Gunsynd plc

Annual Report and Accounts 2020

Company Number: 05656604

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COMPANY INFORMATION

DIRECTORS	Hamish Harris	(Executive Chairman)
	Donald Strang	(Executive Director)
	Peter Ruse	(Non-Executive Director)

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CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW)

I am pleased to present the annual report and financial statements for the year ended 31 July 2020.

Review of Investments

Rincon Resources Pty Ltd

The Company advised in late June 2020 that it had invested AUD$250,000 (approximately £140,000) in Rincon Resources Pty Ltd ("Rincon"), an Australian gold and base metals exploration company. At the time the Company investment represented approximately 28% of Rincon.

Rincon Resources is a Western Australian ("WA") focused gold and base metals company and holds the rights to three highly prospective projects in WA, with a main focus on the South Telfer Project, covering 50,000-hectares in the Paterson province. The South Telfer Project is approximately 12km south of Newcrest Limited's Telfer mine. Rincon's Laverton and Kiwirrkurra Projects are also highly prospective gold and base metals projects.

The funds raised by Rincon were used to progress activities including acquisition of a valuable historical magnetic database, commence Heritage clearance activities, and final preparations for initial drill programs at the South Telfer Project, WA.

During November, Rincon issued a convertible loan note ("CLN") to raise AUD$400,000 to assist it in executing its proposed Initial Public Offering ("IPO") on the Australian Securities Exchange ("ASX"). Gunsynd participated in the CLN through a further investment of AUD$100,000 (approximately £55,000) which would convert at a 30% discount to the IPO price of Rincon.

On 18 December 2020, Gunsynd announced that it had invested a further A$800,000 (approximately £450,000) in Rincon as part of Rincon's IPO on ASX, subscribing for 4 million shares at a price of 20 AUD cents per share. Rincon subsequently listed on the ASX on 21 December 2020 with 51,336,754 shares following completion of a AUD$6 million raise as part of its IPO. Gunsynd holds 8,461,943 shares in Rincon representing circa 16.5%. Under ASX Listing Rules, Gunsynd has been required to sign an agreement which restricts disposal of 2,711,942 of its Rincon holding for a period of 24 months from the date of Rincon listing on ASX.

Rincon owns a 100% interest in three highly prospective copper and gold projects in Western Australia, the South Telfer, Laverton and Kiwirrkurra Projects. Each project has been subject to historical exploration which has identified large outcropping mineralised systems. Rincon intends on exploring the projects in order to delineate copper and gold resources. They intend drilling these three projects during the first half of 2021.

Eagle Mountain Mining Limited

The Company announced, during the 4-month period July-October 2020, that it had acquired 2,563,172 shares in Eagle Mountain Mining Limited ("Eagle Mountain") for AUD$456,000 (approximately £255,000) representing circa 1.8% of its issued capital. Eagle Mountain is an ASX listed copper-gold exploration and development company (ASX: EM2). This investment provides Gunsynd with exposure to copper exploration which compliments the Company's recent investment in gold explorer Rincon Resources.

The Company further announced on 11 August 2020 an update from Eagle Mountain regarding the commencement of its maiden drilling program which marked an exciting milestone for Eagle Mountain since it finalised the acquisition of the Oracle Ridge Copper project. Eagle Mountain had appointed Boart Longyear Limited ("Boart Longyear") to undertake a maiden surface diamond drilling program. Boart Longyear is a global drilling company which has previously undertaken exploration programs at Oracle Ridge and was chosen for its experience onsite and safety management programme which includes stringent procedures for the management of COVID-19.

The drilling programme targeted extensions to high-grade portions of the existing Mineral Resource Estimate ("MRE") in three priority zones. The zones were supported by a combination of:

• previous drilling outside the existing MRE which has intersected mineralisation;
• unconstrained mineral resources; and
• a magnetic anomaly.

During November 2020, Eagle Mountain announced a further update detailing a new broad zone of copper mineralisation identified at Oracle Ridge following the maiden drilling programme. The copper mineralisation was encountered in partly assayed drill hole WT-20-05. Significant assay results included: 15.1m @ 1.72% Cu, 16.87g/t Ag, 0.38g/t Au from 313.9m including:

- 3.45m @ 1.89% Cu, 15.97g/t Ag, 0.35g/t Au from 313.9m; and
- 8.41m @ 2.46% Cu, 25.09g/t Ag, 0.56g/t Au from 321.29m

This newly identified zone of broad copper mineralisation is more than 100m from the nearest significant assay in a sparsely drilled area. Copper sulphide mineralisation was observed in the recently drilled adjacent hole WT-20-10, with detailed logging and assays pending.

In December 2020, Eagle Mountain announced a series of drilling results from Oracle Ridge, including the discovery of high-grade breccia mineralisation with notable assay results of 3.57m at 2.18% Cu, 19.49g/t Ag and 0.89g/t Au from 245.43m (WT-20-06). Intersections in hole WT-20-06 are part of a 39m thick zone averaging >1% Cu. A 13.3m thick zone averaging 2.43% Cu, 52.6 g/t Ag and 0.94 g/t Au. 45m overall diluted mineralised zone from 317m averages 1.33% Cu, 25.0 g/t Ag and 0.38 g/t Au. Hole WT-20-10 intercepted some of the highest-grade copper, gold and silver encountered in all drilling at Oracle Ridge. These breccia occurrences illustrate the potential for a deeper porphyry system below the Leatherwood granitic intrusive.

Considering these discoveries across holes WT-20-06 and WT-20-10 Eagle Mountain believes Breccia zones have the potential to run deep and the very high-grade nature of mineralisation encountered thus far set these breccias as priority exploration targets. Eagle Mountain plans for drilling to resume in early January after the festive period.

In addition to this, Eagle Mountain released its Maiden JORC Resource Estimate for Oracle Ridge 12.2Mt at 1.51% Cu for 184kt Contained Copper.

