



Company No. 03981468

**Starvest plc**

**Report and Financial Statements**

**For the Year Ended 30 September 2021**

**Starvest plc**  
**2021 Annual Report and Financial Statements**

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# Starvest plc

## 2021 Annual Report and Financial Statements

### 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](http://www.starvest.co.uk)

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## 2021 Annual Report and Financial Statements

### Chairman's Statement

I am pleased to present my annual statement to Shareholders for the year ended 30 September 2021 and the twenty-first since the Company was formed in 2000.

### Results for the year

The continuing impact of the global pandemic and governmental stimulus in response thereto dominated the financial news this year for Starvest and its portfolio companies. Starvest's strategy to steer its portfolio toward precious metal investments over recent years has enabled the Company to position itself attractively for the current environment. Although improved investor sentiment boosted certain precious metal stocks and those of certain other natural resource companies, gold prices declined 7% for the year ended 30 September 2021. The post-pandemic global economic recovery has remained elusive, but we continue to believe that expected quantitative easing, which remains the favoured tool of major economies, is likely to result in a solid foundation for precious metals going forward.

Our investment portfolio decreased approximately 21% in the year to 30 September 2021 to £14 million. However, our market capitalisation declined by only 10% over this same period, and the discount to net asset value narrowed by 8 percentage points, from 42% to 35% as at 31 December 2021, which is a significant improvement for shareholders.

Greatland Gold plc (AIM:GGP), which is by far our largest investment, remained one of our best-performing investments for a fourth 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 the project has continued to develop rapidly with its major partner Newcrest Mining Ltd. The Havieron project benefited from the grant of a mining licence over the 12 blocks, a loan facility that is expected to fund Havieron operations through to the feasibility stage and a pre-feasibility study that was released post-year end\*\*. While Greatland's share price has declined since last year, we have significant unrealized gains and expect that continued expansion will drive further growth at the Havieron project.

Ariana Resources completed a significant deal with Ozaltin Holdings during the year for part of its Kizilpete project and made the first of three dividend distributions to shareholders. Its Cyprus assets, a joint venture with Venus Minerals, have made good progress as well.

Cora Gold continued to de-risk its Sanankoro project as it completed over 40,000m of drilling to convert existing inferred resources to indicated category as well as to target resource growth.

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

\* GGP RNS dated 10 December 2020 \*\* GGP RNS dated 12 October 2021

### Investing policy

The Company's investing policy is set forth on page 3 of this report and made available on our website, [www.starvest.co.uk](http://www.starvest.co.uk).

### Trading portfolio valuation

A brief review of the major portfolio companies follows from page 6. 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](http://www.starvest.co.uk), where historical reports and announcements are also available.

### Callum N Baxter

Chairman and Chief Executive

15 February 2022

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### Investing policy statement

#### About us

The previous Board commenced to manage the Company as an investment company in January 2002. Following the appointment of Callum Baxter as Chairman in 2015, the Board has focused 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 equity markets 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 Projects:** The Company's strategy is to invest 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 does not intend to manage any 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 invariably have an ongoing need for additional funding 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 multiple 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, we expect that over time portfolio returns will be acceptable if not substantial. Accordingly, the Board is unable to give any estimate of the magnitude 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.

# Starvest plc

## 2021 Annual Report and Financial Statements

### 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 have been directors on the boards of such companies.

# Starvest plc

## 2021 Annual Report and Financial Statements

### Review of trading portfolio

#### Introduction

During the year to 30 September 2021, the portfolio comprised interests in the companies discussed below, as well as other active companies that are not discussed herein.

The economic shock of the global pandemic continued in late 2020 and early 2021 and investors' desire for traditional safe-haven assets boosted precious metals stocks and certain other natural resources companies. At the same time, new alternatives such as cryptocurrencies attracted investors seeking protection from concerns over global instability, fiat currencies and expansive monetary policies. In this environment, we believe our strategy to focus on investments in gold producers will prove to be rewarding on a risk-adjusted basis for our shareholders. However, during the year to 30 September 2021, the value of our trading portfolio decreased ~21% due to lower market prices for major positions. Including our cash position, our net asset value ("NAV") and NAV per share decreased 21.4% and 21.7%, respectively, over the 12-month period to 30 September 2021. Given that Starvest's market capitalisation decreased approximately 10%, the discount to NAV narrowed to 34% compared to 42% a year ago.

#### Transactions

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

The Company disposed of its full holdings in Kincora Copper during the year, along with a small portion of its position in Greatland Gold.

#### Trading portfolio valuation

Although gold prices declined slightly (~7%) year on year, this change masked greater volatility during the 12-month period. The Company's Net Asset Value decreased approximately 21% during the year to 30 September 2021 to £14.1m and the Company made a loss before tax of £3,861,014 compared with a profit of £15,749,105 in 2020.

However, we are pleased that the Company traded at a smaller discount to its NAV, as the Company's market capitalisation declined by only 10% over the year.

As part of routine operations, the Board regularly reviews its portfolio positions and may make adjustments to its holdings to take advantage of what it believes to be temporary weakness in prices for precious metals. Alternatively, the Board may consider strategic opportunities to better align the Company's stock price with what it regards as the intrinsic value of the Company's portfolio.

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

In addition, the Company believes it has a strong financial position as it has no outstanding debt and 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 increasingly affluent consumers will fuel demand for motor cars, air conditioning, consumer goods, computers, together with materials required in switching to 'greener' technologies and other items that require the development and exploitation of natural resources in order both to produce and power.



