

Gunsynd plc

Annual Report and Accounts 2019

Company Number: 05656604

CONTENTS

COMPANY INFORMATION	1
CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW)	2
DIRECTORS' REPORT	5
INFORMATION ON THE BOARD OF DIRECTORS	9
CORPORATE GOVERNANCE STATEMENT	10
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUNSYND PLC	16
FINANCIAL STATEMENTS	19
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019	19
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2019	20
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019	21
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2019	22
NOTES TO THE FINANCIAL STATEMENTS	23

COMPANY INFORMATION

DIRECTORS	Hamish Harris Donald Strang Peter Ruse	(Executive Chairman) (Executive Director) (Non-Executive Director)
REGISTERED OFFICE	78 Pall Mall, St James's London SW1Y 5ES	
COMPANY WEBSITE	www.gunsynd.com	
COMPANY REGISTRATION NUMBER	05656604 (England and Wales)	
NOMINATED ADVISER AND JOINT BROKER	Cairn Financial Advisers LLP Cheyne House, Crown Court 62-63 Cheapside London EC2V 6AX	
JOINT BROKER	Peterhouse Capital Limited 3rd floor, 80 Cheapside London EC2V 6EE	
AUDITOR	Chapman Davis LLP Chartered Accountants and Registered Auditor 2 Chapel Court London SE1 1HH	
SOLICITOR	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW	
BANKERS	Barclays Bank plc 1 Churchill Place London E14 5HP	
REGISTRAR	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA	

CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW)

I am pleased to present the annual report and financial statements for the year ended 31 July 2019.

Review of Investments

Human Brands Inc. ("HB")

HB continued to build on its foundation in 2019. Its revenues are up over 25%-30% year over year on a non-audited like for like basis

A key focus in 2019 was the launch of its flagship brand, Shinju Japanese Whisky. HB believes there is a huge opportunity in Japanese Whisky and the market reception for Shinju has proved that. HB has been very careful and strategic with how it is launching the Brand, selecting only key markets and certain distributors to start. In less than a year HB has sold over 6,000 bottles of Shinju. In early 2019, Shinju started off only selling in Washington DC. It has now expanded into many key markets including New York, Boston, Las Vegas, and California.

Shinju has commitments to launch in New Jersey, Virginia, and Mexico in Q1, 2020. HB has also formed a marketing partnership with Sapporo Beer, Japan's oldest brewery. Both brands will market together in New York City, with a goal of taking the partnership nationwide.

HB saw significant growth in its wine portfolio in 2019 and sold multiple containers this year. At the start of the year HB was selling its wine, Miolo, into twenty US States and has since added five more. A key driver of this growth has been 'mandatory' product placements into national chains like Fogo de Chao and Rodizio Grill.

HB spent a lot of 2019 continuing to build a core foundation around its tequila business. As, what the Directors believe to be, one of the fastest growing spirits, with very minimal worldwide acceptance 'yet', HB is adding assets to capitalize on tequila's current growth and its future.

Copa Imperial, the HB's flagship super premium tequila aged for 8 years is expected to launch in Q1 2020. The final bottle design is being completed with a number of sample bottles already having been made.

To complement Copa and fill a demand in the mid-tier market, HB acquired 51% of Armero Tequila. Armero is a high-quality tequila produced at one of the top distilleries in Mexico. The Brand currently sells throughout Mexico, in many tourist destinations like Cancun, Puerto Vallarta, Mexico City, and Acapulco. HB recently launched Armero in Washington DC and will look to expand throughout the US in 2020.

One key area of opportunity in tequila is agave. Tequila cannot be produced without agave, and the agave must be a certain agave from a certain location. Because of the growing popularity of tequila, there is a shortage in the supply of agave, which is causing an increase in the price of the plants. Noticing this, HB has acquired 209,000 agave plants, which are projected to provide anywhere from £5m – £7m in sales over the next five years. HB has an option on an additional 300,000 plants.

HB is in the process closing of its Thailand operations as part of its focus on developing its own brands rather than distribution. HB believes that moving valuable resources from Thailand to put into the fast-growing US market and its launch into the UK market will achieve far greater comparative returns in 2020.

HB had intended to IPO by the end of this year but due to particularly difficult market conditions brought about, in large part by Brexit. This now has been delayed until 2020 and as such time that market conditions improve. HB will also re-domicile from the US to the UK and change its name to Rogue Baron Limited, which has already been set up as a UK company. A presentation for Rogue Baron will be posted on the Gunsynd website.

CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED

United Oil and Gas Plc ("UOG")

UOG is an independent oil & gas company established in 2015 by a former Tullow Oil team. Its strategy is to acquire assets where the management team's experience can drive near-term activity and unlock previously untapped value.

In September it was awarded four blocks in a North Sea licensing round which follows on from UOG signing a non-binding Heads of Terms on an agreement to sell North Sea blocks 15/18d and 15/19b to Anasuria Hibiscus UK Limited for a headline consideration of up to \$5 million.

Subsequent to that, UOG announced a conditional acquisition by UOG of Rockhopper Egypt Pty Ltd ("Rockhopper Egypt") for US\$ 16 million. According to UOG the acquisition will deliver over 1,100 barrels of oil equivalent per day net

Gunsynd currently holds 2.64 million shares in UOG representing 0.8% of its issued share capital.

Sunshine Minerals Limited ("Sunshine")

Sunshine is a nickel and bauxite exploration company focussing on the Solomon Islands. During the period under review, Metminco Ltd, an ASX listed company, conditionally agreed to acquire 100% of Sunshine. However, it subsequently withdrew from the transaction. On 2 December 2019, the Company announced that an ASX listed company called Malachite Resources ("Malachite") had entered into a conditional share subscription agreement with Malachite Resources to acquire 15% of Sunshine.

As announced in 2018, Axiom Mining Limited is seeking judicial review of the decision to award the Jejevo prospecting licence to Sunshine Nickel, Sunshine's 100% owned subsidiary. Axiom's Statement of Claim for judicial review names Sunshine as a defendant alongside the Ministry of Mines, Energy and Rural Electrification and one other party.

Gunsynd currently holds a 18.22% stake in Sunshine Minerals Limited which would fall to 15.5% if the Malachite share subscription were to proceed.

