Mineral & Financial Investments Limited

Annual Report and Financial Statements

for the year ended 30 June 2019

HIGHLIGHTS

- Year-end Net Asset Value £5,114,000, up 95%, from £2,623,000, in past 12 months
- Net Asset Value has increased at compound annual growth rate (CAGR) of 99% since 31 December 2015
- Net Asset Value Per Share fully diluted (FD) 14.5p, up 93%, from 7.49p, in past 12 months
- NAVPS FD has increased at (CAGR) of 38% since 31 December 2015
- Investment Portfolio now totals £4,952,000 up 118%, from £2,269,000, in past 12 months.
- TH Crestgate acquisition was completed during the period and has been accretive
- New investments totalling £865,000 have been made during the period with an emphasis on precious metals.

NET ASSET VALUE

	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	30 June 2018	30 June 2019	*CAGR (%)*
Net Asset Value	£909,000	£1,495,000	£2,603,000	£2,623,000	£5,114,000	***99.2%***
Fully diluted NAV per share	6.47p	6.25p	7.43p	7.49p	14.50p	***38.1%***

Mineral & Financial Investments Limited ("M&FI") is an investing company with the objectives of a mining finance house, which includes providing investment in and capital to finance mining companies and/or projects with the objective of 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 if needed and appropriate. We will provide advisory services when possible and will be willing to make follow-on investments in the investee companies if, and when, appropriate.

The full details of our investing policy are set out in the Directors' Report on page 8.

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COMPANY INFORMATION

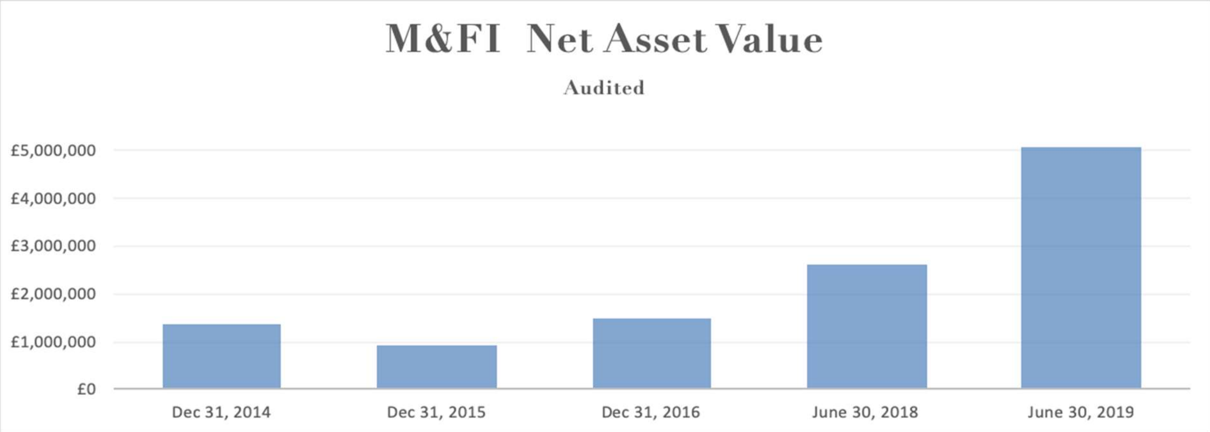
DIRECTORS:	Jacques Vaillancourt (Chairman) James Lesser (Chief Operating Officer) Sean Keenan
REGISTERED OFFICE:	190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
COMPANY NUMBER:	Incorporated in the Cayman Islands with registered number 141920
SECRETARY:	Walkers SPV Limited
NOMINATED ADVISER:	W H Ireland 24 Martin Lane London EC4R 0DR UK
JOINT BROKERS:	W H Ireland 24 Martin Lane London EC4R 0DR UK Novum Securities Ltd. 10 Grosvenor Gardens London SW1W 0DH UK
REGISTRARS:	Link Market Services (Jersey) Limited PO Box 532 St Helier Jersey JE4 5UW
SOLICITORS:	Charles Russell Speechlys 5 Fleet Place London EC4M 7RD
AUDITORS:	Shipleys LLP Registered Auditor Chartered Accountants 10 Orange Street London WC2H 7DQ
COMPANY'S WEBSITE:	www.mineralandfinancial.com