# Starvest plc

## 2021 Annual Report and Financial Statements

### 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 2021 at Closing values	30 September 2020 at Closing values	Change %
• Trading portfolio value	£14.04 m	£17.83 m	-21.3%
• Company net asset value	£14.10 m	£17.95 m	-21.4%
• Net asset value per share	24.4 p	31.17 p	-21.7%
• Closing share price	16.00 p	18.00 p	-11.1%
• Share price discount to net asset value	34%	42%	8 percentage points
• Market capitalisation	£9.3 m	£10.36 m	-10.2%

Since the fiscal year end, values have improved significantly. As at the close of business on 31 December 2021 the Company's Net Asset Value was £13.9m.

If a full provision for liabilities and deferred taxation at a corporate rate of 25% effective from 6<sup>th</sup> April 2023 is taken into consideration then the following is applicable;

• Company net asset value	£12.4 m	£15.9 m	-22.0%
• Net asset value per share	21.4 p	27.6 p	-22.5%
• Share price discount to net asset value	25%	35%	10 percentage points

#### Review of the current market

Global markets and gold prices fluctuated throughout late 2020 and 2021; with economies and governments rebalancing and adjusting to continuing pandemic related uncertainties and changes.

The price of gold fluctuated throughout the year with a peak of US\$1,943 in January 2021 and a low of US\$1,684 per troy ounce in March 2021 but has remained at elevated prices relative to the last decade; year on year the price is relatively flat. Copper, nickel, lead and zinc all made gains over the year.

Overall, investors are demonstrating greater interest in the natural resources sector, as the market looks forward to economic growth, 'green' technology investments, and further government stimulus via major infrastructure projects.

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

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### Portfolio review

Our primary investments in companies include the following:

#### **Greatland Gold plc** ([www.greatlandgold.com](http://www.greatlandgold.com))

Greatland Gold plc ("Greatland"), an AIM-listed exploration company, which represents substantially the largest part of the Company's portfolio, 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.

The company, in conjunction with Newcrest, 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 significantly grow the resource over time.

Greatland has also signed new agreements with Newcrest covering a mining lease and a US\$50M loan agreement to cover capital costs of establishing early-stage 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.

Greatland also continued exploration work on its wholly owned projects areas and added over 1,000km<sup>2</sup> of highly prospective ground in the Paterson by acquiring tenements from Province Resources.

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 and the availability of the loan agreement with Newcrest.

Significant activities since year end: Greatland Gold has released a Pre-Feasibility Study in conjunction with Newcrest Mining on the Havieron deposit. The study forecasts low total capex, estimated at US\$397m, with Greatland's portion running to US\$73m, net of Greatland's \$50m loan facility, and opex costs of US\$643/oz. The study also projects an IRR of 27%, or 16% after tax and NPV of US\$228m, with a 3-year pay back and an initial 9-year life of mine; with only a small portion of the known mineralised area used in the study, allowing for significant additional information now available to be incorporated into future studies and probable expansion of the resource and reserves. The company has also advanced its Juri JV with Newcrest from stage 1 to stage 2 allowing up to AUD\$20m to be invested in the exploration programme across the ground. In mid-November 2021 Greatland raised £11.9m in an oversubscribed placing. The Company continues to update the market with drill results from Havieron, showing extensive and expanding gold- copper mineralisation and JV partner Newcrest Mining have issued their intention to acquire an additional 5% stake in the Havieron project.

#### **Ariana Resources plc** ([www.arianaresources.com](http://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.

During the year Ariana sold part of its interests in Zenit and other assets in Turkey to Ozaltin Holding A.S. and Proccea Construction Co. for US\$70.75 million. While this deal reduced Ariana's share to 23.5% it has allowed for dividend payments to shareholders, the first of which was made on 24 September 2021, following a lengthy capital reorganisation. A second dividend is due in March 2022, followed by a third and final dividend currently expected in late 2022.

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### Portfolio review, *continued*

#### Ariana Resources plc, *continued*

Ariana's share of profits from the Kiziltepe Mine, part of Zenit Madencilik San. ve Tic. A.S. ("Zenit"), in the six months to June 2021 amounted to £1.3m, compared to £3.0m in the first half of calendar year 2020, due in part to the reduction in its holding from 50% to 23.5%. Kiziltepe Mine production for the first half of 2021

totalled 7,941 ounces of gold (H1 2020: 9,808 oz Au). Ariana expects to meet guidance for 2021 by year end following increased mill throughput after completing an expansion of the processing plant.

An exploration and resource drilling campaign has completed approximately 14,000m of diamond drilling across the Kiziltepe Sector, with excellent results received across various vein systems.

The company expanded exploration into Eastern Europe via a 75% holding in Western Tethyan Resources Ltd. and also began drilling in Cyprus through the Company's interest in Venus Minerals Ltd. Ariana's earn-in on Venus Minerals is currently 37.5%, with 50% expected to be achieved in early Q4 2021.

The company's last available (unaudited) interim accounts show profit before tax of £7.1m for the year ended 30 June 2021 (H1 2020 : £2.2m) and profit for the period of £5.0m (H1 2020 : £1.9m) reflecting the profit realised on restructuring of group activities.

Significant activities since year end include Ariana's announcement of the final Zenit working capital loan repayment of US\$0.8m to Turkiye Finans Katilim Bankasi A.S due to be completed in October 2021. The Tavsan gold-silver project received Environmental Impact Assessment approval for development of the mine and Ariana's JV partner, Zenit, can now progress with its development programme with construction scheduled to begin following receipt of final permits.