Kolosori Nickel Limited ("Kolosori")

On 4 December 2019, the Company announced it had purchased a 7.67% stake in Kolosori which owns 80% of the nickel prospecting licence PL05/19 over the Kolosori Prospect in the Solomon Islands. In addition, the Company has been granted a 90 day option to purchase a further 22.33% of Kolosori for GBP135,000.

Oyster Oil and Gas Limited ("Oyster") now ZTR Acquisition Corporation ("ZTR")

Gunsynd initially invested £250,000 into Oyster by way of a convertible loan on 21 July 2017. In addition to the convertible loan note, Gunsynd held 2,311,000 ordinary shares in Oyster representing approximately 5.29% of Oyster's issued share capital.

It was announced on 4 March 2019 that Northbay Capital Partners Corp. and Gunsynd had reached conditional agreement ("Agreement") with Oyster to settle aggregate debts of CAD1,426,500 owed to them by Oyster in exchange for the outstanding share capital of Oyster's wholly-owned operating subsidiary, Oyster Oil & Gas Limited ("Subco"), established under the laws of the British Virgin Islands. Oyster's production sharing contracts in Madagascar and Djibouti are held through Subco. Northbay and Gunsynd are currently in discussions with a third party to raise money for the Subco to progress further work on the Madagascar licence. We maintain our belief that this asset has great potential. This change in strategy will hopefully see that realised.

On 2 July 2019, the Company announced it had invested a further US\$130,000 to take the Company's total holding in Subco to 333 shares being 30%.

On 29 November 2019, the Company announced it had entered into a binding term sheet with Sajawin Pty Ltd ("Sajawin") to conditionally sell all of its shares in Subco for circa £260,000 subject to various conditions. The Production Sharing Contract for Blocks 1-4 in the Republic of Djibouti are not included in the above transaction and will be transferred to a party of Northbay and Gunsynd's choosing before completion of the sale to Sajawin.

CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED

Brazil Tungsten Holdings Limited ("BTHL")

BTHL has now completed a 2,000 metre drill program.

Re-logging of the old drill core has now been completed with a total of 4025.5m of drill core in 69 drill holes checked. BTHL is still waiting on the assay results from much of the drilling.

Assay results have been received for 394 samples and significant tungsten mineralisation has been identified in core not previously sampled.

Results ranged from 0.6m @ 0.10% WO₃ to 0.8m at 0.61% WO₃

Minimal production of 1-2 tonnes a month of ore is still being produced from underground and processed at the plant.

Due to falling tungsten prices the company has written down the investment by £100,000 (2018: nil)

Gunsynd currently holds 6.18% of BTHL.

All of our investments are minority investments. Certain of these investments may seek to IPO. Whilst we may offer advice to management of investee companies in this regard they can and sometimes do ignore such advice. Similarly, private companies don't have the disclosure requirements of public companies and are under no obligation to keep us constantly updated. This seems to be lost on many. Whilst it can be frustrating not least for us, the regulatory hurdles to IPO are substantial and time consuming. There are also market conditions to consider. Together these can severely impact the potential of any IPO. Management may also feel they can achieve a far higher valuation by waiting for an improvement in market timing. This has been very evident lately due to market conditions in general and Brexit uncertainty. All these things can and do impact expectations of timings of any IPO. Decisions are ultimately made by investee companies not by us.

Finance Review

The Company made a loss for the year of £556,000 (2018: loss £939,000) after taxation, which included an impairment charge of £100,000 in respect of Brazil Tungsten Ltd. The Company had net assets of £2,363,000 (2018: £2,423,000) at 31 July 2019, and cash balances of £568,000 (2018: £337,000).

Outlook

Whilst conditions have been far from perfect, it is pleasing that we managed to sell our Horse Hill Developments stake and finally made progress on the Oyster and Sunshine investments where we have strengthened our position. We are particularly pleased with progress at Human Brands and excited by its future potential.

The Board would also like to take this opportunity to thank shareholders for their continued support.

Hamish Harris

Chairman

10 December 2019

DIRECTORS' REPORT

The Directors present their annual report on the Company and its audited financial statements for the year ended 31 July 2019.

Principal activity

As at 31 July 2019 the principal activity of the Company is that of investing by seeking to acquire companies and/or projects within the natural resources sector which the Board considers, in its opinion, have potential for growth. The Company will consider opportunities in all relevant sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be in Europe, however, investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist and potential value can be achieved.

Results and dividends

The statement of comprehensive income is set out on page 18 and has been prepared in Pounds Sterling, the functional and reporting currency of the Company.

The Company's net loss after taxation attributable to equity holders of Gunsynd plc for the year was £556,000 (2018: loss £939,000).

No dividends have been paid or proposed.

Review of the business and future developments

A full review of the Company's performance, financial position and future prospects is given in the Chairman's Report (Incorporating the Strategic Review).

Directors and their interests

The Directors who served during the year were:

H Harris

D Strang

P Ruse - appointed 6 November 2019

G Garnett - appointed 16 January 2018 and resigned 26 November 2019

The interests of the serving Directors at 31 July 2019 or at date of resignation, in the ordinary share capital of the Company (all beneficially held) were as follows

	31 July 2019		31 July 2018	
	No. shares	No. of options	No. shares	No. of options
Hamish Harris	98,725,490	150,000,000	48,725,490	150,000,000
Donald Strang	320,000,000	150,000,000	57,058,823	150,000,000
George Garnett	-	30,000,000	-	30,000,000
Peter Ruse	-	-	-	-

Directors' remuneration

The remuneration of the Executive Directors paid during the year was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-executive Director paid during the year was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Fees paid to each Director for the year ended 31 July 2019 are set out in Note 6 to the financial statements.

DIRECTORS' REPORT CONTINUED

Substantial shareholdings

Other than as summarised below, the Directors have not been advised of any individual interest, or group or interests held by persons acting together, which at 31 July 2019 exceeded 3% of the Company's issued share capital.