CHAIRMAN'S STATEMENT

for the year ended 30 June 2019

Dear fellow shareholders,

During the twelve-month fiscal period ending 30 June 2019 your company generated net trading income of £2,654,000 which translated into a net profit of £2,491,000 or 7.1p per share for the period. Our net assets at 30 June 2019 were £5,114,000 an increase of 95% from the net asset total of £2,623,000 at 30 June 2018. The Net Asset Value per Share – fully diluted (NAVPS-FD) as at 30 June 2019 was 14.5p, a 93% increase from the 7.5p NAVPS FD at 30 June 2018. We continue to be effectively debt free, with working capital of £5.1 million.



The world's economic performance was positive in 2019, but growth rates were lower than in 2018. This subdued rate of growth is a consequence of rising trade barriers; elevated uncertainty surrounding trade and geopolitics; idiosyncratic factors causing macro-economic strain in several emerging market economies; and structural factors, such as low productivity growth and aging demographics in advanced economies. Growth in advanced economies, notably the USA, slowed largely due to its imposition of various tariffs on trade with, but not exclusively, China.

IMF – World Economic Outlook[1]

	2016	2017	2018	2019 (E)	2020 (F)
Economic Output - World	3.20%	3.70%	3.60%	3.00%	3.40%
Economic Output - Advanced Economies	1.70%	2.40%	2.30%	1.70%	1.70%
Economic Output - Emerging Markets and Developing Economies	4.40%	4.70%	4.50%	3.90%	4.60%
Consumer Prices - Advanced Economies	0.80%	1.70%	2.00%	1.50%	2.00%
Consumer Prices - Emerging Markets and Developing Economies	4.30%	4.00%	4.80%	4.70%	4.80%

As we enter into 2020, a US presidential election year, there is cause for hope that trade hostilities will diminish. The IMF expects economic growth rates will increase to an average of 4.60% for the economic activities of Emerging Markets and Developing Economies. In contrast, the economic growth of advanced economies, as defined by the IMF, will experience no change in its forecasted 2019 average economic growth rate of 1.70% in 2020. In the IMF's forecast, what would appear to be a muted economic outlook generally, should nevertheless be a sound environment for metal consumption as emerging and developing economies have been and will continue to be the source of most new demand for metals and minerals as they advance from "Developing" to "Emerging" economies.

Inflationary pressures eased in most economies, but mostly in "Advanced Economies", as measured by the IMF. Inflationary pressures are expected to rise in 2020. It is worth noting that inflation is expected to exceed economic growth in the "Advanced Economies" in 2020.

[1] Source: All economic data references are from the IMF World Economic Outlook (October 2019)

CHAIRMAN'S STATEMENT

for the year ended 30 June 2019

Political and economic risks remained prominent in 2019. Central bankers and their monetary policies have been accommodative, causing low, and for a period in 2019, negative interest rates in several western economies. This has created an extraordinary chapter in the modern world's economic history – according to Bloomberg news (November 1, 2019) - $17 trillion of sovereign debt had a negative yield to maturity during 2019. During the year, negative yields were priced by the market for AA sovereign credits, such as France. As at the writing of this comment, Greek government 10-year bonds (Moody's -BB) are yielding 1.36%, almost 30% less than 10-year US treasuries' (Moody's AA+) at 1.93%. There is, in our opinion, a global mispricing of risk due to the policies of certain central banks, notably the ECB. It is with this in mind that we have deliberately increased our weighting in precious metal (gold, silver, and platinum) exposure to 28% of our investment portfolio.