Ariana released drill results from its Kokkinoyia project in Cyprus reporting gold mineralisation in all holes and identifying a copper-gold-zinc mineral system. A JORC 2021 Maiden Resource Estimate reports circa 12.3 Mt at 0.31 to 2.25% Cu and 0.27 to 0.57g/t Au.

Ariana completed its earn-in to 50% of Venus Minerals, announced in November 2021. Venus have completed a binding Heads of Terms agreement to develop the Apliki Copper Mine in Cyprus with a leading mining company on a 50:50 basis. Venus also released a Mineral Resource Estimate for the project with total indicated and inferred resources of c. 11Mt Cu at a grade of 0.25 to 0.69%; with a processing plant currently undergoing due diligence and pre-installation checks.

Panther Metals listed on ASX in December 2021, with a market capitalisation of A\$10.9m. Ariana hold 3.2% through their Asgard Metals Fund.

### **Alba Mineral Resources plc** ([www.albamineralresources.com](http://www.albamineralresources.com))

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

The Company focused activities at the UK gold projects during the year, completing drilling programmes at Clogau which have potentially extended the length of the Main Lode target and the depth of a vein system in the Llechfraith mine area. At Clogau St-David's, the company sampled rock waste dumps and purchased and installed a pilot gold processing plant. They have also extended the mineral rights over the Dolgellau Gold Belt for a further four-years.

The Company's UK oil and gas investments at Horse Hill remains ongoing with works completed during the year to prepare the operations for 24-hour production.

Base metal mineral exploration rights in Ireland were renewed for another year with another three main target areas set for follow-up drilling.

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### Portfolio review, *continued*

#### Alba Mineral Resources plc, *continued*

The Company decided during the year to spin-out its Greenland assets, the Thule Black Sands Ilmenite Project, the Amitsoq Graphite Project, the Melville Bay Iron Project and the Inglefield Multi-Element Project to a separate vehicle and list it for trading on AIM. GreenRoc Mining Plc was admitted for trading on 28 September and raised £5.12m at 9.9p, with a market cap on listing of £11.1m. Alba is a majority shareholder with 54% of GreenRoc.

Significant activities since year end: Alba have advised that they were refused permits for water discharge from the Llechfraith shaft into watercourses in the area, citing potential adverse effects. The company are working with external consultants on potential grounds for appeal.

#### Cora Gold Limited ([www.coragold.com](http://www.coragold.com))

The Company's exploration activities have continued in 2021 with a +40,000m drill programme at its flagship Sanankoro project. These activities focused on infill drilling to convert existing inferred resources to indicated category as well as targeting resource growth. Results to date have been consistent with generally high-grade, good width and shallow oxide ore.

The company have also engaged consultants to update the Mineral Resource Estimate during H2 2021 and undertake a Definitive Feasibility Study with completion targeted for H1 2022.

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.

In September the company also announced that it has signed a US\$25m term sheet with Lionhead Capital to finance the development of Sanankoro on completion of a positive DFS with US\$12.5m Equity Financing and US\$12.5m Convertible Financing. The term sheet requires Cora to deliver a DFS before the end of H1 2022 with minimum key objectives (together the 'Project Milestone') including; 35% Internal rate of Return ('IRR') based on a US\$1,500/ oz gold price; and 8 years mine life and production of 40,000 ozs/year, or equivalent production over a different time period and delivering the minimum IRR threshold, in a US\$1,700/oz gold price pit shell. Lionhead are prepared to syndicate +30% of the Term Sheet on the same terms with other investors.

The company raised £3.13m in June 2021 and reported US\$5.7m in cash in its unaudited interim report at the end of June.

Significant activities since year end: Cora released final results from its +40,000m drill programme which confirmed a 3.4km long mineralised ore zone in mostly shallow oxides and which remains open in all directions. An updated mineral resource estimate (MRE) resulted in a 200% increase in total ounces from the 2019 calculations with a pit constrained MRE of 21.9 million tonnes at 1.15g/t Au for 809.3k oz Au and the deposit remaining open in all directions. Cora completed a fund raise for £4.25m in December 2021, with use of the funds going towards the ongoing definitive feasibility study at Sanankoro which saw field work for the study completed in February 2022 and full completion scheduled for H1 2022.

#### Oracle Power plc ([www.oraclepower.co.uk](http://www.oraclepower.co.uk))

Oracle are progressing slowly on the Thar coal mining and power projects. The Pakistan Government stated in late 2020 that it would not approve new coal power plants and the Chinese Government followed suit in early September 2021 by stating it will not fund new overseas coal projects.

Given the change in policy by both states for coal projects it is encouraging to see that the project is still in development and the Pakistan authorities are continuing to work with the Chinese Government through the China-Pakistan Economic Corridor to provide support for the project. An encouraging development is the approval granted to expand electricity generation capacity at the site from 34,776MW to 61,112MW by 2030.

In the meantime, Oracle has changed its focus to early stage exploration gold projects in Western Australia. The gold exploration projects in Western Australia have been the company's primary focus during the year, with geophysics and geochemistry surveys carried out prior to a drilling programme beginning in September 2021.