	Number of ordinary shares held	% of issued share capital
Interactive Investor Services Nominees Limited Des:SMKTNOMS	806,754,009	12.74%
Interactive Investor Services Nominees Limited Des:SMKTISAS	597,515,278	9.43%
Hargreaves Lansdown (Nominees) Limited Des:15942	492,448,569	7.77%
Hargreaves Lansdown (Nominees) Limited Des:HLNOM	390,849,908	6.17%
HSDL Nominees Limited	347,457,412	5.49%
JIM Nominees Limited Des:JARVIS	282,201,658	4.46%
Hargreaves Lansdown (Nominees) Limited Des:VRA	273,010,544	4.31%
Barclays Direct Investing Nominees Limited Des:CLIENT1	258,517,533	4.08%
Thomas Grant and Company Nominees Limited Des:TGNOMS	229,729,729	3.63%
HSDL Nominees Limited Des:MAXI	222,989,535	3.52%

Employees

The Company has only one direct employee.

Creditor payment policy

The policy of the Company is to:

- (a) Agree the terms of payment with suppliers when settling the terms of each transaction;
- (b) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

Directors' liability

As permitted by the Companies Act 2006, the Company has purchased insurance cover for the Directors against liabilities in relation to the Company.

Charitable donations

During the period, the Company made no charitable donations (2018: £Nil).

Financial reporting

The Board has ultimate responsibility for the preparation of the annual audited accounts. A detailed review of the performance of the Company is contained in the Chairman's report (incorporating Strategic Review). Presenting the Chairman's report (incorporating Strategic Review) and Director's Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance and prospects.

Internal control

A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

DIRECTORS' REPORT CONTINUED

Events after the reporting period

Events after the reporting period are set out in Note 23 to the financial statements.

Auditor

The Directors will place a resolution before the Annual General Meeting to re-appoint Chapman Davis LLP as auditor for the coming year.

Risk management

The Directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans.

The Company's financial risk management policies are set out in the Corporate Governance Statement and in Note 19.

Corporate Governance

Gunsynd is committed to undertaking its activities in accordance with the highest international social, environmental and operational standards. For detailed information please refer to the corporate governance statement on page 10.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 31 July 2019. This basis assumes that the company will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Company made a loss for the year of £556,000 (2018: loss £939,000) after taxation. The Company had net assets of £2,363,000 (2018: £2,423,000) and cash balances of £568,000 (2018: £335,000) at 31 July 2019. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved to 31 December 2020. These forecasts show that the Company expects to have sufficient financial resources to continue to operate as a going concern.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- in the event that the Company's investments require further funding, sufficient funding can be obtained; and
- in the event that operating expenditure increases significantly as a result of successful progress with regards to the Company's investments, sufficient funding can be obtained.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. As a junior investment exploration company, the Directors are aware that the Company must go to the marketplace to raise cash to meet its investment plans, and/or consider liquidation of its investments and/or assets as is deemed appropriate. The Company has previously constantly demonstrated its ability to raise further cash by way of completing placings during the prior years, and are confident of further equity fund raising should the company require such cash injection. Therefore they are confident that existing cash balances, along with the any new funding would be adequate to ensure that costs can be covered.

Consequently, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

DIRECTORS' REPORT CONTINUED

Statement of directors' responsibilities

Company law requires the Directors to keep reliable accounting records which correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. The shareholders have resolved, in accordance with the Companies Act 2006 and the Articles of Association, that the Directors prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

On this basis the Directors have elected to prepare the financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standard 1 requires that accounts present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of accounts'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Website publication

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

Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

Additionally, the Directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board of Directors

Hamish Harris

Director

10 December 2019

INFORMATION ON THE BOARD OF DIRECTORS

Hamish Harris – Executive Chairman

Hamish holds a Bachelor of Commerce and has held positions within market risk management at a number of financial institutions including Nomura Group, Deutsche Bank AG and BZW plc in Singapore, Hong Kong and London. Hamish is also a Director on a number of AIM listed companies. Hamish is a member of both the Audit and Remuneration committees.

Donald Strang – Executive Director

Donald is a member of the Australian Institute of Chartered Accountants and has been in business over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently the Finance Director of Cadence Minerals plc and a director of Doriemus plc, and Primorus Investments plc.

Peter Ruse – Non-Executive Director

Peter is a finance professional with over 12 years of extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Peter is a member of both the Audit and Remuneration committees.

CORPORATE GOVERNANCE STATEMENT

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all stakeholders including staff, shareholders and clients. In order to meet the requirements of AIM Rule 26 we have chosen to follow the Quoted Companies Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies.

As Chairman, I lead the Board and take ultimate responsibility for ensuring that there is absolute clarity in our strategy and our quantitative and qualitative objectives and the collective and individual responsibilities of the Directors.

Importantly my responsibilities include ensuring that the Company maintains its strong values of delivery, integrity, trust, client service and good corporate governance and in so doing deliver value for shareholders over the medium to long term.

In the following statement we give a summary of how our Board and its committees operate and how we are applying the ten principles of the QCA Code.

1. Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of an investing strategy for the Company. Gunsynd plc is an investing company with a focus to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to acquisitions in the in all sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be Europe, however, investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist and potential value can be achieved.

2. Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, www.gunsynd.com, and via Hamish Harris, Executive Director, who is available to answer investor relations enquiries.

3. Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long term success of the Company is reliant upon the efforts of the directors of the Company and its investors, investee companies, regulators and other stakeholders. The Board has regular discussions and meetings with shareholders, regulators and investee companies to ensure that there is close oversight and contact.

For example, the Company conducts AGM each year and other general meetings with shareholders whereby they are able to voice any concerns they have with the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

4. Principle Four

Risk Management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

CORPORATE GOVERNANCE STATEMENT CONTINUED

Activity	Risk	Impact	Control(s)
Financial	Liquidity, market and credit risk Inappropriate controls and accounting policies	Inability to continue as going concern Reduction in asset values Incorrect reporting of assets	Robust capital management policies and procedures The board agrees and signs all annual reports which details accounting policies. Due to size of the company - The board discusses and agrees all payments Audit and Compliance Committee
Regulatory adherence	Breach of rules	Censure	Strong compliance regime instilled at all levels of the Company
Strategic	Damage to reputation	Inability to secure new capital or investments	Effective communications with shareholders coupled with consistent messaging to potential investees
Management	Management Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Executive Director. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

5. Principle Five

A Well Functioning Board of Directors

As at the date hereof, the Board comprised a Chairman, Hamish Harris, an Executive Director, Donald Strang, and one Independent Non-Executive Director, Peter Ruse. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than 3 years. The Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board elects a Chairman to chair every meeting.