Global Stock Index Performance

1 July 2018 to 30 June 2019	01/07/2018	30/06/2019	% change
Shanghai Shenzhen CSI 300 Index	3365.12	3825.59	13.7%
Standard & Poor 500 Index	2718.37	2941.7	8.2%
Euro Stoxx 50 Index	3395.6	3473.69	2.3%
Hang Seng	28955.11	28542.62	-1.4%
FTSE 100	7636.93	7425.63	-2.8%
Nikkei 225	22304.51	21275.92	-4.6%

Global equity markets, during our fiscal year ending 30 June 2019 were mixed. Surprisingly, some of the best performing major global stock market indices are those of the two main players in the trade tariff wars. The best performing major index in the narrow band of exchanges which we track was the Shanghai Shenzhen CSI 300 Index, which rose 13.7%, and continues to outperform the major US indices. The second-best performance was from the US, as measured by the S&P 500, up 8.2%. In negative territory was the FTSE 100, down 2.8% and the Nikkei 225, down 4.6%. We believe that global interest rates will have to begin the long and slow journey towards normalised rates, if only to provide some monetary policy ammunition to counter the possibility of future economic challenges. In an environment of stable to modestly rising rates equity market performance should be subdued, while sustaining continued global economic growth.

Commodities have struggled during the period. As measured by the Thomson / Reuters CRB Total Commodity Index, which declined 6.6% during the period, it was a challenging year. As is usual, within a broad index such as the CRB Index, variances between commodity performances were wide. Energy prices were down, WTI oil was down 19.6%. Gold (+12.6%), Palladium (+60.8%) and Rhodium (+43.8%) were all up, while base metals such as Copper (-7.0%), Nickel (-14.0%), Zinc (-16.6%), Lead (-21.4%) and Aluminium (-20.5%) were down during the year.

We completed the acquisition of the 51% in TH Crestgate GmbH ("THC"), which increased our interest to 100%, and THC is now wholly consolidated within our results. As we had planned, the acquisition has been accretive to our results. The largest asset within THC is its 75% interest in Redcorp Empreedimentos Mineiros Lda and Redcorp's interest in the Lagoa Salgada project.

During the past year our emphasis has been to find undervalued majors for the tactical portfolio, such as Barrick, Newmont Goldcorp and Alamos which have been added to the Tactical Portfolio. For the Strategic Portfolio we have sought advanced stage exploration or early stage development, precious metal investment opportunities. During the period we have added Cerrado Gold and Golden Sun Resources to our Strategic Investment portfolio.

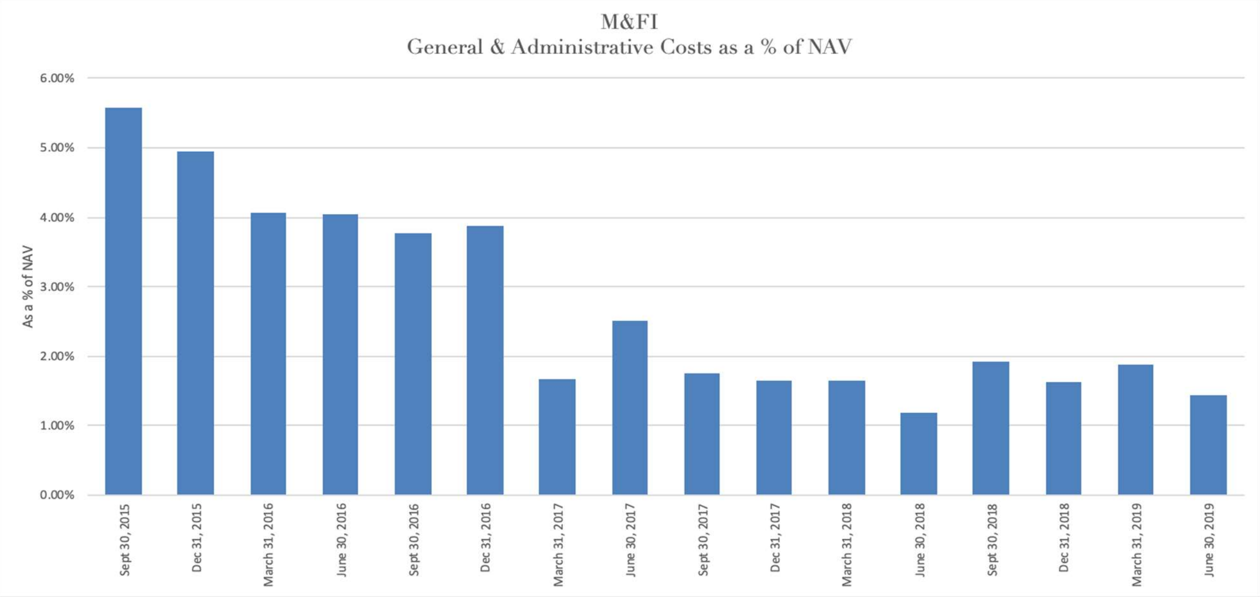
M&FI continues to seek suitable strategic investment opportunities that we believe will generate above average returns while adhering to our standards of prudence. We thank you for your support and we will continue to work diligently, thoroughly and with prudence to advance your company's assets and market position.