Rogue Baron Limited ("Rogue Baron")

The Company announced on 2 July 2020 that Rogue Baron had completed a share exchange agreement with Human Brands, a US-based premium spirits company in which Gunsynd had previously held a convertible loan note.

Share exchange agreement
On 2 July 2020, Rogue Baron completed a share exchange agreement with Human Brands to acquire the following subsidiaries: Shinju Whiskey LLC; Shinju Spirits Inc; Mazeray Corporation; STI Signature Spirits Group LLC and Legacy Retail Group LLC. These subsidiaries hold the Shinju, Mazeray and Copa Imperial Brands as well as a 52% interest in Bin 1301 wine bar in Washington DC. The consideration for the sale was 36,247,500 ordinary shares in Rogue Baron at a price of 7.8 pence per ordinary share.

Deed of Novation
A deed of novation was entered into which transferred Gunsynd's convertible loan note from Human Brands to Rogue Baron. It will accrue interest at 12% per annum, be unsecured and repayable on 31 March 2021. Gunsynd increased the convertible loan note by a further £120,000 and to its current amount of approximately £500,000 which can be converted at any time at the election of Gunsynd into ordinary shares of Rogue Baron at a price per share determined by dividing £1,616,304 (representing the agreed valuation of the ordinary share capital of Rogue Baron) by the total number of ordinary shares in Rogue Baron in issue immediately prior to conversion. Under the novation, various future capital raising fees payable to Gunsynd have also been transferred to Rogue Baron.

General Update
In spite of the many challenges COVID-19 has presented in 2020, Rogue Baron's flagship brand, Shinju Japanese Whisky ("Shinju"), continues to grow at a rapid pace despite the unprecedented headwinds facing the hospitality sector in particular.

Shinju, which was launched at the end of 2018, sold circa 1,000 cases in 2019. In the first half of 2020, even with customer accounts shut down for nearly two months, sales of Shinju were up 57% on the same period in the prior year. Shortly after customer accounts began reopening, Rogue Baron sold its entire remaining stock of circa 250 cases in a matter of weeks. Even with COVID-19 related lockdowns, Rogue Baron had, by the end of September, sold the same number of cases as in the whole of 2019. This was despite on-premises sales being decimated across the USA and not being totally offset by a rise in off-premises sales. Industry issues were not just limited to sales: bottlers and distillers also shut in many cases causing supply issues. These issues also affected Shinju. After completely selling out of Shinju by September, Rogue Baron's latest production run of one container (circa 1,000 cases of six bottles) was completed on 6 December 2020. We have been informed that pre-orders for this entire container have been made in the USA prior to the container arriving on American soil. Rogue Baron is now in the process of ordering additional bottles and placing another order with its distillery. This growth is happening despite many key states in the USA, such as California, being in a strict lockdown.

Shinju had previously received a large boost in publicity by being mentioned in the industry magazine www.liquor.com article "The 10 best Japanese Whiskies to drink in 2020". To be mentioned alongside such well known and highly regarded brands as Yamazaki 12-year-old and Hakushu 12-year is a considerable achievement for a new brand with comparatively small sales to such behemoths from Suntory.

https://www.liquor.com/best-japanese-whiskies-5078590

In November 2020, Rogue Baron hired Speakeasy Wine & Spirits ("Speakeasy"), which is a brand consultancy company with a speciality in helping specifically chosen brands expand distribution across the USA. Shinju was sold in six USA states in 2020; Washington DC, Maryland, New York, New Jersey, Florida, and California. Starting in Q1 2021, Shinju is expected to be selling into an additional six: Connecticut, Arizona, Texas, Illinois, Colorado, and Nevada, including possibly some significant accounts in Las Vegas. These twelve states account for over 47% of the USA population.

Rogue Baron has already had indicative interest via the Speakeasy distribution network (and not including its current distribution network) in between 400 and 600 cases of a new subsequent container to be delivered in early 2021.

Shinju has also just been added to two of the largest Direct-to-Consumer outlets in the USA, ReserveBar and Drizly, which will make Shinju available to consumers in 35 USA States. The relaxing of liquor regulations due to COVID-19 has now made Direct-to-Consumer liquor sales more popular than ever. Rabobank estimates that USA online alcohol sales reached USD 2.6bn in 2019, growing by 22% year on year. Shinju plans to take advantage of this growth.

With respect to the tequila market, American basketball player Lebron James has become the latest star to join the agave spirits sector through an investment in Lobos 1707 Tequila and mezcal. Lobos 1707 Tequila Extra Añejo is priced at US$149.99 per 750ml. This gives an indication of the premium prices which can be charged for quality tequila. He joins the likes of Justin Timberlake, George Clooney, Chris North, P Diddy, AC/DC and Carlos Santana to have invested in or promoted products in the tequila and mezcal space. We believe this, alongside the strong growth in the tequila sub category in the last few years, bodes well for the future growth of the category and confirms that tequila is moving from a student shot drink to a premium (and even super premium) sipping drink. This trend is welcome given the intended launch of Rogue Baron's Copa Imperial extra anejo tequila in the second half of 2021.

Peterhouse Capital has been appointed as corporate adviser and broker for the proposed admission to trading on the Aquis Stock Exchange Growth Market of Rogue Baron. The admission document is in the final stages of drafting and submission to Aquis with admission to Aquis targeted for Q1 2021.

Angold Resources Limited ("Angold")

Angold is an exploration and development company targeting large-scale mineral systems in the proven districts of the Ontario, Maricunga and Nevada. Angold owns a 100% interest in the South-Bay Uchi, Dorado and Cordillera projects, and certain claims that append the optioned Iron Butte project.

On 30 September 2020, the Company announced that it had invested CAD$100,000 (approximately £58,000) into gold exploration company Federal Gold Corp which was subsequently renamed Angold Resources Limited following the completion of the reverse takeover of ZTR Acquisition Corp (ZTR.H: APH) ("ZTR") in which Gunsynd had an existing holding. On 31 December 2020, the common shares of Angold began trading on the TSX Venture Exchange ("TSXV"), under the ticker symbol TSXV: AAU.