The Board meets formally at least 3 times per annum but regular contact is maintained to deal with relevant matters as they arise. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Non-Executive Director is part time and is expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Peter Ruse is considered to be an Independent Director. The Board notes that the QCA recommends a balance between executive and non-executive directors and recommends that there be two independent non-executives. As it has only one independent non-executive director, the Board does not currently fully comply with this requirement and will consider making further appointments as the scale and complexity of the Company grows, which is expected to be when the Company achieves a market capitalisation of over £8 million.

Attendance at Board and Committee Meetings

The Board met three times in the period. The remuneration committee almost met once as did the audit committee.

Meetings

Board	Attendance
Hamish Harris	3
Don Strang	3
George Garnett	2

Remuneration Committee

Hamish Harris	1
Don Strang	1

Audit Committee

Hamish Harris	1
Don Strang	1

6. Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of three Directors. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of commercial and professional skills across geographies and industries, and each of the Directors has experience in public markets.

The Board recognises that it currently has limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required. At this stage due to the current size of the Company this is not seen as a material point.

The Board reviews annually the appropriateness and opportunity for continuing professional development whether formal or informal. Currently each of the Board are involved in financial markets and increase their awareness and skills via reading and participation in commercial transactions from time to time.

Mr Hamish Harris

Chairman and Executive Director

Hamish holds a Bachelor of Commerce and has held positions within market risk management at a number of financial institutions including Nomura Group, Deutsche Bank AG and BZW plc in Singapore, Hong Kong and London. Hamish is also a Director on ASX and NEX listed companies.

Mr Donald Strang

Executive Finance Director

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

Mr Peter Ruse

Independent Non-Executive Director

Peter is a finance professional with over 12 years of extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Peter is a member of both the Audit and Remuneration committees.

7. Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual Directors is undertaken on an annual basis in the form of discussions. Due to the current size of the Company, these discussions and the criteria for assessment are general and brief.

The annual report details the progress which the board and Company has made for the year.

No succession planning is deemed necessary at this point due to the current size of the Company. Each Director is also assessed by shareholders at AGM on a three year rotating basis when their re-appointment is due.

CORPORATE GOVERNANCE STATEMENT CONTINUED

8. Principle Eight

Corporate Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with investee companies and investors and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

9. Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Executive Directors arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Executive Directors.

Audit Committee

The Audit Committee is comprised of Hamish Harris (Chairman), Peter Ruse and Donald Strang. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee

The Remuneration Committee is comprised of Hamish Harris (Chairman), Peter Ruse and Donald Strang, excluding whichever relevant Director whose performance, remuneration and employment terms are being discussed. The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Non-Executive Directors

The Board has appointed a Non-Executive Director.

As stated above, due to the current size of the Company, it is deemed not necessary to appoint further independent non-executive directors until the Company's market capitalisation reaches £8 million.

CORPORATE GOVERNANCE STATEMENT CONTINUED

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. All matters pertaining to the Company are reserved for the Board. There are no plans at this stage to increase the governance framework until the Company achieves a minimum market capitalisation of £8 million.

10. Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, www.gunsynd.com, and via Hamish Harris, Chairman, who is available to answer investor relations enquiries. The Company proposed in 2018, subject to the necessary formalities, to move to electronic communications with shareholders in order to maximise efficiency. The Company's website details various information: annual reports, AGM notice of meetings and RNS announcements detailing results of meetings and other relevant information.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

Hamish Harris

Director

10 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUNSYND PLC

OPINION

We have audited the financial statements of Gunsynd Plc (the 'Company') for the year ended 31 July 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 July 2019 and of the Company's losses for the year then ended;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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

CARRYING VALUE OF FINANCIAL INVESTMENTS

The Company's Financial Investments represent the most significant asset on its statement of financial position totalling £1.2m as at 31 July 2019, of which unlisted investments represented £1.1m of the total financial investments.

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

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

How the Matter was addressed in the Audit

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

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

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

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

MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider total assets to be the most significant determinant of the Company's financial performance used by shareholders as the Company continues to support these investments whilst seeking a return on these investments. Therefore we determined overall materiality for the financial statements as a whole to be £55,000, based on a 2% percentage consideration of the total assets.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Fulton
(Senior Statutory Auditor)
For and on behalf of Chapman Davis LLP, Statutory Auditor
London

Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).

10 December 2019

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019

		2019	2018
	Note	£000	£000
Continuing operations			
Income			
Unrealised (loss) on financial investments		(224)	(535)
Realised Profit on financial investments		35	41
		(189)	(494)
Administrative expenses			
Salaries and other staff costs	6	(176)	(163)
Other costs	8	(169)	(198)
Share based payment charge	20	-	(100)
Total administrative expenses		(345)	(461)
Share of associate losses	12	(6)	-
Impairment of financial investments	11	(100)	-
Other income	7	50	-
Finance income		34	16
(Loss) before tax		(556)	(939)
Taxation	9	-	-
(Loss) for the period attributable to equity shareholders of the Company		(556)	(939)
Other comprehensive (expenditure) for the period net of tax		-	-
Total comprehensive (expenditure) for the period		(556)	(939)
(Loss) per ordinary share			
Basic (pence)	10	(0.011)	(0.019)
Diluted (pence)		(0.011)	(0.019)

The notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2019

		2019	2018
	Note	£000	£000
ASSETS			
Non-current assets			
Financial investments	11	1,238	2,098
Investment in associate	12	350	-
Total non-current assets		1,588	2,098
Current assets			
Trade and other receivables	13	333	296
Cash and cash equivalents	18	568	337
Total current assets		901	633
Total assets		2,489	2,731
Current liabilities			
Trade and other payables	14	(126)	(308)
Total current liabilities		(126)	(308)
Total liabilities		(126)	(308)
Net assets		2,363	2,423
Equity attributable to equity holders of the company			
Ordinary share capital	15	633	489
Deferred share capital	15	1,729	1,729
Share premium reserve	15	10,890	10,536
Share based payments reserve		205	234
Retained earnings		(11,094)	(10,565)
Total equity		2,363	2,423