Jacques Vaillancourt, CFA
Executive Chairman
25 November 2019

CHIEF OPERATING OFFICER'S REPORT AND INVESTMENT REVIEW
for the year ended 30 June 2019

OPERATIONS

We believe the key to creating shareholder value is sound investment performance and low operating costs. More specifically operating costs which grow at a slower rate than the accretion in the Net Asset Value. Our full year Administrative costs totalled £280,000, a 7.9% increase over the previous period. The absolute amount is acceptable; however, we wish to continue exerting pressure on these cash costs while toiling to increase our net asset value. We have succeeded in reducing our average quarterly operating costs as a percentage of our NAV to 1.44% in the final quarter of the fiscal period. During the period we have remained essentially debt free.



INVESTMENT PORTFOLIO

There has been a very tepid recovery in the mining sector. During the period the FTSE Mining index rose 7.1%. M&FI's investment portfolio now totals £4,952,000, up 118% from £2,269,000 as at 30 June 2018.

ETF Portfolio

Gold ETF: During the 12-month fiscal period the Company's gold ETF position rose in value by 16.9%. We believe the position has been an excellent hedge against the weakening of the British Pound, our reporting currency. According to the World Gold Council in 2018, global gold demand was up 4% year on year; during the same period Central Bank demand for gold was up 73%. A physical gold position is a core holding in our portfolio, its weighting will vary according to our market perspective.

Silver ETF: During the 12-month fiscal period the Company's silver ETF exposure declined in value by 2.2%. Silver lagged gold's performance as at our 30 June 2019 year end. At the writing of this comment the price of silver has risen 10.4% since our fiscal period end. Silver's industrial uses have evolved dramatically over the past 20 years. According to the GFMS Silver is, and has been, in a deficit position (i.e. we consume more than we produce) for at least a decade. Since 2009 supply has risen by 9.6%, while demand has risen by 23.4%.

Copper ETF: Lately copper has been the "tomorrow" metal. It will be critical to the portable power and electrification . We added this position during the fiscal year. It is up 3.9% from our purchase price. Our copper ETF position is meant to offer us a conservative exposure to copper until we find a suitable operating investment vehicle at an attractive valuation in which to invest.

Platinum ETF: Platinum continues to be a disappointing and perplexing metal. It is our smallest metal investment in GBP value. In 2019 demand, according to the World Platinum Council, will be up 9%, while supply is expected to rise by 4%. The global surplus is expected to decline 48.9% to 345,000 oz. in 2019. The single largest, market for platinum is automotive (7.5% of world demand), and particularly its application in diesel engine catalytic converters. Platinum's future in the automotive industry will be its possible application in fuel cell technology.