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### Portfolio review, *continued* Oracle Power plc, *continued*

Significant activities since year end: In October 2021 the company signed a non-exclusive co-operation agreement with PowerChina International Group to jointly develop a green hydrogen production facility in Pakistan, targeting a 400MW capacity plant. An update in December stated that a preliminary technical study was completed by PowerChina, establishing key technical and commercial aspects, targeting a 400MW capacity hydrogen plant with planned hydrogen production of 150,000kg per day. Technology suppliers are being sought and negotiations are underway with provincial governments regarding infrastructure.

### Kefi Gold and Copper plc ([www.kefi-minerals.com](http://www.kefi-minerals.com))

Kefi Minerals is an exploration and development company focused on gold and copper deposits in the Arabian-Nubian Shield. Its main projects are Tulu Kapi in Ethiopia and the Jibal Qutman and Hawiah projects in Saudi Arabia.

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.

Operation on the Tula Kapi Mine in Ethiopia were delayed in September 2021 due to security concerns, just ahead of the company's planned launch of the development phase of the project. The company still remain optimistic that the security issue will be resolved, and the project will be back on track before the end of 2021 with production beginning in 2023.

The company have made progress on the Hawiah copper-gold and Jibal Qutman gold projects in Saudi Arabia, and have fast-tracked to produce an upgraded and expanded Mineral Resource Estimate and Preliminary Feasibility Study for development at Hawiah; Maiden Mineral Resources currently JORC 2012 1.9M oz gold equivalent; Jibal Qutman 733koz gold.

Significant activities since year end: A security issue arose where several employees were taken hostage for a brief time but thankfully safely released. While the security of the project was re-assessed and re-organised the schedule of the project has been pushed back by approximately three months.

Kefi announced the issuance of two additional exploration licences in Saudi Arabia in December 2021. The licences are 12km south-west of the Company's Hawiah project and issued to the Kefi-operated joint venture Gold and Minerals Limited. In January 2022 Kefi completed a placing for £6.2m, its first in two years, with funds being used for the development of the Tulap Kapi mine and to clear accrued debts and directors fees.

### Sunrise Resources plc ([www.sunriseresourcesplc.com](http://www.sunriseresourcesplc.com))

Sunrise Resources hold 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 or sell its other tenements.

The company has maintained its focus on the development of the 100% owned CS Pozzolan-Perlite project in Nevada USA. During the year Sunrise completed assembly of a commercial-scale plant for trial processing. A 500-ton pozzolan sample was extracted and in collaboration with a large cement and ready-mix company (CRMC) underwent test grinding. A further 200-ton perlite sample has been mined and awaits processing. The company is still focused on commercial production in 2021 with mine permitting approvals completed for mine plans, reclamation, air quality control and water use.

Exploration on the company's precious metal claims has also continued with soil sampling outlining an gold-in-soil anomaly on its Sundance project in the Walker Lane Mineral Belt and diamond drilling at the Clayton Silver-Gold project showing 303g/t Ag and 0.2g/t Au over 7.92m. Completion of an aboriginal heritage survey at the Baker's Gold Project in Western Australia, allowed an RC drill programme to be completed; best results show 2m @11.5g/t

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### Portfolio review, *continued* Sunrise Resources plc, *continued*

Au from 64m on 50g fire assay; which was upgraded to 14.4g/t after bulk cyanide leaching and leach tail fire assay was carried out.

In line with its announced strategy, during the year Sunrise also entered into joint-ventures in connection with several of its gold and copper-gold Nevada claims while retaining potential future royalty rights.

Significant activities since year end: The company has announced an agreement with Kinross for its Jackson Wash mining claims in Nevada. Under the terms of the Agreement Kinross has been granted a 9-year mining lease over the claims and an option to purchase the Claims at any time during the term of the Lease for US\$500,000 and the grant to Sunrise of a 2.5% Net Smelter Royalty, while Sunrise retain the rights to mine perlite on the claims so long as this does not hinder any Kinross exploration or future mining operations.

### Other investments

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

Mr. Baxter 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 more than 25 years in the industry. Callum has more than 20 years of experience in capital markets with many investments focusing on early-stage exploration opportunities. He was an Executive Director of AIM-quoted company, Greatland Gold plc, from 2006 until 2021, a Starvest investee company.

#### **Gemma M Cryan – Executive Director**

Miss. Cryan holds formal qualifications in geology (BSc Hons) and has over 16 years of 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 and she is a Non-Executive Director of Great Western Mining Corporation plc.

#### **Mark J Badros – Non-Executive Director**

Mr. Badros 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 practising securities, mergers and acquisitions, and corporate law in New York.

# Starvest plc

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### Strategic report

#### Principal activities and business review

While Bruce Rowan was Chief Executive beginning 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 2021 the Company recorded a loss before tax of £3,861,014, equating to a loss of 6.69 pence per share with net cash outflow for the year of £42,089. This compares to a profit before tax of £15,749,105 in the previous year that equated to a profit of 24.22 pence per share. The Company's cash deposits stood at £78,276 at the period end.

#### Key Performance Indicators

Given the straightforward nature of the Company's activities, the directors take the opinion that analysis using key performance indicators is not necessary for an understanding of the performance, development or position of the business at the present time.

#### Key risks and uncertainties

This business carries 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 forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the 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 2020 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 companies 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



# Starvest plc

## 2021 Annual Report and Financial Statements

### Strategic report, *continued*

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.

The Corporate Governance Statement, in particular Principles 2 and 3 of the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies, available on pages 20-21 provides further evidence for how Section 172 (1) has been applied to strategic issues, risks or opportunities across key stakeholder groups. The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its shareholders and stakeholders 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

15 February 2022

Company registration number: 03981468

# Starvest plc

## 2021 Annual Report and Financial Statements

### Directors' report

The Directors present their twenty first annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2021.

