Trade and other payables	12	(93,215)	(66,003)
Total current liabilities		(93,215)	(66,003)
Non-current liabilities			
Provision for deferred tax	8	(2,003,618)	-
Total non-current liabilities		(2,003,618)	-
Net assets		15,879,632	2,025,099
Capital and reserves			
Called up share capital	13	575,740	559,279
Share premium account		1,779,414	1,686,829
Retained earnings		13,524,478	(221,009)
Total equity shareholders' funds		15,879,632	2,025,099

These financial statements were approved and authorised for issue by the Board of Directors on 9 February 2021.

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.

Starvest plc

2020 annual report and financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Share premium £	Equity reserve £	Retained earnings £	Total Equity attributable to shareholders £
At 1 October 2018	539,649	1,654,209	2,500	(607,859)	1,588,499
Profit for the period	-	-	-	386,850	386,850
Total recognised income and expenses for the period	-	-	-	386,850	386,850
Shares issued	19,630	32,620	-	-	52,250
Cost of issue	-	-	-	-	-
Equity component of convertible loan	-	-	(2,500)	-	(2,500)
Total contributions by and distributions to owners	19,630	32,620	-	-	49,750
At 30 September 2019	559,279	1,686,829	-	(221,009)	2,025,099
Profit for the period	-	-	-	13,745,487	13,745,487
Total recognised income and expenses for the period	-	-	-	13,745,487	13,745,487
Shares issued	16,461	92,585	-	-	109,046
Cost of issue	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-
Total contributions by and distributions to owners	16,461	92,585	-	-	109,046
At 30 September 2020	575,740	1,779,414	-	13,524,478	15,879,632

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	30 September 2020 £	30 September 2019 £
Cash flows from operating activities			
Operating profit		15,749,066	386,763
Net interest receivable		38	87
Reversal of bad debt provision		-	(20,000)
Shares issued in lieu of fees		109,046	52,250
Increase in investment provisions		104,116	383,612
Movement in fair value of investments		(16,097,296)	(968,387)
Profit on sale of current asset investments		(59,290)	(53,213)
Decrease/(increase) in debtors		83,491	(58,545)
Increase/(decrease) in creditors		27,212	(5,897)
Net cash generated in operating activities		(83,617)	(283,330)
Cash flows from investing activities			
Purchase of current asset investments	11	-	(47,000)
Sale of current asset investments		143,815	286,648
Net cash (used) in investing activities		143,815	239,648
Cash flows from financing activities			
Transaction costs of issue of shares		-	-
Loan repayment		-	(50,000)
Net cash flows from financing activities		-	(50,000)
Net increase in cash and cash equivalents		60,198	(93,682)
Cash and cash equivalents at beginning of period		60,167	153,849
Cash and cash equivalents at end of year	15	120,365	60,167

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

Starvest plc

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 9 February 2021 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. The financial statements are presented in pounds sterling, which is also the functional currency of the company.

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 2020.

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 28 February 2022. 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.

As at 30 September 2020, the Company has no Borrowings.

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

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.

Under FRS102, investments are valued on a mark-to-market basis using publicly quoted trading prices at year end irrespective of whether they are classified as fixed or current assets. However, pursuant to Part 3, Chapter 3, Corporation Tax Act 2009, any increase in the value of a current asset is recognised as a trading profit and immediately subject to Corporation Tax when a company is classified as a trading company under HMRC rules and regulations, whereas an increase in the value of a fixed asset is not subject to taxation until the asset is disposed of when a company is classified as an investment company. Reported profit under UK GAAP is unaffected.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Principal Accounting Policies, *continued*

Taxation, *continued*

Historically, the Company's previous board had filed as a trading company and described its investment portfolio as a current asset. Following a comprehensive review of various factors related to the Company's investment portfolio and strategy, including, among others, the frequency, timing, liquidity, trading activities, development stage and investment horizon of such investments individually and the portfolio as a whole, the Company's current board have determined the Company is appropriately classified as an investment company, and the investment portfolio is properly accounted for among the Company's fixed assets. The Board do not consider this to be a change in accounting policy; rather, it is a correction in presentation to reflect more accurately the factual position.