The financial statements were approved and authorised for issue by the Board of Directors on 10 December 2019 and were signed on its behalf by:

Hamish Harris
Chairman

Donald Strang
Director

Company number: 05656604

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Share capital £000	Deferred Share capital £ 000	Share premium reserve £000	Share-based payments reserve £000	Retained earnings £000	Total £000
At 31 July 2017	489	1,729	10,540	174	(9,666)	3,266
Loss for the year	-	-	-	-	(939)	(939)
Total comprehensive income for the period	-	-	-	-	(939)	(939)
<i>Transactions with owners:</i>						
Issue of share capital	-	-	-	-	-	-
Share issue costs	-	-	(4)	-	-	(4)
Share options issued	-	-	-	100	-	100
Share options cancelled	-	-	-	(40)	40	-
At 31 July 2018	489	1,729	10,536	234	(10,565)	2,423
Loss for the year	-	-	-	-	(556)	(556)
Total comprehensive income for the period	-	-	-	-	(556)	(556)
<i>Transactions with owners:</i>						
Issue of share capital	144	-	393	-	-	537
Share issue costs	-	-	(39)	-	-	(39)
Share options lapsed	-	-	-	(29)	29	-
At 31 July 2019	633	1,729	10,890	205	(11,094)	2,365

Details of the nature of each component of equity are set out in Note 15

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2019

		2019	2018
	Note	£000	£000
Cash flow from operating activities			
(Loss) after tax		(556)	(939)
Tax on losses		-	-
Finance income net of finance costs		(34)	(11)
Unrealised Revaluation of financial investments		224	535
(Profit) on sale of financial investments		(35)	(41)
Share based payment		-	100
Share of associate loss		6	-
Impairment provision		100	-
Changes in working capital:			
Decrease in trade and other receivables		79	190
(Decrease) / increase in trade and other payables		(182)	141
Cash outflow from operations		(400)	(25)
Taxation received		-	-
Net cash outflow from operating activities		(400)	(25)
Cash flow from investing activities			
Payments for financial investments	11	(358)	(365)
Disposal proceeds from sale of financial investments	11	600	358
Unsecured loans to investee company		(109)	-
Finance income		-	11
Net cash inflow from investing activities		133	4
Cash flows from financing activities			
Proceeds on issuing of ordinary shares	15	537	-
Cost of issue of ordinary shares		(39)	(14)
Net cash inflow from financing activities		498	(14)
Net increase/(decrease) in cash and cash equivalents	18	231	(35)
Cash and cash equivalents at the beginning of the year		337	372
Cash and cash equivalents at the end of the year	18	568	337

The notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Presentation of the financial statements

Description of business & Investing Policy

Gunsynd plc is public limited company domiciled in the United Kingdom. The Company's registered office is 78 Pall Mall, London SW1Y 5ES.

The Company's Investing Policy is to invest in and/or acquire companies and/or projects within the natural resources sector which the Board considers, in its opinion, has potential for growth. The Company will consider opportunities in all sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be in Europe, however, investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist and potential value can be achieved.

Where appropriate, the Board may seek to invest in businesses where it may influence the business at a board level, add their expertise to the management of the business, and utilise their industry relationships and access to finance.

The Company's interests in an investment and/or acquisition may range from a minority position to full ownership and may comprise one investment or multiple investments. The investments may be in either quoted or unquoted companies; be made by direct acquisitions or farm-ins; and may be in companies, partnerships, earn-in joint ventures, debt or other loan structures, joint ventures or direct or indirect interests in assets or projects. The Board may focus on investments where intrinsic value may be achieved from the restructuring of investments or merger of complementary businesses.

The Board expects that investments will typically be held for the medium to long term, although short term disposal of assets cannot be ruled out if there is an opportunity to generate a return for Shareholders. The Board will place no minimum or maximum limit on the length of time that any investment may be held. The Company may be both an active and a passive investor depending on the nature of the individual investment. There is no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover under the AIM Rules. The Board intends to mitigate risk by appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholder approval. The Board considers that, as investments are made and new investment opportunities arise, further funding of the Company may also be required.

Where the Company builds a portfolio of related assets, it is possible that there may be cross holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate. Investments in early stage assets are expected to be mainly in the form of equity, with debt potentially being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing. The Board may also offer New Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including, for example, delays in collecting accounts receivable, unexpected changes in the economic environment and operational problems.

Investments may be made in all types of assets and there will be no investment restrictions on the type of investment that the Company might make or the type of opportunity that may be considered. The Company may consider possible opportunities anywhere in the world.

The Board will conduct initial due diligence appraisals of potential business or projects and, where they believe further investigation is warranted, intend to appoint appropriately qualified persons to assist. The Board believes its expertise will enable it to determine quickly which opportunities could be viable and so progress quickly to formal due diligence. The Company will not have a separate investment manager.

Compliance with applicable law and IFRS

The financial statements have been prepared in accordance with the Companies Act 2006 and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations, as adopted by the European Union.

Composition of the financial statements

The Company financial statements are drawn up in Sterling, the functional currency of Gunsynd plc and in accordance with IFRS accounting presentation. The level of rounding for financial information is the nearest thousand pounds.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Presentation of the financial statements continued

Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

Basis of preparation – Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 31 July 2019. This basis assumes that the company will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Company made a loss for the year of £556,000 (2018: loss £939,000) after taxation. The Company had net assets of £2,363,000 (2018: £2,423,000) and cash balances of £568,000 (2018: £335,000) at 31 July 2019. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved to 30 December 2020. These forecasts show that the Company expects to have sufficient financial resources to continue to operate as a going concern.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- In the event that the Company's investments require further funding, sufficient funding can be obtained; and
- In the event that operating expenditure increases significantly as a result of successful progress with regards to the Company's investments, sufficient funding can be obtained.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. As a junior investment exploration company, the Directors are aware that the Company must go to the marketplace to raise cash to meet its investment plans, and/or consider liquidation of its investments and/or assets as is deemed appropriate. The Company has previously constantly demonstrated its ability to raise further cash by way of completing placings during the prior years, and are confident of further equity fund raising should the company require such cash injection. . Therefore they are confident that existing cash balances, along with the any new funding would be adequate to ensure that costs can be covered.