Empress Royalty Corp ("Empress")

Empress is a precious metals royalty and streaming company focussed on the creation of financing solutions for mining companies. In October 2020, Gunsynd announced that it has invested CAD$250,000 (approximately £146,000) in Empress which had an existing portfolio of 13 gold royalties and was in the process of conducting due diligence for the acquisition of three near-term cash producing gold and silver investments. Empress successfully raised C$8,000,000 in October 2020. Proceeds of the financing were to fund the new investments mentioned above, all of which are expected to be revenue generating within 12 months.

During November 2020, Empress announced that it had completed the acquisition of one of the aforementioned investments, increasing its portfolio to 14 precious metal royalties, a combined 1% Net Smelter Return ("NSR") royalty on production from the Pinos gold and silver project in Mexico ("Pinos") for an aggregate consideration of US$1,500,000. The acquisition was a combination of a newly created 0.5% NSR royalty on the Pinos project from Candelaria Mining Corp ("Candelaria") (TSXV: CAND) for consideration of US$750,000 and the purchase of an additional 0.5% NSR royalty on the Project from an existing royalty holder on the same terms and conditions. Empress' royalties create a direct real property interest in the project that will continue in perpetuity and registered against title.

Historical records indicate over 800,000 ounces of gold have been produced from the Pinos district. Candelaria currently has Indicated resource of 175,697 tonnes at a grade of 4.7 grams per tonne of gold equivalent estimated to contain 26,358 ounces of gold equivalent and the Inferred resource a further 529,267 tonnes at a grade of 4.6 grams per tonne gold equivalent estimated to contain 56,146 ounces of gold equivalent. The 2018 Preliminary Economic Assessment ("PEA") plans for average yearly production of circa 12,700 ounces gold equivalent for a life of mine of seven years with potential for growth, at both depth and along strike, and it is estimated that 80% of the district has yet to be explored.

On 29 December 2020 Empress began trading on the TSX Venture Exchange ("TSXV"), under the ticker symbol TSXV: EMPR.

Sunshine Minerals Limited ("Sunshine")

On 21 August 2020, the Company announced that Malachite Resources Limited, which is listed on the ASX (renamed Pacific Nickel Mines Limited; ASX:PNM "Pacific Nickel"), made an announcement regarding the acquisition of the 85% of Sunshine Minerals Limited (a private company incorporated in the Solomon Islands) it did not already own (the "Transaction"). Pacific Nickel had previously acquired a 15% shareholding in Sunshine.

In the announcement of 21 August 2020, Gunsynd stated it would, subject to completion of the Transaction, receive 1,262,967 Upfront Consideration Shares in Pacific Nickel and, subject to further conditions, 1,641,856 Deferred Consideration Shares. Gunsynd has now received a holding statement for the Upfront Consideration Shares. These Upfront Consideration Shares are subject to an escrow period which applies from completion until the earlier of: (a) the date 12 months from completion; or (b) the date 10 business days after the Mines Department grants Sunshine Nickel Limited a mining lease for PL 01-18.

Kolosori Nickel Limited ("Kolosori")

As announced on 26 October 2020, Gunsynd has conditionally sold its stake in Kolosori to Malachite Resources Limited (renamed Pacific Nickel) and will, subject to completion of the Transaction, receive 682,790 Upfront Consideration Shares in Pacific Nickel and, subject to further conditions, 1,137,984 Deferred Consideration Shares in Pacific Nickel. Conditional on issue, these shares will be subject to escrow.

Low 6 Limited ("Low6)

Gunsynd announced on 14 December 2020 it had invested £200,010 in Low6, a UK-based, influencer-led, B2B pool betting platform for franchises around the world. Low6 provides a white-labelled mobile platform to its partners which enables them to offer a pooled sports betting experience to their app users and allows users to bet with each other. Under its B2B model, Low6 partners with a sports team/franchise, such as a UK football club. The model reduces customer acquisition costs and strengthens brand and customer loyalty, which enhances customer retention. Low6 can either embed its platform within its partners' apps or build the app for its partners.

Low6 has a number of significant partnerships including Yinzcam Inc. which has 90+ million installs of its mobile sports and events apps world-wide and currently serves 190+ professional teams, leagues, events and venues in the US, Canada, Spain and Australia. Low6 has raised over £8 million to date and expects to raise additional funds through a pre-IPO funding round with a view to completing an IPO at some stage throughout 2021.

Oyster Oil and Gas Limited ("Oyster")

The Company announced on 29 November 2019 that it had entered into a binding term sheet ("Term Sheet") with Sajawin Pty Ltd ("Sajawin") to conditionally sell all of its shares in Oyster for a total consideration of approximately £260,000. Gunsynd received £20,000 of the consideration.

The Company further advised in May 2020 it had agreed with Sajawin to extend the deadline for the unmet Conditions Precedent of the Term Sheet, through a share purchase variation agreement term sheet from 30 April 2020 to 30 October 2020. The Conditions Precedent have not been met as the Madagascar government has yet to renew the licence. The investment was written down by £96,000 to reflect the fall in the price oil over the last twelve months. The Company will provide further updates as they arise.

Overview

All of our investments are minority investments. 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. it should be noted that the Company does not operate its investment projects/companies on a day-to-day basis and whilst the Board looks to structure investments in a format where Gunsynd can obtain a high level of oversight (including at board level) and use legal agreements to provide control mechanisms to protect the Company's investments, there is a risk that the operator does not meet deadlines or budgets, fails to pursue the appropriate strategy, does not adhere to the legal agreements in place or does not provide accurate or sufficient information to Gunsynd. Decisions are ultimately made by investee companies not by us.

The level of administrative costs in the year can fluctuate significantly depending on the level of costs in the Company and can fluctuate significantly depending on the level of activity, both with regard to the due diligence work carried out on acquisitions and disposals and in managing project investments.

