# MINERAL & FINANCIAL INVESTMENTS LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2016

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REPORTS

# COMPANY INFORMATION

| | |
|---|---|
| DIRECTORS: | Jacques Vaillancourt (Chairman)<br>Alastair Ford (Chief Operating Officer)<br>Sean Keenan |
| REGISTERED OFFICE: | 190 Elgin Avenue<br>George Town<br>Grand Cayman<br>KY1-9005<br>Cayman Islands |
| COMPANY NUMBER: | Incorporated in the Cayman Islands with registered number 141920 |
| SECRETARY: | Walkers SPV Limited |
| NOMINATED ADVISER: | W H Ireland<br>24 Martin Lane<br>London<br>EC4R 0DR<br>UK |
| JOINT BROKERS: | Beaufort Securities Ltd.<br>63 St Mary Axe<br>London, EC3 A 8AA<br>UK<br><br>W H Ireland<br>24 Martin Lane<br>London<br>EC4R 0DR<br>UK |
| REGISTRARS: | Capita Registrars (Jersey) Limited<br>12 Castle Street<br>St Helier<br>Jersey JE2 3RT |
| SOLICITORS: | Charles Russell Speechlys<br>5 Fleet Place<br>London<br>EC4M 7RD |
| AUDITORS: | Welbeck Associates<br>Registered Auditor<br>Chartered Accountants<br>30 Percy Street<br>London<br>W1T 2DB |

# CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 December 2016

Dear fellow shareholders,

M&FI is a mining finance house with an investment objective to provide capital to finance mining projects while providing our shareholders with superior returns. We will seek to provide financing and act as a good partner in exchange for meaningful ownership levels, and board representation. We will provide advisory services when possible and will be willing to make follow-on investments when appropriate. The full details of our investing policy are set out [link to policy].

We believe the mining investment environment remains improved from a year ago. However, we believe that investment markets are currently undervaluing risk. As the United States has finally initiated a program of increasing administered reference interest rates, our view is that this will generally put upward pressure on global interest rates. We believe that this will affect global economic growth and asset valuations. Therefore, we remain cautious, as ever. Additionally, we see important technological changes occurring that will have a significant impact on the allocation of metal demand over the next decade.

Generally speaking, base and precious metal supply outlooks remain constricted by half a decade of limited access to capital. We continue to shy away from bulk commodities and favour base metals, specifically zinc and copper. We believe that precious metals will benefit from a growing recognition that the US dollar's status as the world's "reserve currency" is diminishing. Confidence in the US dollar, we believe, will be eroded by the increasing overall debt levels of the US governments (federal, states and municipalities) and of its taxpayers. Moreover, the country's increasingly inconsistent foreign policy will likely create unexpected disruptions. Lastly, we see cobalt as one of the most attractive components of the "new-era" of energy. Lithium is currently receiving the bulk of the financial markets attention due to the growth in battery technology. Lithium sources are, however, numerous and growing, while cobalt remains generally a biproduct of other mineral mining. The largest geographic source of cobalt is the Democratic Republic of Congo. For environmentally and politically sensitive consumers of clean energy technology, the location of the mineral source will take on greater importance, which may result in geographically preferred sources of metals generally, and cobalt specifically

The debate about "Crypto-currencies", such as Bitcoin and Ethereum and at least 880 others, rages on as to whether they are a better store of wealth than, for example one of our preferred precious metals, gold. We believe that Crypto-currencies have the very clear makings of another South Sea Bubble which may not crest for at least another year. The top 880 crypto-currencies have a value of US $110 billion. The appeal of each individual crypto-currency is their limited "coin" supply, but there is no limit to the overall number of crypto-currencies that can be created.

M&FI recorded a net profit of £111,000, or £0.006 per share for the full year. M&FI's Net Asset Value (NAV), as of 31 December 2016, was £1,495,000, and our Net asset Value Per Share (NAVPS) was 6.25p. Our working capital, as of year end, was £1,495,000, with essentially no long term debt. Since the year-end, we have raised additional equity funds of £1,039,000, net of costs, and our NAVPS has increased by 15.8% to 7.24p. We are conservative with our finances; we are conservative as to how we measure investment value, which includes how we evaluate our own assets. Our overarching principle is to remain true to our conservatism. The NAV is seen as definitive, while we prefer to see it as our "base case" value. The value of our TH Crestgate investment is recognized at our investment cost and does not recognize any of the value created by TH Crestgate. During this past year we have continued to strengthen your company by opportunistically raising permanent equity capital. We are, and will remain debt free, and our financial strength will allow us to act swiftly to create value for our shareholders.