Consequently, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

Financial period

These financial statements cover the financial year from 1 August 2018 to 31 July 2019, with comparative figures for the financial year from 1 August 2017 to 31 July 2018.

Accounting principles and policies

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board and signed on their behalf by Hamish Harris and Donald Strang, and described in Note 2, 'Accounting principles and policies'. Information on the application of these accounting policies, including areas of estimation and judgement is given in Note 3, 'Key accounting judgements and estimates'. Where appropriate, comparative figures are reclassified to ensure a consistent presentation with current year information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Accounting principles and policies

Revenue

Revenue is recognised when persuasive evidence of an arrangement exists, delivery of products has occurred or services have been rendered, prices are fixed or determinable and there is a probability that economic benefits will flow to the Company.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. Further details are set out in Note 5.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Financial instruments

Financial investments

Non-derivative financial assets comprising the Company's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Listed investments are valued at closing bid price on 31 July 2019. For measurement purposes, financial investments are designated at fair value through income statement. Gains and losses on the realisation of financial investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income statement for the period.

Investment in associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below), after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity-accounted investments is tested for impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Accounting principles and policies continued

Trade and other receivables

Trade and other receivables are accounted for at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account the age of the debt, historical experience and general economic conditions. If a trade debt is determined to be uncollectable, it is written off, firstly against any provisions already held and then to the statement of comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income.

Trade and other payables

Trade and other payables are held at amortised cost which equates to nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and liquid investments generally with maturities of 3 months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in values.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on disallowed expenses, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Impairment of non-current assets

The carrying values of all non-currents assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged to the statement of comprehensive income in the year concerned.

Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Key accounting judgements and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at 31 July 2019 are set out below:

Share Based Payments

The Company did not awards any options over its unissued share capital to the directors during the year to 31 July 2019. (2018: 330 million share options issued)

The fair value of share based payments is calculated by reference to Black Scholes model. Inputs into the model are based on management's best estimates of appropriate volatility, dividend yields, discount rate and share price. During the year, the Company incurred £nil share based payment charge (2018: £nil charge).

4 New accounting requirements

At the date of authorisation of these financial statements, the following IFRSs, IASs and Interpretations were in issue but not yet effective. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 16 Leases (effective date 1 January 2019);
- IFRS 17 Insurance Contracts (effective date 1 January 2021).

5 Segmental analysis

Segmental analysis is not applicable as there is only one operating segment of the continuing business – investment activities. The performance measure of investment activities is considered by the Board to be profitability and is disclosed on the face of the statement of comprehensive Income. The Board will continually review the segmental analysis of the business on an ongoing basis and at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 Information regarding Directors and employees

	2019 £000	2018 £000
Included within continuing operations		
Fees and salaries	174	159
Social security costs	2	4
Share based payment expense	-	100
	176	263

	2019 Number	2018 Number
Average number of persons employed by the Company (including Directors) during the year		
Directors	3	3
Administrative staff	1	1
Total	4	4

The compensation of the Directors, in aggregate, was as follows:	2019 £000	2018 £000
Wages and salaries	153	147
Social security costs	1	3
Share based payment expense	-	100
	154	250

Full details of the remuneration of individual directors, including the highest paid director, are set out below:

	Fees & salary £000	Share Based Payments £000	Total 2019 £000	Total 2018 £000
Directors				
Mr H Harris	72	-	72	112
Mr D Strang	72	-	72	112
Mr D Ormerod (resigned 16 January 2018)	-	-	-	5
Mr G Garnett (appointed 16 January 2018)	9	-	9	18
	153	-	153	247

Director's fees totalling £53,000 have been accrued and remain unpaid at 31 July 2019. (2018: £102,000)

7 Other income

	2019 £000	2018 £000
Other fees & services	50	-
Total other income	50	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 (Loss)/profit for the year

The following items have been included in operating (loss)/profit:

	2019	2018
	£000	£000
Fees payable to the company's auditors, Chapman Davis LLP in relation to the Company:		
<i>Audit and assurance services:</i>		
- Audit of parent Company financial statements	10	10
- Other services	-	-
Total auditor's fees	10	10
Analysis of other costs:		
Legal and professional fees	5	15
Foreign exchange (gains)	-	-
Other general overheads	164	183
	169	198

9 Taxation

	2019	2018
	£000	£000
Taxation charge based on losses for the year	£000	£000
UK Corporation tax	-	-
Deferred taxation	-	-
Total tax expense	-	-

Factors affecting the tax charge for the year:

(Loss)/profit on ordinary activities before taxation	(556)	(939)
Loss on ordinary activities at the average UK standard rate of 19% (2018: 19%)	(106)	(178)
Effect of non-deductible expenses	22	21
Future income tax benefit not brought to account	84	157
Other deductions for tax purposes including prior year losses	-	-
Current tax charge	-	-

As set out in Note 2, the Company has not recognised a deferred tax asset in the financial statements as there is no certainty that taxable profits will be available against which these assets could be utilised.

Factors affecting the tax charge in future years

Changes to tax legislation could impact on the Company's effective tax rate. The UK Government has in recent years proposed some significant changes to the UK taxation system. The UK Government announced a phased reduction in the main rate of corporation tax to 18% and the deferred tax balances reflect that reduction in the UK tax rate, as is appropriate to the Company's circumstances.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 (Loss) per share

(Loss) attributable to ordinary shareholders	2019	2018
The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:		
(Loss) from operations (£000)	(556)	(939)
Total (£000)	(556)	(939)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share (millions)	5,082.7	4,882.9
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share (millions)	5,424.4	5,225.6
Basic (loss) per share (expressed in pence)	(0.011)	(0.019)
Diluted (loss) per share (expressed in pence)	(0.011)	(0.019)

As the inclusions of the potential Ordinary Shares would result in a decrease in the loss per share they are considered to be anti-dilutive and as such not included.