Finance Review

The Company made a loss for the year of £991,000 (2019: loss £558,000) after taxation, which included an impairment charge of financial investments of £716,000 (2019: £106,000) being £400,000 in respect of Brazil Tungsten Ltd; £220,000 (2019: £nil) in respect of Sunshine Minerals and £96,000 (2019: £6,000) write down in the Oyster investment. The Company had net assets of £2,470,000 (2019: £2,363,000) at 31 July 2020, and cash balances of £838,000 (2019: £568,000).

Prior Year Restatement

During the year, we have reviewed the prior year accounting treatment of the investment in Oyster Oil & Gas Ltd, which was classified as an investment in associate and equity accounted. Following this review, we have concluded that, as the Company meets the definition of an investment entity, equity accounting does not apply and the investment should be treated as a financial asset at fair value through profit or loss in accordance with IFRS 9.

As a result of the above, a prior year restatement in respect of the classification of the investment in Oyster Oil & Gas Ltd has been reflected within the financial statements. See Note 23 for details of the impact on the financial statements. There was no impact on profit or loss.

Outlook

The Gunsynd Board has been able to make progress in a number of areas, not least its new investments in Rincon, Eagle Mountain and others plus the disposal of the investments in Sunshine Minerals, Kolosori and Bunker Hill, the latter being at a very large premium to the cost price. The Board is also particularly pleased that three of our private investments completed an IPO in Q4 2020 at significant premiums to our original entry point.

Following the fundraisings announced during the year and post year end together totalling circa £2.3 million before expenses, the Company is now well funded for the foreseeable future.

The Board is conscious of the economic dislocation caused by the COVID-19 pandemic and expect that it may have an effect on parts of our investment portfolio at least in the short term. Having said that, with so much liquidity in the market and a strong possibility of a robust economic recovery as the world looks towards mass vaccination against the COVID-19 virus we believe this is bullish for commodities. A Biden controlled senate will possibly have major implications for the US regulatory and tax landscape given the Democrats' predilection towards large, even if unaffordable, spending increases and higher business taxes. Should this occur it would possibly be likely to lead to USD weakness which in turn would be even more bullish for commodities. It is also often glossed over that whilst some commodities are near all- time highs, others like nickel are nowhere near such levels.

The Company's pivot away from a previous focus of oil and gas towards gold, copper and nickel has, at this time, paid benefits. Life, however, can throw up surprises. Whilst we may think a commodity bull run may continue in the short to medium term, we recognise this is far from a one way bet. To this end, whilst we have a heavy portfolio weight in natural resources, we also have diversified into other areas and have a healthy cash balance.

As Warren Buffet said: "Be fearful when others are greedy, and greedy when others are fearful," advice we keep in mind. The utter decimation of the hospitality industry arising from COVID-19 lockdowns is a case in point. In a volatile world we are confident opportunities in line with our investment policy will appear and we are in a strong position to take advantage of them.

Gunsynd continues to look at investments in line with its investment policy. Such investment(s) if undertaken may or may not lead to a reverse takeover.

The Board would also like to take this opportunity to thank shareholders for their continued support in a time of stress, uncertainty and hardship for so many in the country.

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The Directors continue to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefits of the members as a whole, and in doing so have regard, amongst other matters to:

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

The Board has always recognised the relationships with key stakeholders as being central to the long-term success of the business and therefore seeks active engagement with all stakeholder groups, to understand and respect their views, in particular of those with the communities in which it invests, its host governments, employees and suppliers.

Details of the Board's decisions for the year ending 31 July 2020 to promote long-term success, and how it engaged with stakeholders and considered their interests when making those decisions, can be found throughout the Chairman's Statement, Directors' Report and Corporate Governance Statements.

Hamish Harris
Chairman
15 January 2021

DIRECTORS' REPORT

The Directors present their annual report on the Company and its audited financial statements for the year ended 31 July 2020.

Principal activity

As at 31 July 2020 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 is primarily 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 22 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 £991,000 (2019: loss £558,000).

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 - resigned 26 November 2019

The interests of the serving Directors at 31 July 2020 or at date of resignation, in the ordinary share capital of the Company (all beneficially held) were as follows

	31 July 2020			31 July 2019		
	No. shares	**No. of options**	**No. of warrants**	**No. shares**	**No. of options**	**No. of warrants**
Hamish Harris	3,161,476	1,764,706	666,666	1,161,476	1,764,706	-
Donald Strang	10,820,211	1,764,706	2,123,078	3,764,706	1,764,706	-
Peter Ruse	3,164,706	6,350,000	800,000	-	-	-
George Garnett	-	352,941	-	-	352,941	-

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 2020 are set out in Note 6 to the financial statements.

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 December 2020 exceeded 3% of the Company's issued share capital.

	Number of ordinary shares held	% of issued share capital
Hargreaves Lansdown (Nominees) Limited Des:HLNOM	27,752,212	7.55%
JIM Nominees Limited Des:JARVIS	27,116,707	7.38%
Pershing Nominees Limited Des:CCCLT	26,006,789	7.08%
Hargreaves Lansdown (Nominees) Limited Des:15942	25,609,943	6.97%
Oberon Investments – Discretionary Clients	21,767,870	5.93%
The Bank OF New York (Nominees) Limited Des:672938	19,705,371	5.36%
Interactive Investor Services Nominees Limited Des:SMKTNOMS	17,219,649	4.69%
Chris Akers	15,000,000	4.08%
ABN AMRO Bank NV Des:7KKAVTE	13,801,956	3.76%
Vidacos Nominees Limited Des:FGN	13,536,967	3.68%
Donald Strang	12,820,211	3.49%
Hargreaves Lansdown (Nominees) Limited Des:VRA	12,572,701	3.42%
David Brown	12,100,000	3.29%

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 (2019: £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.