I am very pleased that we have made great progress with our company this year. Particularly with our first strategic asset investment of 49% ownership in TH Crestgate. The Company is a private Swiss investment company that now owns 100% of Lagoa Salgada, which we believe is an exciting polymetallic zinc (also with indium and selenium) asset located about 100km SE of Lisbon on the Iberian Pyrite Belt. TH Crestgate started drilling the project this year and has identified a new mineralized zone 800m south of the current LS-1 resource. The LS-1 resource is 4.5Mt of mineralization with a zinc equivalent1 grade of 8.1% That equates to 297,000 tonnes of zinc equivalent1 metal. The LS-1 resource is currently also being drilled with the intention of expanding the resource mineralization to between 8.0Mt and 10.0Mt. TH Crestgate believes that, if successful, the resource expansion should be at similar grades although at this stage there can be no guarantee that the zinc can be economically extracted.

However, in 2016, transactions of individual zinc rich mining projects occurred at a mean valuation2 of US$75.74 per tonne of zinc equivalent metal, while the median value is US$10.83 p/t of zinc equivalent2 metal. To look at it another way, a group of 31 junior mining companies with zinc-rich resources, comparable to Lagoa Salgada, currently trade at a

[1] Zinc Equivalent calculations based on the following metal prices: Zinc: US$2,670/t; Lead - US$2,170/t; Copper - US$5,715/lb; Silver US$16.60/oz; Gold US$1,253/oz. No recovery estimates applied

[2] Price prevailing during the period of these transactions: Mean $1,916/t; Median $1,870/t

## CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 December 2016

mean valuation of US$50.21 p/t of zinc equivalent1 metal, while the median value is US$14.78 p/t of zinc equivalent1 metal
During the period TH Crestgate disposed of the Toral and Lago properties for a meaningful profit over the investment cost. This profit has been reinvested in Lagoa Salgada.

Our largest investment in the investment portfolio is Cap Energy ("Cap"), which is not listed, but 76% owned by the board and management. The company has 3 offshore oil &gas fields, which have received 2D and 3D seismic studies. Seismic analysis technology can identify prospective oil reservoirs with much greater, but not guaranteed, accuracy (3D being a more accurate indicator than 2D), The projects are:

A. **BLOCK 1:** Located offshore Guinea Bissau. Cap's net ownership of this field is 24%. This field has a P90 (i.e. 90% probability) resource of 77MMbbls (i.e. 18.5MMbbls net to Cap energy);

B. **BLOCK 5B:** Located offshore Guinea Bissau. Cap's net ownership of this field is 27%. this field has a P90 (i.e. 90% probability) resource of 3,380MMbbls (i.e. 912.6MMbbls net to Cap Energy);

C. **BLOCK DJIFFERE**: located offshore Senegal. Cap's net ownership of this field is 44.1%. The property has two immediately adjacent discoveries. FAN-1 (Cairn Energy) which has estimates ranging from 250MMbbls to 2.5Billion bbls. The other discovery SNE-1 by ConocoPhillips that has resource estimates ranging from 150MMbbls to 670MMbbls.

Cap is considering its next strategic steps, which range from identifying farm-in partners to monetizing some of these assets. Cap has opened up a data-room which is, we understand, receiving very good interest from large international oil companies, attracted to these projects due to their very high prospectivity and diminished risk due to Cap successfully working with local governments to update their laws and policies. At this stage there is no certainty the oil can be economically extracted

M&FI continues to be seeking suitable strategic investment opportunities that we believe will generate above average returns while adhering to our standards of prudence.

We will continue to advance your company with prudence and probity in 2017.

Jacques Vaillancourt, CFA
Executive Chairman

28 June 2017

www.mineralandfinancial.com

# INVESTMENT REVIEW

FOR THE YEAR ENDED 31 December 2016

The cautious recovery that was evident in mining at the end of 2016 was evident in the performance of some of the equities and ETFs that the company continues to hold in its portfolio.