### Results and dividends

The Company's results are set out in the statement of comprehensive income on page 34. The audited financial statements for the year ended 30 September 2021 are set out on pages 33 to 47.

The Directors do not recommend the payment of a dividend for the year (2020: £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 8 February 2022, 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
WB Nominees Limited (of which 12,670,000 representing 21.80% are beneficially owned by Carole Rowan)	12,692,261	21.84%
Hargreaves Lansdown (Nominees) Limited	10,371,260	17.85%
Rock (Nominees) Limited (of which 7,983,368 representing 13.74% are beneficially owned by Callum N Baxter)	8,644,875	14.88%
Interactive Investor Services Nominees Limited	7,535,853	12.97%
Winterflood Client Nominees Limited	2,198,294	3.78%
Barclays Direct Investing Nominees Limited	2,184,452	3.76%

### Charitable and political donations

During the year the Company donated 250,000 shares it held in International Mining and Infrastructure Corporation Plc to the Share Centre Charitable Fund. The carrying value of these shares was £nil (2020: £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 2021, the Company's trade creditors were equal to costs incurred of 80 days (2020: 89 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

## 2021 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 finances its day to day activities from its available cash resources or via a bank overdraft and, on occasion, by part disposal of investments and the use of short-term loans. The continuation of the Company's formal overdraft facility may be reviewed going forward.

The Directors are confident that adequate funding can be raised as required to meet the Company's current and future liabilities without resorting to the overdraft facility, which has been confirmed within the cash flow forecast prepared by the Board for the 12 months ending 28 February 2023. 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 approximates 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 2021, 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

## 2021 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 2021, the Company had an unsecured overdraft facility of £25,000 arranged with its bankers (2020: £25,000).

#### 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

15 February 2022

Company registration number: 03981468

# Starvest plc

## 2021 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.

The Company is compliant with AIM Rule 26 regarding the Company's website.

# Starvest plc

## 2021 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's strategy is to invest 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.

# Starvest plc

## 2021 Annual Report and Financial Statements

### 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 in accordance with regulatory requirements for disclosure via a Regulatory Information Service provider.

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 research notes 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 primarily through the executive directors at investor events and via the company's email: [info@starvest.co.uk](mailto: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 the other Executive Director Ms Gemma Cryan who are contactable via email at [info@starvest.co.uk](mailto: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

# Starvest plc

## 2021 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

## 2021 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 2021:

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	No	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.

#### **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/>

# Starvest plc

## 2021 Annual Report and Financial Statements

### Corporate governance statement, *continued*

#### 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 the Company or in its 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 positive progress and results were presented to shareholders at the most recent AGM.

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

# Starvest plc

## 2021 Annual Report and Financial Statements

### Corporate governance statement, *continued*

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

#### **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.

# Starvest plc

## 2021 Annual Report and Financial Statements

### Corporate governance statement, *continued*

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  
15 February 2022

# Starvest plc

## 2021 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 2021 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 the year.

#### Dear Shareholder,

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 30 September 2021. 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.

#### Audit Committee Membership and Activities

The Audit Committee's members during the year were Mark Badros, as Chairman of the Committee, and Gemma Cryan.

The Committee met independently twice during the year to perform the following activities:

- 1) review key accounting and audit judgements;
- 2) review and consider whether the information provided was complete and appropriate based on its own knowledge;
- 3) review 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) review 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;

# Starvest plc

## 2021 Annual Report and Financial Statements

### **Audit Committee report, *continued***

- 5) review management's responsiveness to the external auditor's findings and recommendations;
- 6) review whether the auditor met the agreed audit plan and understand the reasons for any changes;
- 7) obtain 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) review the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm;
- 10) review 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; and
- 11) review the timing and timeline of the annual audit.

**Mark Badros**  
Committee Chairman  
15 February 2022

# Starvest plc

## 2021 Annual Report and Financial Statements

### 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 2021 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 meeting. 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 2021. 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 to perform the following activities:

- review Executive Director remuneration arrangements (including cash or shares in lieu)
- review and approve the Executive Directors' performance
- review 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

## 2021 Annual Report and Financial Statements

### 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 in FY 2020 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 in FY 2020 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 in FY 2020 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 as at 30 Sept 2021	% holding as at 30 Sept 2021
C Baxter	60,000	0	7,892,459	13.61
G Cryan	53,000	0	1,396,086	2.41
M Badros	27,000	0	148,648	0.26

#### Mark Badros

Committee Chairman  
15 February 2022



# Starvest plc

## 2021 Annual Report and Financial Statements

### 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 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its loss 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

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of the cash flow forecasts prepared by management, challenging the assumptions made therein and evaluating the ability of the company to realise its Level 1 investments, if required, to meet its liabilities as they fall due.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the company financial statements was set at £422,000 (2020: £350,000). This was calculated based on 3% of net assets. The benchmark used, which is unchanged from the prior year, is the one which we determined, in our professional judgment, to be the key principal benchmark within the financial statements relevant to shareholders of the company in assessing financial performance of the company. The key driver of the company and assessment of its performance is the performance and valuation of its investments. Performance materiality has been set at £295,400 (2020: £245,000) being 70% of headline materiality.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £21,100 (2020: £17,500). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

# Starvest plc

## 2021 Annual Report and Financial Statements

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC, *continued*

#### Our approach to the 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 significant judgements, comprising the fair value of investments at level 2 or 3 of the fair value hierarchy. We also assessed the risk of management override of internal controls.