No other metal positions were initiated during the period.

CHIEF OPERATING OFFICER'S REPORT AND INVESTMENT REVIEW

for the year ended 30 June 2019

Equity portfolio

Amongst the equity portfolio the following investments are noteworthy.

Redcorp Empreedimentos Mineiros Lda.: Your company owns 100% of TH Crestgate ("THC"). which owns 75% of Redcorp Empreedimentos Mineiros Lda. Redcorp is a Portuguese company whose main asset is the Lagoa Salgada Project. In June 2018, THC entered into a sale and earn-in agreement with a Canadian listed company, Ascendant Resources. The sale of 25% of Redcorp to Ascendant was completed for cash and shares valued at US$2,600,000. Thereafter, Ascendant can earn into 80% ownership by completing US$9,000,000 of exploration work on the project. Additionally, Ascendant must make payments totalling US$6,000,000 to THC, of which $500,000 has been received, and an additional payment of US$500,000 is expected on 22 December 2019. The project has been advanced from approximately 9.67Mt with Zinc Equivalent grade of 6.7% when Ascendant took leadership of the project to approximately 23Mt as of now, and a Preliminary Economic Assessment technical study should be completed before the end of the calendar year.

Cap Energy: Cap has recently completed a small private placement at 200p per share. We have chosen to maintain our valuation at last year's lower level. Cap's management has succeeded in acquiring its operating partner's interest in the Djiféré Block offshore Senegal, and now has 90% of the project. The Djiféré Block is in shallow waters and is adjacent to Cairn Energy's Sangomar and Rufisque blocks. The two blocks offshore Guinea-Bissau are "Block 1" and "Block 5B". We believe that Cap would benefit from also buying out its operating partner in those projects. If successful Cap would hold 76% of Block 1 and 85.5% of Block 5B. The gem in Cap Energy's portfolio is "Block 5B"- It is in deep water, but the 3D seismic analysis suggests that it is structurally analogous to the neighbouring SNE oil field which was the largest oil discovery in 2014 and is now in production. These are potentially enormous projects which should attract many potential partners with the financial strength to advance the projects more quickly. We expect that this will begin to bear fruit over the next year.

Ascendant Resources: The Group has acquired a nearly 2.91% shareholding in Ascendant Resources, a Toronto Stock Exchange listed producer of zinc. Ascendant's main asset is the El Mochito mine in Honduras. The shares of Ascendant have performed poorly in the past reporting period. Ascendant has achieved important operational progress by reducing its operating costs, increasing its resource base at El Mochito and advancing the Lagoa Salgada Project. This progress has been overshadowed by the weakness in the zinc price, the rise in tolling charges by refiners and the fact that it is a producer with costs in the 3rd quartile. We increased our holding in the Company during the period. We continue to maintain our positive outlook for zinc prices and believe that Ascendant's higher leverage to an improvement in the price of zinc should have a disproportionate impact on its share price.

Cerrado Gold: We initiated an investment in common shares of Cerrado Gold this year. It's lead exploration project is Monte do Carmo, located in Toncantin State in Brazil. Gold was originally discovered in the Monte do Carmo area during the 17th century by the Portuguese. The Serra Alta deposit is the main focus of the exploration of the project. A preliminary resource estimate completed by Micon International on 5 December 2018 identified 13,369,000 tonnes of ore grading 1.85g/t, resulting in an inferred resource of 813,000 oz. Continued exploration on the project, we believe, will result in further expansion of the deposit which could more than exceed a million ounces.

Golden Sun Resources: We invested in Golden Sun by acquiring a secured convertible loan note of Golden Sun. The notes mature on 3 April 2024. Interest shall be charged at the rate of 20% per annum, calculated monthly in arrears, and accrue on the outstanding Loan Amount and shall become payable upon maturity. Golden Sun has brought the Bella Vista project back into production. It plans to expand the project in small, financially self-sustaining phases. Your Company believes this is a compelling investment for many reasons, including the leverage to the gold price, the attractive investment structure and the high dividend payout potential.