The strong weighting to cash remained, as the Company sought to ensure that it was able to support exploration and technical activities undertaken by 49%-owned investment TH Crestgate in Portugal.

In August the Company raised £475,000 at 4.75p per share in order to be able to maintain this commitment, and subsequent to the year-end the Company undertook further fundraisings with a view to continuing to support TH Crestgate in its ongoing success and also to allow it to evaluate further investment opportunities as and when they arise.

**ETF Portfolio**

Gold ETF

During calendar 2016 the Company's gold ETF increased in value by more than 20% albeit that it was a bumpy ride as sterling gyrated in the wake of the Brexit decision and gold's strength fell away somewhat in US dollar terms towards the end of the year. Increasing global uncertainty with regard to wide economic issues like protectionism, as well as the more specific issues of conflict in the Middle East and elsewhere continue to provide support for gold even in the face of a more robust monetary policy from the US Federal Reserve. Mineral & Financial's own holding was purchased with sterling and we believe will continue to perform well as the Brexit process gets underway and market uncertainty about the outcome keeps sterling weak.

Platinum ETF

Platinum continues to perplex as a metal. During the period the Company's platinum ETF rose in value by around 30%, but while the broader industry continues to run in deficit, prices have yet to go on the real recovery run that many analysts had predicted. The Company is cautiously optimistic about its platinum investment, and will be keeping it under review.

Silver ETF

During the period the company took a position in silver which has performed very well, up by more than 60% as at the period end. This strength was aided in part by a narrowing of the relative valuations of gold and silver gap, in part by improved sentiment towards precious metals in general, and in part also by the effects of weaker sterling.

ETFS Zinc

In the context of the ongoing success of TH Crestgate, the Company felt that adequate exposure to zinc was being provided. Accordingly, the zinc ETF was divested.

**Cap Energy**

We believe Cap has made great strides forward in de-risking its assets through negotiating improved title terms in both Senegal and Guinea. Additionally, the company has advanced the geological attractions of all three of its West African off shore oil and gas assets. Cap has opened a data-room, which is experiencing very strong interest from very large oil & gas companies, to secure partnership on their assets.

**Listed equity portfolio**

The value of the Company's stake in Anglo Pacific more than doubled during the period, while the value of the Company's stake in Glencore more than tripled. This was reflective of a wide and broad recovery of positive sentiment in the mining sector, as both companies cut useful looking deals, albeit at different ends of the market.

Alastair Ford
Chief Operating Officer

28 June 2017

# STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2016

The Directors present their Strategic Report on the Company for the year ended 31 December 2016.

## RESULTS

The Group made a profit after taxation of £111,000 (2015: Loss of £496,000). The Directors do not propose a dividend (2015: £nil).

## BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the business in the period and of future developments is set out in the Chief Investment Officer's review, which should be read as part of the strategic review.

## KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

| **COMPANY STATISTICS** | **31 December 2016** | **31 December 2015** | **Change %** |
|---|---|---|---|
| Net asset value | £1,495,000 | £909,000 | +64% |
| Net asset value – fully diluted per share | 6.3p | 6.5p | -3% |
| Closing share price | 6.1p | 5.7p | +7% |
| Share price discount to net asset value – fully diluted | (3%) | (11%) | – |
| Market capitalisation | £1,473,000 | £807,000 | +83% |

## PRINCIPAL RISKS AND UNCERTAINTIES

The key risk facing shareholders is that the value of the investments falls and that future returns to shareholders are therefore lower than they could have been.

Details of the financial risk management objectives and policies are provided in Note 14 to the financial statements.

## GOING CONCERN

The Directors have prepared cash flow forecasts through to 30 June 2017 which assumes no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity and the forecasts demonstrate that the Company is able to meet its obligations as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

For and on behalf of the Board

Jacques Vaillancourt, CFA
Director

28 June 2017

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2016

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2016.

## PRINCIPAL ACTIVITY

During the year the Company continued to act as an investment company.

The Company's Investing Policy is to invest in the natural resources sector through investments in companies or other assets, which it considers to represent good value and offer scope for significant returns to shareholders over the long term. In particular, the Company focuses on providing new capital for mining companies that require finance for their projects.