#### 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 our scope addressed this matter
<p><b>Financial assets at fair value through profit or loss (Note 11)</b></p> <p><b>The Company holds equity investments with a carrying value of £14.0m (2020: £17.8m) as at 30 September 2021. The portfolio consists largely of listed investments, which are valued under Level 1 of the fair value hierarchy.</b></p> <p><b>Unlisted investments are subject to management valuation, and thus are exposed to significant levels of management judgement and estimation. These investments have been written down to £Nil in previous periods.</b></p> <p><b>Based on the significance of the value of investments held at the year end, together with the need to exercise management judgement, this was determined a Key Audit Matter.</b></p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>▪ reviewing the valuation methodology for each type of investment held and ensuring the carrying values are supported by sufficient and appropriate audit evidence;</li> <li>▪ ensuring that investments are categorised and disclosed correctly in accordance with UK GAAP;</li> <li>▪ agreeing year-end fair values to independent sources of price data;</li> <li>▪ reviewing disclosures in relation to the estimates and judgements made in assessing those investments held at fair value through profit or loss under Tier 2 or 3 of the fair value hierarchy;</li> <li>▪ ensuring that the company has legal title to the investments held.; and</li> <li>▪ tests of detail on investment additions and disposals in the year.</li> </ul>

#### 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# Starvest plc

## 2021 Annual Report and Financial Statements

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC, *continued*

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.

#### 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 statement of directors' responsibilities, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of cumulative audit knowledge.

# Starvest plc

## 2021 Annual Report and Financial Statements

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC, *continued*

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
  - Companies Act 2006
  - FRS 102
  - AIM Rules
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - Enquiries of management
  - Review of board minutes and other correspondence
  - Review of the company's related party transactions and disclosures
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the existence and good title to investments represented the greatest risk of fraud.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://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.

**David Thompson (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

15 February 2022

# Starvest plc

## 2021 Annual Report and Financial Statements

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year ended 30 September 2021 £	Year ended 30 September 2020 £
Administrative expenses		(290,993)	(303,259)
Gain on disposal of financial assets	11	19,339	59,146
		-	
Movement in fair value of financial assets through profit or loss	11	(3,645,360)	15,993,180
Investment income		56,000	-
<b>Operating (loss)/profit</b>	<b>5</b>	<b>(3,861,014)</b>	15,749,067
Interest receivable	6	-	38
<b>(Loss)/Profit on ordinary activities before tax</b>		<b>(3,861,014)</b>	15,749,105
Tax on (loss)/profit on ordinary activities	8	332,532	(2,003,618)
<b>(Loss)/Profit for the financial year attributable to Equity holders of the Company</b>		<b>(3,528,482)</b>	13,745,487
<b>Earnings per share</b>			
<b>Basic</b>	<b>9</b>	<b>(6.11 pence)</b>	24.22 pence
<b>Diluted</b>	<b>9</b>	<b>(6.11 pence)</b>	24.22 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

## 2021 Annual Report and Financial Statements

### STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2021

	Note	Year ended 30 September 2021 £	Year ended 30 September 2020 £
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	11	14,038,887	17,825,053
<b>Total fixed assets</b>		<b>14,038,887</b>	<b>17,825,053</b>
<b>Current assets</b>			
Trade and other receivables	10	63,539	31,047
Cash and cash equivalents		78,276	120,365
<b>Total current assets</b>		<b>141,815</b>	<b>151,412</b>
<b>Current liabilities</b>			
Trade and other payables	12	(85,627)	(93,215)
<b>Total current liabilities</b>		<b>(85,627)</b>	<b>(93,215)</b>
<b>Non-current liabilities</b>			
Provision for deferred tax	8	(1,671,086)	(2,003,618)
<b>Total non-current liabilities</b>		<b>(1,671,086)</b>	<b>(2,003,618)</b>
<b>Net assets</b>		<b>12,423,989</b>	<b>15,879,632</b>
<b>Capital and reserves</b>			
Called up share capital	13	579,820	575,740
Share premium account		1,848,173	1,779,414
Retained earnings		9,995,996	13,524,478
<b>Total equity shareholders' funds</b>		<b>12,423,989</b>	<b>15,879,632</b>

These financial statements were approved and authorised for issue by the Board of Directors on 15 February 2022.

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

## 2021 annual report and financial statements

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £	Share premium £	Retained earnings £	Total Equity attributable to shareholders £
<b>At 1 October 2019</b>	<b>559,279</b>	<b>1,686,829</b>	<b>(221,009)</b>	<b>2,025,099</b>
Profit for the period	-	-	13,745,487	13,745,487
Total comprehensive income	-	-	13,745,487	13,745,487
Shares issued	16,461	92,585	-	109,046
Total contributions by and distributions to owners	16,461	92,585	-	109,046
<b>At 30 September 2020</b>	<b>575,740</b>	<b>1,779,414</b>	<b>13,524,478</b>	<b>15,879,632</b>
Loss for the period	-	-	(3,528,482)	(3,528,482)
Total comprehensive income	-	-	(3,528,482)	(3,528,482)
Shares issued	4,080	68,759	-	72,839
Total contributions by and distributions to owners	4,080	68,759	-	72,839
<b>At 30 September 2021</b>	<b>579,820</b>	<b>1,848,173</b>	<b>9,995,996</b>	<b>12,423,989</b>