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.

FRS 102 requires that investments are valued each year on the mark-to-market basis and the revaluation differences are reflected in the profit and loss account. However, the tax on any unrealised profit is calculated and shown in the accounts as if the profit had been realised, but there is then an adjustment in the deferred tax to move the tax that relates to the unrealised profit to the balance sheet.

Investments

Current investments are stated at mid-market publicly quoted prices.

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 statement of comprehensive income for the period. As at 30 September 2020 unlisted shares were valued at £0, (2019: £0)

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period.

Investments have been reclassified from current assets to non-current assets in these financial statements to reflect the principal activity of the company and the long term nature of these assets.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Principal Accounting Policies, *continued*

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 statement of comprehensive income.

Share capital

The Company's ordinary shares are classified as 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.

4. Segmental Analysis

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 2020	Year ended 30 September 2019
	£	£
This is stated after charging:		
Reversal of bad debt provision	-	(20,000)
Auditor's remuneration:		
- audit services	18,000	14,400
- other services	-	-
Director's emoluments – note 7	141,058	141,738

There are no employees, other than the Directors of the company (2019: Nil)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. Interest receivable

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
Bank interest receivable	38	87
	38	87

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 2020	Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
C Baxter	17,000	-	-	53,000	70,000
G Cryan	28,454	1,058	-	18,046	47,558
M Badros	18,500	-	5,000	-	23,500
	63,954	1,058	5,000	71,046	141,058

Year ended 30 September 2019	Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
C Baxter	4,000	-	29,000	47,000	80,000
G Cryan	30,000	238	7,500	2,500	40,238
ACR Scutt (resigned 12 March 2019)	6,000	-	-	-	6,000
M Badros (appointed 21 December 2018)	12,750	-	-	2,750	15,500
	52,750	238	36,500	52,250	141,738

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, £38,000 (2019: £76,000) was payable to Baxter Geological, a company of which he is a director and shareholder. Of his total remuneration, £53,000 (2019: £47,000) was settled in shares in the Company and £17,000 (2019: £4,000) was payable under PAYE. At 30 September 2020, £15,000 (2019: £38,000) was outstanding.
- In respect of the professional services of Gemma Cryan, £nil (2019: £10,000) was payable to her personal business. Of her total remuneration £18,046 (2019: £2,500) was settled in shares in the Company. At 30 September 2020 £10,380 (2019: £3,654) of her net salary remained outstanding.
- In respect of the professional services of Mark Badros, £5,000 (2019: £15,500) was payable to Timberlake Capital Management, a company of which he is a director and shareholder. At 30 September 2020 £6,750 (2019: £5,000) of his net salary remained outstanding was outstanding.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. Corporate Taxes

a) Analysis of charge in the period

	Year ended 30 September 2020	Year ended 30 September 2019
	£	£
United Kingdom corporation tax at 19% (2019: 19%)	-	-
Deferred taxation	2,003,618	-
	2,003,618	-

b) Factors affecting tax charge for the period

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	Year ended 30 September 2020	Year ended 30 September 2019 (restated)
	£	£
Profit on ordinary activities before tax	15,749,105	386,850
Profit multiplied by standard rate of tax	2,992,330	73,502
Effects of:		
Utilised against carried forward losses	(2,992,330)	(73,502)
Losses carried forward not recognised as deferred tax assets	-	-
	-	-

c) Deferred tax

Capital losses b/fwd at 30 September 2019 & 2018	(3,505,488)	(630,324)
Current year capital losses	(43,005)	(2,875,164)
Capital losses c/fwd at 30 September 2020 & 2019	(3,548,493)	(3,505,488)
Excess Management expenses b/fwd at 30 September 2019 & 2018	(1,655,253)	(1,404,115)
Total losses	(5,203,746)	(4,909,603)
Pre-tax profit	15,749,105	386,850
Profits after losses	10,545,359	(4,522,753)
Deferred tax	2,003,618	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. Corporate Taxes, *continued*

A provision for a deferred tax liability has been recognised during the year (2019: £nil) on the future tax payable on profits, on disposal of investments.