Investments may be be made in the securities of quoted and un-quoted companies and their assets, units in open-ended investment companies, exchange traded funds, physical commodities, derivatives, and other hybrid securities. As the Company's assets grow the intention is to diversify company, geographic, and commodity risks.

The Company has a blend of passive and active investments and, if and when appropriate, it may seek to gain control of an investee company. Returns to shareholders are expected to be by way of growth in the value of the Company's ordinary shares.

## POST YEAR END EVENTS

On 20 February 2017, 4,375,000 ordinary shares were issued at 8p per share for cash as the result of a private placing.

On 28 February 2017, 3,000,000 ordinary shares were issued at 10p per share for cash as the result of a private placing.

On 15 March 2017, 3,333,333 ordinary shares were issued at 15p per share for cash as the result of a private placing.

## DIRECTORS

The Directors of the Company during the year and subsequently are set out below.

Jacques Vaillancourt
Alastair Ford
Sean Keenan (appointed 1 November 2016)
Laurence Read

On 25 January 2017, Laurence Read resigned as a director.

There is a qualifying third party indemnity provision in force for the benefit of the Directors of the Company.

## SUBSTANTIAL SHAREHOLDINGS

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 27 June 2017 were as follows:

| | Ordinary shares of 1p each number | Percentage of capital % |
|---|---|---|
| *Mount Everest Finance SA | 6,214,000 | 17.9% |
| Lynchwood Nominees Limited | 3,472,000 | 10.0% |
| Timothy Darvall | 1,410,920 | 4.1% |

*Jacques Vaillancourt is the sole shareholder of Mount Everest Finance SA

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2016

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company was incorporated as a corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board has resolved that the Company will follow applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs) when preparing its annual financial statements.

The Directors are responsible for the preparation of the Company's financial statements which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing the financial statements, the directors are required to:

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

The Directors are responsible for keeping adequate accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information held on the Company's website.

## AUDITORS

The auditors Welbeck Associates have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

For and on behalf of the Board

Jacques Vaillancourt, CFA
Director

28 June 2017

# CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 December 2016

The requirements of the combined code of corporate governance are not mandatory for companies traded on AIM. However, the Directors recognize the importance of sound corporate governance and have adopted corporate governance principles that the Directors consider are appropriate for a company of its size.

## BOARD OF DIRECTORS

The Board of Directors is responsible for the Company's system of corporate governance. It comprises an executive chairman, the Chief Operating Officer and one other non-executive director. The Chairman of the Board is Jacques Vaillancourt.

The Board met regularly throughout the year. It has a schedule of matters referred to it for decision, which includes strategy and future developments, allocation of financial resources, investments, annual and interim results, and risk management. Matters which would normally be referred to appointed committees, such as the audit and remuneration committees, are dealt with by the full Board.

## INTERNAL CONTROL

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

# REPORT ON REMUNERATION

FOR THE YEAR ENDED 31 December 2016

## DIRECTORS' REMUNERATION

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and it is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the effective contributions of the Directors and employees who are compensated accordingly.

## DIRECTORS' REMUNERATION

The remuneration of the Directors was as follows:

| | **Year ending 31 December 2016** | | | **Year ending 31 December 2015** | | |
|---|---|---|---|---|---|---|
| | Salary and fees | Pension | Total | Salary and fees | Pension | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Jacques Vaillancourt | 25 | - | 25 | 25 | - | 25 |
| Alastair Ford | 24 | - | 24 | 24 | - | 24 |
| Sean Keenan | - | - | - | - | - | - |
| Laurence Read | 18 | - | 18 | 18 | - | 18 |
| | 67 | - | 67 | 67 | - | 67 |

## PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2016, or for the year ended 31 December 2015.

## BENEFITS IN KIND

The Directors did not receive any benefits in kind, either in the year ended 31 December 2016, or in the year ended 31 December 2015.

## BONUSES

There were no bonuses payable either for the year ended 31 December 2016, or for the year ended 31 December 2015.