11 Financial investments

	£000
Fair Value at 31 July 2017	2,585
Additions	365
Market value Revaluations	(535)
Gains on disposals	41
Disposal	(358)
Impairment provision	-
Fair Value at 31 July 2018	2,098
Additions	935
Market value Revaluations	(224)
Gains on disposals	35
Disposal	(1,150)
Transfer to investment in associate	(356)
Impairment provision	(100)
Fair Value at 31 July 2019	1,238

The available for sale investments splits are as below:

Non-current assets - listed	143
Non-current assets - unlisted	728
Non-current assets – unlisted convertible loans	367
	1,238

The Directors carried out an impairment review as at 31 July 2019 (31 July 2018 :£nil), and determined a further impairment was required in regards to its investment in Brazil Tungsten Holdings Ltd of £100,000, as a result of the valuation implied by BTH's most recent successful fund-raising. More details regarding the companies' progress are detailed within the strategic review.

Financial investments comprise investments in listed and unlisted Companies, of which the listed investments are traded on stock markets throughout the world, and are held by the Company as a mix of strategic and short term investments. The listed investments have been valued at bid price, as quoted on their respective Stock Exchanges, at 31 July 2019. The market value of the listed investments at 1 December 2019 was circa £140,000.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Investment in associate

	2019	2018
	£000	£000
Changes in equity accounted investment		
Carrying value at the beginning of the year	-	-
Transfer from Financial investments	356	-
Share of retained (losses) attributable to the company	(6)	-
Carrying value at the end of the year	350	

The following entity has been included in the consolidated financial statements using the equity method:

Name	Place of Incorporation	Proportion held	Date associate interest acquired	Reporting Date of associate	Principal activities
Oyster Oil & Gas Ltd	BVI	30.05%	02/07/19	31/12/18	Oil & gas exploration

The Company acquired an initial 22.5% shareholding in Oyster Oil & Gas Ltd on 20 June 2019, in exchange for the Company's interest in a convertible loan in ZTR Acquisition Corporation. A further 7.55% interest was acquired on 2 July 2019 following a share subscription, for £105,000.

Summarised financial information for Oyster Oil & Gas Ltd;

As at 31 December 2018	C\$'000
Non-current assets	5,268
Current assets	12
Current liabilities	(547)
Non-current liabilities	(6,593)
Net assets/(liabilities) (100%)	(1,860)
Company share of net assets/(liabilities) (30.05%)	(559)
Period ended 31 December 2018	
Revenue	-
(Loss) from continuing operations	(395)

13 Trade and other receivables

	2019	2018
	£000	£000
Loan to Investee Company	116	-
Other receivables	80	190
Prepayments	137	106
	333	296

14 Trade and other payables

	2019	2018
	£000	£000
Amounts due within one year		
Trade payables	46	36
Other creditors	9	93
Accruals and deferred income	71	179
	126	308

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Share capital and share premium account

	Number of shares	Ordinary share capital £000	Deferred share capital £000	Share premium £000
Share capital issued and fully paid				
At 31 July 2017	4,882,924,490	489	1,729	10,540
Less: costs of share placing	-	-	-	(4)
There were no shares issued during the year				
At 31 July 2018	4,882,924,490	489	1,729	10,536
Issue of new ordinary shares on 10 June 2019	1,351,351,351	134	-	366
Less: costs of share placing	-	-	-	(39)
Issue of new ordinary shares on 21 June 2019	100,000,000	10	-	27
At 31 July 2019	6,334,275,841	633	1,729	10,890

16 Movements in equity

Share capital represents the nominal value of the amount subscribed for shares. Share premium represents the amount subscribed for shares in excess of their nominal value less costs of subscription. Ordinary shares carry the rights to one vote per share at general meetings of the Company and the rights to share in any distributions of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

The share-based payment reserve represents amounts arising from the requirement to expense the fair value of share-based remuneration in accordance with IFRS 2 'Share-based Payments'.

Retained earnings are the cumulative net losses recognised in the income statement and other comprehensive income.

Movements on these reserves are set out in the statement of changes in equity.

17 Related party transactions

The Company had the following transactions with related parties:

Name of related party	Relationship	Nature of transaction	Transactions with related party		Amounts owed from related party	
			At 31 July 2019 £000	At 31 July 2018 £000	At 31 July 2019 £000	At 31 July 2018 £000
Horse Hill Developments Ltd ("HHDL")	Investee Company	Cash call Loan to HHDL	(190)	108	-	190
Human Brands Inc.	Investee Company	Short term Loan	116	-	116	-

Terms and conditions of transactions with related parties

Outstanding balances that relate to trading balances are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Company has the outstanding amounts due as at 31 July 2019 as disclosed in the table above. The loans outstanding are included within trade and other receivables, Note 13.

The loan to HHDL was made in accordance with the terms of the investment agreement whereby it accrued interest daily at the Bank of England base rate and was repayable out of future cashflows. On disposal of the Company's interest in HHDL, the shareholder loan was novated to the acquiring company, and no further loan balance is repayable.

The loan to Human Brands Inc, is a short term loan accruing interest at 12% per annum, and repayable in accordance with the terms of the loan agreements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Related party transactions continued

Compensation of key management personnel of the Company

The Company considers the directors to be its key management personnel. Full details of the remuneration of the directors are shown in Note 6.

18 Reconciliation of net cash flow to movement in net funds

	2019	2018
	£000	£000
Net funds at beginning of the year	337	372
Increase/(decrease) in cash	231	(35)
Net funds at end of the year	568	337

Analysis of changes in net funds

	At 31		At 31
	July	Cash	July
	2018	Flow	2019
	£000	£000	£000
Cash and cash equivalents	337	231	568
Net funds	337	231	568

Significant non-cash transactions

During the year the significant non-cash transactions during the year were as follows:

- £100,000 impairment provision in regards to Brazil Tungsten Holdings Limited was expensed through the income statement.
- £224,000 of unrealised losses in movement in the market value of the Company's listed financial investments were expensed through the income statement.

19 Financial instruments and related disclosures

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company reports in Sterling. Internal and external funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Company does not use derivative financial instruments such as forward currency contracts, interest rate and currency swaps or similar instruments. The Company does not issue or use financial instruments of a speculative nature.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Financial instruments and related disclosures continued

Capital management

The Company's objectives when maintaining capital are:

- to safeguard the entity's 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.

The capital structure of the Company consists of total shareholders' equity as set out in the 'Statement of changes in equity'. All working capital requirements are financed from existing cash resources.