Events after the reporting period
Events after the reporting period are set out in Note 22 to the financial statements.

Auditor
The Directors will place a resolution before the Annual General Meeting to re-appoint PKF Littlejohn 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 principal risks and uncertainties, including financial risk management policies, are set out in the Corporate Governance Statement and in Note 18.

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 13.

Going concern
The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 31 July 2020. 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 £991,000 (2019: loss £558,000) after taxation. The Company had net assets of £2,470,000 (2019: £2,363,000) and cash balances of £838,000 (2019: £568,000) at 31 July 2020. 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 January 2022. 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.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Company's employees can carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity. Within the Company's portfolio are investments that have experienced a slowdown within their own operations during the COVID-19 crisis, however the operating performance of those investments is not expected to have any material impact on the Company's cash flows.

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

15 January 2021

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 other AQSE 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 a director of Cadence Minerals plc and a director of other ASX and AQSE listed companies.

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 though its website, www.gunsynd.com, and via Hamish Harris, Executive Chairman, 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:

Activity	Risk	Impact	Control(s)
Financial	Liquidity, market and credit risk	Inability to continue as going concern Reduction in asset values	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Incorrect reporting of assets	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
Covid-19	Affect continuing operations of investee companies	Possible affect on the carrying values of investments	Regular impairment review of all investments
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.

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 £10 million.

Attendance at Board and Committee Meetings

The Board met 6 times in the period. The remuneration committee met once, and the audit committee met twice during the year.

Meetings

Board	Attendance
Hamish Harris	6
Don Strang	6
Peter Ruse	6
Remuneration Committee	
Hamish Harris	1
Don Strang	1
Peter Ruse	0
Audit Committee	
Hamish Harris	2
Don Strang	2
Peter Ruse	2

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 AQSE 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.

CORPORATE GOVERNANCE STATEMENT CONTINUED

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.

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 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 Director 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 once 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.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within its 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 though its website, www.gunsynd.com, and via Hamish Harris, Chairman, who is available to answer investor relations enquiries. The Company's website details various information: annual reports, AGM notice of meetings and RNS announcements detailing results of meetings and other relevant information.

Hamish Harris
Director

15 January 2021

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 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our application of materiality

We apply the concept of materiality in both planning and performing the audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statements areas that are included within the scope of the audit and the extent of the sample sized during the audit.

The materiality applied to the financial statements was £74,000. This was set at 3% of net assets on the basis that it is from these net assets that the group seeks to deliver returns for shareholders, in particular the value of its investments. Performance materiality was set at 70% of overall materiality, and the threshold for which we communicate errors to those charged with governance was 5% of overall materiality. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality was reassessed at the closing stages of the audit, taking into consideration new information which arose. No alterations were made to materiality either during or at the conclusion of the audit.

An overview of the scope of our audit

The scope of our audit was influenced by our evaluation of materiality and our assessment of audit risks. Specifically, we assessed the areas of the financial statements which we deemed to involve significant judgement and estimation by the directors as risks for our audit. This included the carrying value and classification of investments, which we judged to be a key audit matter, as well as the valuation of share-based payments. We designed appropriate procedures to address the risks we identified and for the most significant assessed risk of material misstatement, the procedures performed are outlined in the key audit matters section of our report below.

Key audit matters

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

Key Audit Matter	**How the scope of our audit responded to the key audit matter**
Carrying Value and Classification of Investments (Note 11)	
The financial investments reported in the statement of financial position as at 31 July 2020 of £1,493k consists of equity instruments in both listed and unlisted entities. These assets are assessed as the most significant balances in the financial statements. **Given the continuing losses in the underlying entities to which these investments relate, including the delays in advancing developments in the underlying projects, there is a risk that the investment balances cannot be recovered.** **In addition, there is the risk that financial assets are not classified in accordance with IFRS given the nature of the entity's principle activity, which is to operate as an investment vehicle.**	We performed the following procedures to address this risk: ▪ Obtained the agreements underpinning the investments to understand the key terms; ▪ Obtained share certificates as proof of ownership; ▪ Reviewed the accounting treatment applied by management to ensure investments were appropriately classified in accordance with IFRS; ▪ Reviewed the accounting entries made in respect of fair value adjustments for listed investments to ensure basis of valuation was appropriate and fair value adjustments had been recorded correctly; ▪ Discussing the basis for valuation of unlisted investments and corroborating this to relevant supporting documentation; and ▪ Reviewed management's impairment assessment, challenging the assumptions made therein. As a result of the procedures performed above, a prior year restatement in respect of the classification of the investment in Oyster Oil & Gas Ltd was reflected within the financial statements. We consider that management's judgement in respect of the carrying value and classification of financial investments is materially reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 January 2021

15 Westferry Circus
Canary Wharf
London E14 4HD

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

	Note	**2020** **£000**	**2019** **(restated)** **£000**
Continuing operations			
Income			
Unrealised gain/(loss) on financial investments	11	176	(224)
Realised (loss)/gain on financial investments	11	(9)	35
		167	**(189)**
Administrative expenses			
Salaries and other staff costs	6	(186)	(176)
Other costs	8	(278)	(171)
Share based payment charge	19	(7)	-
Total administrative expenses		**(471)**	**(347)**
Impairment of financial investments	11	(716)	(106)
Other income	7	-	50
Finance income		29	34
(Loss) before tax		**(991)**	**(558)**
Taxation	9	**-**	**-**
(Loss) for the period attributable to equity shareholders of the Company		**(991)**	**(558)**
Other comprehensive (expenditure) for the period net of tax		-	-
Total comprehensive (expenditure) for the period		**(991)**	**(558)**
(Loss) per ordinary share			
Basic (pence)	10	**(1.064)**	**(0.931)**
Diluted (pence)		**(1.064)**	**(0.931)**

The notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	Note	2020	2019 (restated)
		£000	£000
ASSETS			
Non-current assets			
Financial investments	11	1,493	1,588
Trade and other receivables	12	56	-
Total non-current assets		**1,549**	**1,588**
Current assets			
Trade and other receivables	12	181	333
Cash and cash equivalents	17	838	568
Total current assets		**1,019**	**901**
Total assets		**2,568**	**2,489**
Current liabilities			
Trade and other payables	13	(98)	(126)
Total current liabilities		**(98)**	**(126)**
Total liabilities		**(98)**	**(126)**
Net assets		**2,470**	**2,363**
Equity attributable to equity holders of the company			
Ordinary share capital	14	216	633
Deferred share capital	14	2,299	1,729
Share premium reserve	14	11,828	10,890
Share based payments reserve		192	205
Retained earnings		(12,065)	(11,094)
Total equity		**2,470**	**2,363**

The financial statements were approved and authorised for issue by the Board of Directors on 15 January 2021 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 2020

	Share capital £000	Deferred Share capital £ 000	Share premium reserve £000	Share-based payments reserve £000	Retained earnings £000	Total £000
At 31 July 2018	**489**	**1,729**	**10,536**	**234**	**(10,565)**	**2,423**
Loss for the year	-	-	-	-	(558)	**(558)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(558)**	**(558)**
Transactions with owners:						
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)**	**2,363**
Loss for the year	-	-	-	-	(991)	**(991)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(991)**	**(991)**
Transactions with owners:						
Share split	(570)	570	-	-	-	**-**
Issue of share capital	153	-	1,016	-	-	**1,169**
Share issue costs	-	-	(78)	-	-	**(78)**
Share options issued	-	-	-	7	-	**7**
Share options lapsed	-	-	-	(20)	20	**-**
At 31 July 2020	**216**	**2,299**	**11,828**	**192**	**(12,065)**	**2,470**

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 2020

	Note	2020 £000	2019 (restated) £000
Cash flow from operating activities			
(Loss) after tax		(991)	(558)
Tax on losses		-	-
Finance income net of finance costs		(29)	(34)
Unrealised (gain)/loss on revaluation of financial investments		(176)	224
Realised loss/(gain) on sale of financial investments		9	(35)
Share based payment		7	-
Impairment provision		716	106
Foreign exchange movements		7	-
Changes in working capital:			
Decrease/(increase) in trade and other receivables		45	(30)
(Decrease) in trade and other payables		(28)	(182)
Cash outflow from operations		**(440)**	**(509)**
Taxation received		**-**	**-**
Net cash outflow from operating activities		**(440)**	**(509)**
Cash flow from investing activities			
Payments for financial investments	11	(509)	(358)
Disposal proceeds from sale of financial investments	11	154	600
Unsecured loans to investee company		(26)	-
Net cash (outflow)/inflow from investing activities		**(381)**	**242**
Cash flows from financing activities			
Proceeds on issuing of ordinary shares	14	1,169	537
Cost of issue of ordinary shares		(78)	(39)
Net cash inflow from financing activities		**1,091**	**498**
Net increase in cash and cash equivalents	18	270	231
Cash and cash equivalents at the beginning of the year		568	337
Cash and cash equivalents at the end of the year	18	**838**	**568**

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 principally 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.

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 2020. 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 £991,000 (2019: loss £558,000) after taxation. The Company had net assets of £2,470,000 (2019: £2,363,000) and cash balances of £838,000 (2019: £568,000) at 31 July 2020. 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 2021. 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 2019 to 31 July 2020, with comparative figures for the financial year from 1 August 2018 to 31 July 2019.

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.

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.

Prior year restatement
During the year, the prior year accounting treatment of the investment in Oyster Oil & Gas Ltd, which was classified as an investment in associate and equity accounted, has been revisited. As the Company meets the definition of an investment entity, equity accounting does not apply and the investment should be treated as a financial asset at fair value through profit or loss in accordance with IFRS 9. As a result, a prior year restatement in respect of the classification of the investment in Oyster Oil & Gas Ltd has been reflected within the financial statements. See Note 23 for details of the impact on the financial statements.

Foreign exchange
Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.

Fair value measurement
IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

2 Accounting principles and policies continued

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. These assets are classified as financial assets at fair value through profit or loss. 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 2020. 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.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. 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.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss in accordance with the expected credit loss model under IFRS 9. For trade and other receivables which do not contain a significant financing component, the Company applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses. For other debt financial assets the Company applies the general approach to providing for expected credit losses as prescribed by IFRS 9, which permits for the recognition of an allowance for the estimated expected loss resulting from default in the subsequent 12-month period. Exposure to credit loss is monitored on a continual basis and, where material, the allowance for expected credit losses is adjusted to reflect the risk of default during the lifetime of the financial asset should a significant change in credit risk be identified.

The majority of the Company's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Company's clients and the nature of its activities. The outlook for the natural resources industry is not expected to result in a significant change in the Company's exposure to credit losses. As lifetime expected credit losses are not expected to be significant the Company has opted not to adopt the practical expedient available under IFRS 9 to utilise a provision matrix for the recognition of lifetime expected credit losses on trade receivables. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

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.

2 Accounting principles and policies continued

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, expect 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-current 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.

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 2020 are set out below:

Share Based Payments
The Company issued 6.35 million options over its unissued share capital to the directors during the year to 31 July 2020. (2019:£nil)

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 £7,000 share based payment charge (2019: £nil charge).

Unlisted investments
The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management’s significant judgement in this regard is that the value of their investment represents their cost less previous impairment. Further details relating to management’s assessment of the carrying value of unlisted investments can be found in the Chairman’s Report (incorporating the Strategic Review).

Recoverability of receivables
The Company makes assumptions when implementing the forward-looking ECL model under IFRS 9. The model is used to assess material loans receivable for impairment. Estimates are made regarding the credit risk and underlying probability of default in each of the relevant credit loss scenarios. The Directors makes judgements on the expected likelihood and outcome of each of the scenarios and these expected values are applied to the loan balances.