## SHARE OPTION INCENTIVES

Directors held options as follows. Further details of options are disclosed in note 11.

| | At beginning of year | Granted in period | Lapsed in period | At end of period | Exercise price |
|---|---|---|---|---|---|
| Jacques Vaillancourt | 105,000 | - | - | 105,000 | 7.89p |
| Laurence Read | 185,000 | - | - | 185,000 | 7.89p |
| Alastair Ford | 210,000 | - | - | 210,000 | 7.89p |

For and on behalf of the Board

Jacques Vaillancourt, CFA
Director

28 June 2017

# REPORT OF THE INDEPENDENT AUDITOR
# TO THE MEMBERS OF MINERAL & FINANCIAL INVESTMENTS LIMITED
FOR THE YEAR ENDED 31 December 2016

We have audited the financial statements of Mineral & Financial Investments Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. 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.

This report is made solely to the Company's members, as a body. 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.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the Company's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union.

Rory Heier
Senior Statutory Auditor
for and on behalf of Welbeck Associates
Statutory Auditor, Chartered Accountants

30 Percy Street
London
W1T 2DB

28 June 2017

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|---|---|---|
| Investment income | | - | 2 |
| Net losses on disposal of investments | | (169) | (131) |
| Net change in fair value of investments | | 455 | (186) |
| | | 286 | (315) |
| Operating expenses | | (175) | (181) |
| Operating profit/(loss) | 3 | 111 | (496) |
| Profit/(loss) before taxation | | 111 | (496) |
| Taxation expense | 5 | - | - |
| Profit/(loss) for the year from continuing operations and total comprehensive income, attributable to owners of the Company | | 111 | (496) |
| Profit/(Loss) per share attributable to owners of the Company during the year from continuing and total operations: | 6 | Pence | Pence |
| Basic (pence per share) | | 0.6 | (3.6) |
| Diluted (pence per share) | | 0.6 | (3.6) |

# STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Financial assets held at fair value through profit or loss | 7 | 1,274 | 691 |
| Trade and other receivables | 8 | 7 | 6 |
| Cash and cash equivalents | | 274 | 263 |
| | | 1,555 | 960 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 50 | 41 |
| Convertible unsecured loan notes | 10 | 10 | 10 |
| | | 60 | 51 |
| NET CURRENT ASSETS | | 1,495 | 909 |
| NET ASSETS | | 1,495 | 909 |
| EQUITY | | | |
| Share capital | 12 | 2,985 | 2,885 |
| Share premium | | 4,934 | 4,559 |
| Loan note equity reserve | 13 | 6 | 6 |
| Share option reserve | | 12 | 12 |
| Capital reserve | | 15,736 | 15,736 |
| Retained earnings | | (22,178) | (22,289) |
| Equity attributable to owners of the Company and total equity | | 1,495 | 909 |

The financial statements were approved by the Board and authorised for issue on 28 June 2017

Jacques Vaillancourt
Director

Alastair Ford
Director

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2016

| | Share capital £'000 | Share premium £'000 | Share option reserve £'000 | Loan note reserve £'000 | Capital reserve £'000 | Accumulated losses £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2015 | 2,882 | 4,537 | 12 | 85 | 15,736 | (21,872) | 1,380 |
| Total comprehensive expense for the year | – | – | – | – | – | (496) | (496) |
| Repayment of loan notes | – | – | – | (79) | – | 79 | – |
| Share issues | 3 | 22 | – | – | – | – | 25 |
| At 31 December 2015 | 2,885 | 4,559 | 12 | 6 | 15,736 | (22,289) | 909 |
| Total comprehensive income for the year | – | – | – | – | – | 111 | 111 |
| Share issues | 100 | 375 | – | – | – | – | 475 |
| At 31 December 2016 | 2,985 | 4,934 | 12 | 6 | 15,736 | (22,178) | 1,495 |

# STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2016

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Profit/(loss) before taxation | 111 | (496) |
| Adjustments for: | | |
| Loss on disposal of trading investments | 169 | 131 |
| Fair value (gain)/loss on trading investments | (455) | 186 |
| Investment income | – | (2) |
| Operating cash flow before working capital changes | (175) | (181) |
| (Increase)/decrease in trade and other receivables | (1) | (3) |
| Increase/(decrease) in trade and other payables | 9 | 1 |
| Net cash outflow from operating activities | (167) | (183) |
| INVESTING ACTIVITIES | | |
| Purchase of financial assets | (392) | (151) |
| Disposals of investments | 95 | 133 |
| Investment income | – | 2 |
| Net cash outflow from investing activities | (297) | (16) |
| FINANCING ACTIVITIES | | |
| Proceeds of share issues | 475 | – |
| Redemption of convertible loan notes | – | (134) |
| Net cash outflow from financing activities | 475 | (134) |
| Net increase/(decrease) in cash and cash equivalents | 11 | (333) |
| Cash and cash equivalents as at 1 January | 263 | 596 |
| Cash and cash equivalents as at 31 December | 274 | 263 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 1 GENERAL INFORMATION