# Starvest plc

## 2021 annual report and financial statements

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	30 September 2021 £	30 September 2020 £
<b>Cash flows from operating activities</b>			
Operating (loss)/profit		(3,861,014)	15,749,066
Net interest receivable		-	38
Shares issued in settlement of salary and fees		72,839	109,046
Movement in fair value of investments		3,645,360	(15,993,180)
Profit on sale of current asset investments		(19,339)	(59,290)
(Increase)/decrease in debtors		(32,493)	83,491
(Decrease)/increase in creditors		(7,587)	27,212
<b>Net cash used in operating activities</b>		<b>(202,234)</b>	<b>(83,617)</b>
<b>Cash flows from investing activities</b>			
Sale of current asset investments		160,145	143,815
<b>Net cash generated from investing activities</b>		<b>160,145</b>	<b>143,815</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(42,089)</b>	60,198
Cash and cash equivalents at beginning of period		120,365	60,167
<b>Cash and cash equivalents at end of year</b>	<b>15</b>	<b>78,276</b>	120,365

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



# Starvest plc

## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 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 15 February 2022 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 part disposal of investments and use of short-term loans. The continuation of the Company's formal overdraft facility may be reviewed going forward.

The Directors are confident that adequate funding can be raised as required to meet the Company's current and future liabilities without resorting to the overdraft facility, which has been confirmed within the cash flow forecast prepared by the Board for the 12 months ending 28 February 2023. In the 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 the date of this report, 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.

# Starvest plc

## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 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.

##### **Foreign Currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate ruling at the reporting date, unless specifically covered by foreign exchange contracts whereupon the contract rate is used.

##### **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 2021 unlisted shares were valued at £nil (2020: £nil).

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.

Dividend income is recognised in the income statement when the right to receive payment is established from investee companies.

##### **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.

# Starvest plc

## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 3. Principal Accounting Policies, *continued*

##### 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.

##### 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.

##### Share premium

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.

##### Retained Earnings

Retained earnings is the cumulative profit or loss that is held or retained and saved for future use as recognised in the statement of comprehensive income.

#### 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 2021	Year ended 30 September 2020
	£	£
<b>This is stated after charging:</b>		
Auditor's remuneration:		
- audit services	18,600	18,000
- other services	-	-
Director's emoluments – note 7	<u>141,317</u>	<u>141,058</u>

There are no employees, other than the Directors of the company (2020: Nil)

# Starvest plc

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 6. Interest receivable

	Year ended 30 September 2021 £	Year ended 30 September 2020 £
Bank interest receivable	-	38
	-	38

#### 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 2021	Salary and Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in settlement of fees – see note £	Total £
C Baxter	15,000	-	-	45,000	60,000
G Cryan	25,161	1,317	-	27,839	54,317
M Badros	27,000	-	-	-	27,000
	67,161	1,317	-	72,839	141,317

Year ended 30 September 2020	Salary and Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in settlement 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

#### Amounts paid to third parties and shares issued in settlement of fees

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

- In respect of the management services of Callum Baxter, £nil (2020: £38,000) was payable to Baxter Geological, a company of which he is a director and shareholder. Of his total remuneration, £45,000 (2020: £53,000) was settled in shares in the Company and at 30 September 2021 £15,000 (2020: £15,000) of his net salary remained outstanding.
- In respect of Gemma Cryan's total remuneration £27,839 (2020: £18,046) was settled in shares in the Company and at 30 September 2021 £6,847 (2020: £10,380) of her net salary remained outstanding.
- In respect of the professional services of Mark Badros, £nil (2020: £5,000) was payable to Timberlake Capital Management, a company of which he is a director and shareholder. At 30 September 2021 £6,750 (2020: £6,750) of his net salary remained outstanding.

# Starvest plc

## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 8. Corporation Tax

##### a) Analysis of (credit)/charge in the period

	Year ended 30 September 2021	Year ended 30 September 2020
	£	£
United Kingdom corporation tax at 19% (2020: 19%)	-	-
Deferred taxation at 25% (2020: 19%)	<b>(332,532)</b>	2,003,618
	<b>(332,532)</b>	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% (2020: 19%). The differences are explained below:

	Year ended 30 September 2021	Year ended 30 September 2020
	£	£
(Loss)/profit on ordinary activities before tax	<b>(3,861,014)</b>	15,749,105
(Loss)/profit multiplied by standard rate of tax at 19% (2020: 19%)	<b>(733,593)</b>	2,992,330
Effects of:		
Utilised against carried forward losses	-	(2,992,330)
Losses carried forward not recognised as deferred tax assets	<b>733,593</b>	-
Deferred tax (credit)/charge	<b>(332,532)</b>	2,003,618
	<b>(332,532)</b>	2,003,618

##### c) Deferred tax

Deferred tax liability b/fwd at 30 September 2020 and 2019	<b>2,003,618</b>	-
Charge/(credit) for the year	<b>(332,532)</b>	2,003,618
Deferred tax liability c/fwd at 30 September 2021 and 2020	<b>1,671,086</b>	2,003,618
Capital losses b/fwd at 30 September 2020 and 2019	<b>(3,548,493)</b>	(3,505,488)
Current year capital gains (losses)	<b>33,469</b>	(43,005)
Capital losses c/fwd at 30 September 2021 and 2020	<b>(3,515,024)</b>	(3,548,493)
Excess management expenses b/fwd at 30 September	<b>(1,655,253)</b>	(1,655,253)
Current year excess management expenses	<b>(290,993)</b>	-
Adjustments in respect of prior periods	<b>(303,221)</b>	-
Excess management expenses c/fwd at 30 September	<b>(2,249,467)</b>	(1,655,253)