4 New accounting requirements

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Adoption of new and revised standards:

During the financial year, the Company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

Standard	**Effective date, annual period beginning on or after**
IFRS 16 *Leases*	1 January 2019
IFRIC Interpretation 23 – *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 9 – *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual improvements 2015-2017 cycle	1 January 2019
Amendments to IAS 19 – *Plan amendment, Curtailment or Settlement*	1 January 2019

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

4 New accounting requirements continued

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Effective date, annual period beginning on or after
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 *Business Combinations*	1 January 2020
Amendments to IAS 1 and IAS 8: *Definition of Material*	1 January 2020
Reference to the Conceptual Framework (Amendments to IFRS 3 *Business Combinations*)	1 January 2022*
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022*
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022*
Annual improvements 2018-2020 cycle	1 January 2022*
Classification of Liabilities as Current or Non-Current: *Amendments to IAS 1*	1 January 2023*

**Not yet endorsed for use in the European Union*

The adoption of these standards is not expected to have any material impact on the financial statements of the Company.

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.

6 Information regarding Directors and employees

	2020 £000	2019 £000
Included within continuing operations		
Fees and salaries	183	174
Social security costs	3	2
Share based payment expense	7	-
	193	**176**

	2020 Number	2019 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:	2020 £000	2019 £000
Wages and salaries	163	153
Social security costs	1	1
Share based payment expense	7	-
	171	**153**

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 2020 £000	Total 2019 £000
Directors				
Mr H Harris	80	-	80	72
Mr D Strang	72	-	72	72
Mr P Ruse [2]	16	7	23	-
Mr G Garnett [1 & 3]	(4)	-	(4)	9
	164	**7**	**171**	**153**

[1] appointed 16 January 2018
[2] appointed 6 November 2019
[3] resigned 26 November 2019

No Directors fees have been accrued (2019: £53,000) and £3,000 remain unpaid at 31 July 2020 (2019: £7,000).

7 Other income

	2020 £000	2019 £000
Other fees & services	-	50
Total other income	**-**	**50**

8 (Loss)/profit for the year

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

	2020 £000	2019 £000
Fees payable to the Company's auditors:		
Audit and assurance services:		
- Audit of parent Company financial statements	17	10
Total auditor's fees	**17**	**10**

Analysis of other costs:		
Legal and professional fees	1	5
Foreign exchange (gains)	3	-
Other general overheads	274	164
	278	**169**

9 Taxation

	2020	2019
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	**(991)**	**(558)**
Loss on ordinary activities at the average UK standard rate of 19% (2019: 19%)	**(188)**	**(106)**
Effect of non-deductible expenses	**5**	**22**
Unutilised losses carried forward	**183**	**84**
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.

10 (Loss) per share

(Loss) attributable to ordinary shareholders	**2020**	**2019** (Restated)
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)	(991)	(558)
Total (£000)	**(991)**	**(558)**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share (millions)	93.32	59.80
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share (millions)	103.39	63.82
Basic (loss) per share (expressed in pence)	(1.064)	(0.931)
Diluted (loss) per share (expressed in pence)	(1.064)	(0.931)

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 not included.

11 Financial investments

Financial assets at fair value through profit or loss:	**£000**	**£000**	**£000**	**£000**
	Level 1	**Level 2**	**Level 3**	**Total**
Fair Value at 31 July 2018	**382**	**-**	**1,716**	**2,098**
Additions	675	-	260	935
Fair value changes	(224)	-	-	(224)
(Loss)/Gains on disposals	(140)	-	175	35
Disposal	(550)	-	(600)	(1,150)
Impairment provision	-	-	(106)	(106)
Fair Value at 31 July 2019 - restated	**143**	**-**	**1,445**	**1,588**
Additions	193	-	423	616
Fair value changes	176	-	-	176
(Loss)/Gains on disposals	(9)	-	-	(9)
Disposal	(154)	-	-	(154)
Impairment provision	-	-	(716)	(716)
Foreign Exchange	(9)	-	1	(8)
Fair Value at 31 July 2020	**340**	**-**	**1,153**	**1,493**
The financial assets splits are as below:				
Non-current assets - listed	**340**	**-**	**-**	**340**
Non-current assets - unlisted	**-**	**-**	**577**	**577**
Non-current assets – unlisted convertible loans	**-**	**-**	**576**	**576**
Total	**340**	**-**	**1,153**	**1,493**
Gains on investments held at fair value through profit or loss				
Fair value gain on investments	**176**	**-**	**-**	**176**
Realised gain on disposal of investments	**(9)**	**-**	**-**	**(9)**
Net gain on investments held at fair value through profit or loss	**167**	**-**	**-**	**167**

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
Level 3 applies inputs, which are not based on observable market data.

The Directors carried out an impairment review as at 31 July 2020, and determined a further impairment charge of £716,000 (2019: £106,000) was required. £400,000 (2019: £100,000) in respect of Brazil Tungsten Ltd; £220,000 (2019: £nil) in respect of Sunshine Minerals and £96,000 (2019: £6,000) was required with regard to its investment in Oyster Oil & Gas Ltd, as a result of the valuation implied by Oyster's proposed disposal to Sajawin Pty Limited ("Sajawin"). 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 2020. The market value of the listed investments at 30 November 2020 was circa £515,000.

Fair value hierarchy of financial assets at fair value through profit or loss.

12 Trade and other receivables

Non current assets	2020 £000	2019 £000
Loan to Investee Company	56	-
	56	**-**

Current assets	2020 £000	2019 £000
Other receivables	157	196
Prepayments	24	137
	181	**333**

The carrying value of receivables approximates their fair value.