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. The Board has therefore adopted International Financial Reporting Standards as adopted by the European Union (IFRSs). The Company's shares are listed on the AIM market of the London Stock Exchange.

The Company is an investment company, mainly investing in natural resources, minerals, metals, and oil and gas projects. The registered office of the Company is as detailed in the Company Information on page 2.

## 2 PRINCIPAL ACCOUNTING POLICIES

### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, and in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. All accounting standards and interpretations issued by the International Accounting Standards Board and IFRIC effective for the periods covered by these financial statements have been applied.

The principal accounting policies of the Company are set out below.

### GOING CONCERN

The Directors have prepared cash flow forecasts through to 30 June 2018 which assumes no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

### KEY ESTIMATES AND ASSUMPTIONS

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources:

#### SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group holds investments that have been designated as held at fair value through profit or loss on initial recognition. Where practicable the Group determines the fair value of these financial instruments that are not quoted (Level 3) using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognize that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2016

## 2 PRINCIPAL ACCOUNTING POLICIES (continued)

### STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. The following new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the group.

| | |
|---|---|
| IFRS 12 | Disclosures of interests in other entities |

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the Company's financial statements.

### INVESTMENT INCOME

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis. Interest on fixed interest debt securities is recognised using the effective interest rate method.

### TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

### FINANCIAL ASSETS

The Group's financial assets comprise investments held for trading, cash and cash equivalents and loans and receivables, and are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 2 PRINCIPAL ACCOUNTING POLICIES (continued)

### INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

All short term investments are designated upon initial recognition as held at fair value through profit or loss (FVTPL). Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Where practicable unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as “Net change in fair value of investments”

### ASSOCIATED UNDERTAKINGS

Associated undertakings are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Company’s investment portfolio are carried in the statement of financial position at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 “Investment in Associates”, which requires investments held by a company as a venture capital provider to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Company has no interests in associates through which it carries on its business.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### LOANS AND RECEIVABLES

Loans and receivable from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Impaired debts are derecognised when they are assessed as uncollectible.

### EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Shares to be issued represent the equity which the Company has committed to issue and which has been issued subsequent to the year end.

The loan note reserve represents the value of the equity component of the nominal value of the loan notes issued.

The capital reserve represents amounts arising in connection with reverse acquisitions.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income together with the cumulative amount of share based expenses transferred to equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 2 PRINCIPAL ACCOUNTING POLICIES (continued)

### FINANCIAL LIABILITIES

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise convertible loan notes, and trade and other payables.

The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

### SHARE BASED PAYMENTS

The Company operates equity settled share based remuneration plans for the remuneration of its employees.

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the income statement with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognized in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within profit or loss.

### FOREIGN CURRENCIES

The Directors consider Sterling to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement. Non-monetary items that are measured at historical costs in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 2 PRINCIPAL ACCOUNTING POLICIES (continued)

### SEGMENTAL REPORTING

A segment is a distinguishable component of the Company's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Company's investment activities as a whole, the directors have identified a single operating segment, that of holding and trading in investments in natural resources, minerals, metals, and oil and gas projects. The directors consider that it would not be appropriate to disclose any geographical analysis of the Company's investments.