# Starvest plc

## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 8. Corporation Tax, *continued*

##### c) Deferred tax, *continued*

	Year ended 30 September 2021 £	Year ended 30 September 2020 £
Total losses	<u>(5,764,491)</u>	<u>(5,203,746)</u>
Profits b/fwd	10,545,359	
Current year pre-tax (loss)/profit	(3,861,014)	15,749,105
Profits attributable to deferred tax	<u>6,684,345</u>	<u>10,545,359</u>
Deferred tax at 25% (2020:19%)	<u>1,671,086</u>	<u>2,003,618</u>

A deferred tax liability provision of £332,532 has been released during the year (2020 provision: £2,003,618) 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 2021 £	Year ended 30 September 2020 £
(Loss)/profit for the year	<u>(3,528,482)</u>	<u>13,745,487</u>
Weighted average number of Ordinary shares of £0.01 in issue	57,755,713	56,742,071
(Loss)/profit per share – basic and diluted	<u>(6.11 pence)</u>	<u>24.22 pence</u>

There are no potential dilutive shares in issue.

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## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 10. Trade and Other Receivables

	Year ended 30 September 2021 £	Year ended 30 September 2020 £
Prepayments	61,548	28,895
Funds held on account	1,991	2,152
	<b>63,539</b>	<b>31,047</b>

#### Short term loans to related parties

- At 30 September 2021 loans to Equity Resources Ltd ("EQR") totalling £20,000 (2020: £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 made prior to appointment of the current board and approved by former directors at 0% interest with no formal agreement as to repayment date. The Company holds 28.41% of the equity in EQR. The Company has made a full provision for these loans, totalling £20,000.

#### 11. Financial assets at fair value through profit or loss

	30 September 2021 £	30 September 2020 £
Listed equity securities		
Fair value of investments at 1 October	17,825,053	1,916,398
Additions	-	-
Disposals	(140,806)	(84,525)
Fair value (loss)/gain on investments	(3,645,360)	15,993,180
<b>Fair value at 30 September</b>	<b>14,038,887</b>	<b>17,825,053</b>

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

Quoted on AIM	14,029,001	17,805,782
Quoted on foreign stock exchanges	9,886	19,271
	<b>14,038,887</b>	<b>17,825,053</b>

The Company has holdings in the companies described in the review of portfolio on pages 7 to 11. Of these, the Company has holdings amounting to 20% or more of the issued share capital of the following companies:

Name	Country of incorporation	Class of shares held	Percentage of issued capital	Profit 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%	£1,677	(£37,737)	31 May 2021

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 net liabilities of its Associates at 30 September 2021 is £10,721. 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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## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

	30 September 2021 £	30 September 2020 £
Trade creditors	33,143	39,926
Accruals	21,633	19,855
Employment costs	30,841	33,434
Other payables	10	-
	<b>85,627</b>	<b>93,215</b>

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 13. Share Capital

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

Called up, allotted, issued and fully paid

	Number of Shares	£
<b>As at 30 September 2019</b>	<b>55,927,832</b>	<b>559,279</b>
Issued 6 April 2020 in lieu of fees at 4.25p	1,107,057	11,070
Issued 14 July 2020 in lieu of fees at 11.5p	539,097	5,391
<b>As at 30 September 2020</b>	<b>57,573,986</b>	<b>575,740</b>
Issued 2 June 2021 in lieu of fees at 18.5p	275,635	50,992
Issued 27 July 2021 in lieu of fees at 16.5p	132,410	21,847
<b>As at 30 September 2021</b>	<b>57,982,031</b>	<b>648,579</b>

#### Share Warrants

The Company currently has no unexercised warrants in issue.

#### 14. Share options

During the year ended 30 September 2021 no new options were granted and the Company currently has no unexercised options in issue.

#### 15. Cash and Cash Equivalents

	Year ended 30 September 2020 £	Cash flow £	Year ended 30 September 2021 £
Cash at bank	120,365	(42,089)	78,276
Net cash and cash equivalents	120,365	(42,089)	78,276

#### 16. Capital Commitments

As at 30 September 2021 and 30 September 2020, the Company had no commitments other than for expenses incurred in the normal course of business.

#### 17. Contingent Liabilities

There were no contingent liabilities at 30 September 2021 (2020: £nil).



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## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 18. Related Party Transactions

During the year Greatland Gold plc, a company which Callum Baxter was formerly a director of, provided shared office space to the Company. At the year end there was £1,908 payable to Greatland Gold plc for October and November 2021 rent (2020: £1,217). These amounts were settled in full on 1 October and 29 October 2021 respectively.

There were no other 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 £141,317 (2020: £141,058). 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 2021 there were no loans outstanding (2020: £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 2021 £	Year ended 30 September 2020 £
<b>Financial assets</b>		
Trade investments at fair value through profit and loss	14,038,887	17,825,053
Cash and cash equivalents at amortised cost	78,276	120,365
Investment funds held on account at amortised cost	1,991	2,152
	14,119,154	17,947,570
<b>Financial liabilities at amortised cost</b>		
Accruals and payables	83,640	92,167
	83,640	92,167

# Starvest plc

## 2021 annual report and financial statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### **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.