13 Trade and other payables

Amounts due within one year	2020 £000	2019 £000
Trade payables	52	46
Other creditors	26	9
Accruals and deferred income	20	71
	98	**126**

14 Share capital and share premium account

Share capital issued and fully paid	Number of shares	Ordinary share capital £000	Deferred share capital £000	Share premium £000
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**
Share Split	-	-	-	-
Share Consolidation (1 for 85)	74,520,893	(570)	570	-
Issue of new ordinary shares on 5 June 2020	74,520,893	63	-	421
Issue of new ordinary shares on 1 July 2020	17,786,799	15	-	101
Issue of new ordinary shares on 6 July 2020	71,538,462	61	-	404
Issue of new ordinary shares on 7 July 2020	16,000,000	14	-	90
Less: costs of share placing	-	-	-	(78)
At 31 July 2020	**254,367,047**	**216**	**2,299**	**11,828**

15 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.

16 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 2020 £000	**At 31 July 2019 £000**	**At 31 July 2020 £000**	**At 31 July 2019 £000**
Horse Hill Developments Ltd ("HHDL")	Investee Company	Cash call Loan to HHDL	-	(190)	-	-
Rogue Baron	Investee Company	Short term Loan	56	-	56	-

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 2020 as disclosed in the table above. The loans outstanding are included within trade and other receivables, Note 12.

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.

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.

17 Reconciliation of net cash flow to movement in net funds

	2020 £000	2019 £000
Net funds at beginning of the year	568	337
Increase in cash	270	231
Net funds at end of the year	**838**	**568**

Analysis of changes in net funds

	At 31 July 2019 £000	Cash Flow £000	At 31 July 2020 £000
Cash and cash equivalents	**568**	270	**838**
Net funds	**568**	270	**838**

Significant non-cash transactions

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

- £400,000 impairment provision in regards to Brazil Tungsten Holdings Limited was expensed through the income statement.
- £220,000 impairment provision in regards to Sunshine Minerals Limited was expensed through the income statement
- £96,000 impairment provision in regards to Oyster Oil & Gas Ltd was expensed through the income statement
- £217,000 of unrealised gains in movement in the market value of the Company's listed financial investments were revalued through the income statement

18 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.

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.

18 Financial instruments and related disclosures continued

Capital management
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 £838,000 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 £1,233,000 (2019: £1,238,000).

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.

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 2020.

	2020	**2019**
	Other comprehensive income and Net assets	**Other comprehensive income and Net assets (restated)**
	£000	**£000**
Decrease if overall share price falls by 20%, with all other variables held constant	**(68)**	**(29)**
Decrease in other comprehensive earnings and net asset value per Ordinary share (in pence)	**(0.073)p**	**(0.048)p**
Increase if overall share price rises by 20%, with all other variables held constant	**68**	**29**
Increase in other comprehensive earnings and net asset value per Ordinary share (in pence)	**0.073p**	**0.048p**

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.

18 Financial instruments and related disclosures continued

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 loan to Human Brands Inc., and no balances at 31 July 2020 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:

	2020 £000	2019 £000
Cash at bank	838	568
Other receivables	252	333
	1,090	**901**

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.

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

Financial assets (Note 12)	**2020 £000**	**2019 £000**
Trade and other receivables - Non interest earning	181	217
Loan to investee company - Non interest earning	56	-
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.

Financial liabilities (Note 13)	**2020 £000**	**2019 £000**
Trade and other payables	98	126

19 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 2020

	Number	Weighted average exercise price
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
Options lapsed	(10,000,000)	0.22p
Consolidation (1 for 85)	(327,717,451)	
Issued	6,350,000	1.00p
At 31 July 2020	10,251,399	3.06p
Range of exercise prices		1.00p – 446.25p
Weighted average remaining contractual life		2.60 years

Options outstanding & exercisable at 31 July 2020

Date of grant	Number	Exercise price (p)	Expiry date
1 December 2010	19,046	446.25	30/11/2020
7 August 2017	3,529,412	4.25	30/06/2022
12 February 2018	352,941	4.25	11/02/2023
29 July 2020	6,350,000	1.00	29/07/2023
Total	10,251,399		

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**
29 July 2020	0.1%	30.54%	3 years	£0.00790

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

	2020 £000	**2019 £000**
Share based payment charges	**7**	**-**

19 Share schemes continued

Warrants issued, cancelled, & outstanding for the year ended 31 July 2020

	Number	Weighted average exercise price
At 31 July 2019	-	-
Issued	62,717,950	1.30p
At 31 July 2020	62,717,950	1.30p
Range of exercise prices		1.30p
Weighted average remaining contractual life		1.47 years

Warrants outstanding & exercisable at 31 July 2020

Date of grant	Number	Exercise price (p)	Expiry date
30 June 2020	33,538,462	1.30	30/06/2022
13 July 2020	29,179,488	1.30	13/07/2021
Total	62,717,950		

20 Commitments and contingencies

The Directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 July 2020.

21 Ultimate controlling party

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

22 Events after the end of the reporting period

On 26 August 2020, the Company announced it had awarded 8 million options each to Hamish Harris and Donald Strang, directors of the company and 3 million options to company consultants. These options vest immediately, have an exercise price of 1p and expire 3 years from date of grant.

On 13 November 2020, the Company announced it had raised £1,130,000 from a share placing involving the issue of 113 million new ordinary shares at 1 pence per share. Of the 113 million placing shares, 56,393,211 shares were issued immediately and the balance of 56,393,211 shares were conditional on approval at a general meeting of shareholders which was obtained on 2 December 2020. Subscribers to this placing also received 56,500,000 Placing warrants exercisable at 2 pence expiring on the 18 month anniversary of the date of issue.

On 15 December 2020, the Company announced it had received warrant exercise notices to subscribe for 3,589,743 new ordinary shares in the Company at an exercise price of 1.3 pence per share totalling £46,667.

23 Prior year restatement

The impact of the prior year restatement in respect of the classification of the investment in Oyster Oil & Gas Ltd is as follows:

	2019 – As presented	**Restatement**	**2019 – As restated**
Investment in associate	350	(350)	-
Financial investments (Oyster)	-	350	350