## 3 OPERATING PROFIT/(LOSS)

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Profit/(loss) from operations is arrived at after charging: | | |
| Auditors' remuneration: | | |
| - fees payable to the Company's auditors and its associates for the audit of the Company's financial statements | 10 | 10 |

## 4 EMPLOYEE REMUNERATION

The expense recognised for employee benefits is analysed below:

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Wages and salaries | 67 | 67 |
| | 67 | 67 |

Details of Directors' employee benefits expense are included in the Report on Remuneration on page 10.
Remuneration for key management of the Company, including amounts paid to Directors of the Company, is as follows:

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Short-term employee benefits | 67 | 67 |
| | 67 | 67 |

## 5 TAXATION

No provision has been made in respect of current taxation or deferred taxation as the Company is domiciled in the Cayman Islands and no corporation tax is applicable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 6 EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Profit/(loss) attributable to owners of the Company | | |
| - Continuing and total operations | 111 | (496) |

| | 2016 | 2015 |
|---|---|---|
| Weighted average number of shares for calculating basic and fully diluted earnings per share* | 17,941,666 | 13,874,459 |

| | | 2015<br>pence |
|---|---|---|
| (Loss)/profit per share from continuing and total operations | | |
| - Basic (pence per share) | 0.6 | (3.6) |
| - Fully diluted (pence per share)* | 0.6 | (3.6) |

* The weighted average number of shares used for calculating the diluted loss per share is the same as that used for calculating the basic loss per share as the effect of exercise of the outstanding share options would be anti-dilutive.

## 7 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| 1 January - Investments at fair value | 691 | 990 |
| Cost of investment purchases | 392 | 151 |
| Proceeds of investment disposals | (95) | (133) |
| Loss on disposal of investments | (169) | (131) |
| Fair value adjustment | 455 | (186) |
| 31 December - Investments at fair value | 1,274 | 691 |
| Categorised as: | | |
| Level 1 - Quoted investments | 189 | 176 |
| Level 3 - Unquoted investments | 1,085 | 515 |
| | 1,274 | 691 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2016

## 7 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Company has adopted fair value measurements using the IFRS 7 fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market criteria.

LEVEL 3 investments

Reconciliation of Level 3 fair value measurement of investments

| | 2016 £'000 | 2015 £'000 |
|---|---|---|
| Brought forward | 515 | 14 |
| Purchases | 339 | 151 |
| Reclassified to Level 3 | – | 563 |
| Fair value adjustment | 231 | (213) |
| Carried forward | 1,085 | 515 |

Level 3 valuation techniques used by the Group are explained on page 18 (Fair value of financial instruments)

The Company's two largest Level 3 investments are Cap Energy plc and TH Crestgate GmbH.

CAP ENERGY PLC

The Company has a 1.3% interest in Cap Energy which has been valued at a 28% discount to the issue price of shares in Cap Energy's last fund raise in March 2016. The directors consider that this reflects the fair value of the Company's investment. A 5% increase in the discount would reduce the carrying value of the investments by £38,000.

TH CRESTGATE GMBH ("THC")

Investments in THC include both debt and equity instruments which are carried at cost.

The Company has a 49% interest.in THC. While the directors consider that the fair value of the Company's interest in THC is in excess of cost its underlying assets are at an early stage of development and so a fair value is difficult to determine.

## 8 TRADE AND OTHER RECEIVABLES

| | 2016 £'000 | 2015 £'000 |
|---|---|---|
| Prepayments | 7 | 6 |
| Total | 7 | 6 |

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts.

At the balance sheet date in 2016 and 2015 there were no trade and other receivables past due.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2016

## 9 TRADE AND OTHER PAYABLES

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Trade payables | 25 | 16 |
| Other payables | 7 | 3 |
| Accrued charges | 18 | 22 |
| Total | 50 | 41 |

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

## 10 CONVERTIBLE UNSECURED LOAN NOTES

The outstanding convertible loan notes are zero coupon, unsecured and unless previously purchased or converted they are redeemable at their principal amount at any time on or after 31 December 2014.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Liability component at 1 January | 10 | 169 |
| Repayment of loan notes | – | (134) |
| Conversion of loan notes | – | (25) |
| | 10 | 10 |
| Interest charged | – | – |
| Liability component at 31 December | 10 | 10 |

The Directors estimate the fair value of the liability component of the loan notes at 31 December 2016 to be approximately £10,000 (2015: £10,000)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 11 SHARE OPTIONS

On 26 June 2014 the Company granted 500,000 options to directors and employees, exercisable at 7.89p per share. At the year end all these options had vested and are exercisable at any time prior to the fifth anniversary of the date of grant.