Capital is managed on a day to day basis to ensure that all entities in the Company are able to operate as a going concern. Operating cash flow is primarily used to cover the overhead costs associated with operating as an AIM and NEX-listed company.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors consider that there is no significant liquidity risk faced by the Company. The Company maintains sufficient balances in cash to pay accounts payable and accrued expenses.

The Board receives forward looking cash flow projections at periodic intervals during the year as well as information regarding cash balances. At the balance sheet date the Company had cash balances of £568,000 and the financial forecasts indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to establish overdraft or other borrowing facilities.

Interest rate risk

As the Company has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in current, floating rate accounts.

Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its financial investment portfolio in the face of market movements, which was a maximum of £1,238,000 (2018: £2,098,000).

The investments in equity of quoted companies that the Company holds are less frequently traded than shares in more widely traded securities. Consequently, the valuations of these investments can be more volatile.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Financial instruments and related disclosures continued

Market price risk sensitivity

The table below shows the impact on the return and net assets of the Company if there were to be a 20% movement in overall share prices of the financial investments held at 31 July 2019.

	2019	2018
	Other comprehensive income and Net assets	Other comprehensive income and Net assets
	£000	£000
Decrease if overall share price falls by 20%, with all other variables held constant	(29)	(76.3)
Decrease in other comprehensive earnings and net asset value per Ordinary share (in pence)	(0.0005)p	(0.0015p)
Increase if overall share price rises by 20%, with all other variables held constant	29	76.3
Increase in other comprehensive earnings and net asset value per Ordinary share (in pence)	0.0005p	0.0015p

The impact of a change of 20% has been selected as this is considered reasonable given the current level of volatility observed, and assumes a market value is attainable for the Company's unlisted investments.

Currency risk

The Directors consider that there is no significant currency risk faced by the Company. The only current foreign currency transactions the Company enters into are denominated in US\$ in relation to transactions with or relating to its investment in Human Brands Inc., and no balances at 31 July 2019 are denominated in foreign currencies.

Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum exposure to credit risk is:

	2019	2018
	£000	£000
Cash at bank	568	337
Other receivables	333	296
	901	633

The Company's cash balances are held in accounts with Barclays Bank plc, and with its Investment Broker accounts.

Fair value of financial assets and liabilities

Financial assets and liabilities are carried in the Statement of Financial Position at either their fair value (financial investments) or at a reasonable approximation of the fair value (trade and other receivables, trade and other payables and cash at bank).

The fair values are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Financial instruments and related disclosures continued

Trade and other receivables

The following table sets out the fair values of financial assets within Trade and other receivables.

	2019	2018
	£000	£000
Financial assets (Note 13)		
Trade and other receivables - Non interest earning	217	296
Loan to investee company – interest earning @ 12%p.a	116	-

There are no financial assets which are past due and for which no provision for bad or doubtful debts has been made.

Trade and other payables

The following table sets out financial liabilities within Trade and other payables. These financial liabilities are predominantly non-interest bearing. Other liabilities include tax and social security payables and provisions which do not constitute contractual obligations to deliver cash or other financial assets.

	2019	2018
	£000	£000
Financial liabilities (Note 14)		
Trade and other payables	126	308

20 Share schemes

The Company has a share option scheme for all employees (including Directors). Options are exercisable at a price agreed at the date of grant. The vesting period is usually between zero and five years. The exercise of options is dependent upon eligible employees meeting performance criteria. The options are settled in equity once exercised.

If the options remain unexercised after their expiry date, the options expire. Options lapse if the employee leaves the Company before the options vest.

Options issued, cancelled, & outstanding for the year ended 31 July 2019

	Number	Weighted average exercise price
At 31 July 2017	32,650,840	0.60p
Options granted	330,000,000	0.05p
Options cancelled	(20,000,000)	0.22p
At 31 July 2018	342,650,840	0.11p
Options lapsed	(1,031,990)	0.0865p
At 31 July 2019	341,618,850	0.08p
Range of exercise prices		0.05p – 5.25p
Weighted average remaining contractual life		2.89 years

Options outstanding & exercisable at 31 July 2019

Date of grant	Number	Exercise price (p)	Expiry date
1 December 2010	1,618,850	5.25p	30/11/2020
1 April 2015	10,000,000	0.22p	01/04/2020
7 August 2017	300,000,000	0.05p	30/06/2022
12 February 2018	30,000,000	0.05p	11/02/2023
Total	341,618,850		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Share schemes continued

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight-line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk-free rate of interest and the expected level of dividends in future periods.

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
7 August 2017	1.4%	91.4%	4.9 years	£0.00045
12 February 2018	1.4%	84.9%	5 years	£0.00041

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model is the term of the options.

Charges to the statement of comprehensive income

	2019 £000	2018 £000
Share based payment charges	-	100

Warrants in issue

As at 31 July 2019 and at 31 July 2018, no warrants remained outstanding, no warrants expired during the year. (2018: nil). No warrants were issued during the year (2018: nil).

21 Commitments and contingencies

The Directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 July 2019.

22 Ultimate controlling party

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

23 Events after the end of the reporting period

On 6 November 2019 the Company announced Mr Peter Ruse had joined the Board as a Non-Executive Director.

On 26 November 2019 the Company announced that Mr George Garnett had resigned from the Board.

On 29 November 2019, the Company announced it had entered into a binding term sheet ("Term Sheet") with Sajawin Pty Limited ("Sajawin") to conditionally sell all of the 333 shares Gunsynd holds in Oyster Oil and Gas Limited ("Oyster BVI") as set out below (the "Transaction"):

- Sajawin shall pay to Gunsynd the sum of A\$39,151 (approximately £20,000) in clear funds within 5 working days of the signing of the Term Sheet.
- In consideration of the sale of the shares in Oyster BVI to Sajawin, it will undertake to pay Gunsynd the sum of A\$457,647 (approximately £240,000) of which 80% is to be paid within 5 working days of completion of the Transaction ("Completion") and 20% is to be paid within 60 days of Completion.

On 2 December 2019, the Company announced that an ASX listed company, Malachite Resources had entered into a share subscription agreement with Sunshine Minerals Limited to elect to earn into 15% of it for circa A\$300,000 subject to various conditions.

On 4 December 2019, the Company announced it had purchased 7.67% of Kolosori Nickel limited for GBP45,000.