9. 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 2020 £	Year ended 30 September 2019 £
Profit for the year	13,745,487	386,850
Weighted average number of Ordinary shares of £0.01 in issue	56,742,071	55,057,197
Profit per share – basic and diluted	24.22 pence	0.70 pence

10. Trade and Other Receivables

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
Prepayments	28,895	26,030
Funds held on account	2,152	88,507
	31,047	114,537

Short term loans to related parties

- At 30 September 2020 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 2019, the loans and interest totalling £44,653 advanced to Block Energy plc (“BEP”) (formerly Goldcrest Resources plc (“GCRP”)) was settled in full by way of an agreement signed on 28th February 2019 to issue 500,000 shares in Block Energy plc at 0.04 pence per share to the Company for a total sum of £20,000. These shares were sold in April 2019 for net proceeds of £30,533.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. Investments

	30 September 2020 £	30 September 2019 £
Fair value of investments at 1 October 2019 & 2018	1,916,398	1,498,059
Additions	-	67,000
Disposals	(84,525)	(233,436)
Fair value gain/(loss) on investments	15,993,180	(585,775)
Fair value at 30 September 2020 & 2019	17,825,053	1,916,398

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

Quoted on AIM	17,805,782	1,916,275
Quoted on foreign stock exchanges	19,271	123
	17,825,053	1,916,398

The Company has holdings in the companies described in the review of portfolio on pages 7 to 10. 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	Loss for the last financial year	Capital and reserves at last balance sheet date	Accounting year end
Equity Resources Limited – see note [1]	England & Wales	Ordinary	28.41%	(£2,478)	(£39,414)	31 May 2020

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 2020 is £884. 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.

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

	30 September 2020 £	30 September 2019 £
Trade creditors	39,926	20,348
Accruals	19,855	40,893
Employment costs	33,434	4,762
	93,215	66,003

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 the shareholder to extend the existing loan term to 1 November 2018. On 11 December 2018 the remaining balance of £50,000 was fully repaid by way of a cash settlement.

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 2018	53,964,829	539,649
Issued 22 January 2019 in lieu of fees	1,327,869	13,279
Issued 19 June 2019 in lieu of fees	635,134	6,351
As at 30 September 2019	55,927,832	559,279
Issued 6 April 2020 in lieu of fees	1,107,057	11,070
Issued 14 July 2020 in lieu of fees	539,097	5,391
As at 30 September 2020	57,573,986	575,740

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. On 11 May 2019 these warrants expired unexercised.

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 2020 no new options were granted.

15. Cash and Cash Equivalents

	Year ended 30 September 2019 £	Cash flow £	Year ended 30 September 2020 £
Cash at bank	60,167	60,198	120,365
Net cash and cash equivalents	60,167	60,198	120,365

16. Capital Commitments

As at 30 September 2020 and 30 September 2019, the Company had no commitments other than for expenses incurred in the normal course of business.

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17. Contingent Liabilities

There were no contingent liabilities at 30 September 2020 (2019: £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 £141,058 (2019: £141,738). Refer to note 7 for more information.

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 2020 there were no loans outstanding (2019: £nil).

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 2020 £	Year ended 30 September 2019 £
Financial assets		
Trade investments at fair value through profit and loss	17,825,053	1,916,398
Loans and receivables at amortised cost	31,047	114,537
	<u>17,856,100</u>	<u>2,030,935</u>
Financial liabilities at amortised cost		
Loans and payables	93,215	66,003
	<u>93,215</u>	<u>66,003</u>

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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 adequate. 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.

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.