The fair value of the options granted during the year was determined using the Black-Scholes pricing model. The significant inputs to the model in respect of the options were as follows:

| | |
|---|---|
| Date of grant | 26 June 2014 |
| Share price at date of grant | 6.00p |
| Exercise price per share | 7.89p |
| No. of options | 500,000 |
| Risk free rate | 3.0% |
| Expected volatility | 50% |
| Life of option | 5 years |
| Calculated fair value per share | 2.3264p |

The share based payment charge for the year was £Nil (2015: £Nil).

The movements on share options and their weighted average exercise price are as follows:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Number | Weighted average exercise price (pence) | Number | Weighted average exercise price (pence) |
| Outstanding at 1 January | 500,000 | 7.89 | 554,878 | 15.22 |
| Granted | – | – | – | – |
| Lapsed | – | – | (54,878) | 82.00 |
| Outstanding at 31 December | 500,000 | 7.89 | 500,000 | 7.89 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2016

## 12 SHARE CAPITAL

| | Number of shares | Nominal Value £'000 | Share premium £'000 |
|---|---|---|---|
| AUTHORISED | | | |
| At 31 December 2015 and 31 December 2016 | | | |
| Ordinary shares of 1p each | 160,000,000 | 1,600 | |
| Deferred shares of 24p each | 35,000,000 | 8,400 | |
| | | 10,000 | |
| ISSUED AND FULLY PAID | | | |
| At 31 December 2014 | | | |
| Ordinary shares of 1p each | 13,722,062 | 137 | |
| Deferred shares of 24p each | 11,435,062 | 2,745 | |
| | | 2,882 | 4,537 |
| Ordinary shares issued in year | 312,500 | 3 | 22 |
| At 31 December 2015: | | | |
| Ordinary shares of 1p each | 14,034,562 | 140 | |
| Deferred shares of 24p each | 11,435,062 | 2,745 | |
| | | 2,885 | 4,559 |
| Ordinary shares issued in year | 10,000,000 | 100 | 375 |
| At 31 December 2015: | | | |
| Ordinary shares of 1p each | 24,034,562 | 240 | |
| Deferred shares of 24p each | 11,435,062 | 2,745 | |
| | | 2,985 | 4,934 |

The restricted rights of the deferred shares are such that they have no economic value.

On 10 August 2016, 10,000,000 new ordinary shares were issued for cash at 4.75p per share as the result of a private placing.

## 13 LOAN NOTE EQUITY RESERVE

| | 2016 £'000 | 2015 £'000 |
|---|---|---|
| Equity component of convertible loan notes at 1 January | 6 | 85 |
| Transfer to retained earnings on repayment of loan notes | – | (79) |
| Equity component of convertible loan notes at 31 December | 6 | 6 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2016

## 14 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

### MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £127,000 ( 2015: £69,000).

### FOREIGN CURRENCY RISK

The Company's exposure to foreign currencies is limited to its investments which are quoted on overseas stock markets in currencies other than Pounds Sterling and is not material.

### CREDIT RISK

The Company's financial instruments, which are exposed to credit risk, are considered to be mainly cash and cash equivalents and the Company's receivables are not material. The credit risk for cash and cash equivalents is not considered material since the counterparties are reputable banks.

The Company's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

| | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|
| Cash and cash equivalents | 274 | 263 |
| Other receivables | – | – |
| | 274 | 263 |

### LIQUIDITY RISK

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Company's payment obligations arising from administrative expenses.

### CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company 's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company 's growth; and
- to provide capital for the purpose of strengthening the Company 's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

## 15 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

| | 2016 £'000 | 2015 £'000 |
|---|---|---|
| Financial assets: | | |
| Cash and cash equivalents | 274 | 263 |
| Investments held at fair value through profit and loss | 1,274 | 691 |
| | 1,548 | 954 |

FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

| | 2016 £'000 | 2015 £'000 |
|---|---|---|
| Financial liabilities at amortised cost: | | |
| Convertible unsecured loan notes | 10 | 10 |
| Trade and other payables | 32 | 19 |
| | 42 | 29 |

## 16 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2016 or 31 December 2015.

## 17 POST YEAR END EVENTS

The material events since the year end are set out in the Directors Report.

## 18 RELATED PARTY TRANSACTIONS

Details of the directors' remuneration and the options granted to directors are disclosed in the remuneration report on page 10.

## 19 ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be a single ultimate controlling party.