James Lesser
Chief Operating Officer

25 November 2019

STRATEGIC REPORT

for the year ended 30 June 2019

The Directors present their Strategic Report for the Company (Mineral & Financial Investments Ltd) and its subsidiary, (TH Crestgate GmbH), together the "Group" for the year ended 30 June 2019.

RESULTS

The Group made a profit after taxation for the year ended 30 June 2019 of £2,491,000 (18 months to 30 June 2018: £55,000). The Directors do not propose a dividend (2018: £nil).

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the business in the period and of future developments is set out in the Chief Operating 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	**30 June 2019**	**30 June 2018**	**Change %**
Net asset value	£5,114,000	£2,623,000	+86%
Net asset value – fully diluted per share	14.5p	7.5p	+94%
Closing share price	8.3p	7.9p	+5%
Share price (discount)/premium to net asset value – fully diluted	(43%)	5%	–
Market capitalisation	£2,908,000	£2,750,000	+5%

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 18 to the financial statements.

GOING CONCERN

The Directors have prepared cash flow forecasts through to 31 December 2020, which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity and the forecasts demonstrate that the Group is able to meet its obligations as they fall due. On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

For and on behalf of the Board

Jacques Vaillancourt, CFA
Director

25 November 2019

DIRECTORS' REPORT
for the year ended 30 June 2019

The Directors present their annual report together with the audited financial statements for the year ended 30 June 2019.

PRINCIPAL ACTIVITY AND INVESTING POLICY

During the year the Company continued to act as an investment company. The following Investing Policy was adopted at a General Meeting held 28 November 2013:

"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 will focus on providing new capital for mining companies that require finance for their projects.

Investments will 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 will have 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. The Company may also from time to time make market purchases to buy in the Company's Ordinary Shares if the Directors consider this to be in the interests of Shareholders as a whole. The Company will publish a quarterly update on its NAV.

Mineral & Financial Investments Ltd.'s investment policy is focused on the metals and mining industry.

The Company's strategy is to invest, finance, and advise metals and mining companies through "Strategic" investments. The Company's capital, when not deployed in strategic investments, will be captured and deployed in our "Tactical" portfolio."

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year (2018: £Nil)

POST YEAR END EVENTS

There has been no material post year-end events.

DIRECTORS

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

Jacques Vaillancourt	
James Lesser	(appointed 30 August 2018)
Sean Keenan	

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

DIRECTORS' REPORT
for the year ended 30 June 2019

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 15 November 2019 were as follows:

	Ordinary shares of 1p each number	Percentage of capital %
Mount Everest Finance SA*	6,664,000	19.0%
Lynchwood Nominees Limited	3,472,000	9.9%
P Howells	1,661,548	4.7%
T Darvall	1,410,920	4.0%
I & G Fuhrmann	1,315,000	3.7%
Charles Cozens	1,092,252	3.1%

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

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, however the Directors are required under the AIM rules of the London Stock Exchange to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU")

The Directors are responsible for the preparation of the Group's financial statements, which give a true and fair view of the state of affairs of the Group and of the profit, or loss of the Group 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 Group'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 Shipleys LLP 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

25 November 2019

CORPORATE GOVERNANCE REPORT

for the year ended 30 June 2019

The requirements of the combined code of corporate governance are not mandatory for companies traded on AIM. However, the Directors recognise 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 Group's system of corporate governance. It comprises an executive chairman, an executive 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.

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.

ANTI-CORRUPTION AND BRIBERY POLICY

The Company has adopted an anti-corruption and bribery policy which applies to the Directors. It generally sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption in all the jurisdictions in which the Company operates as well as providing guidance on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it.

AUDIT COMMITTEE

The Audit Committee meets twice per year and has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. The committee monitors the integrity of the financial statements of the Company, quarterly NAV updates and any other formal announcement relating to its financial performance. It receives and reviews reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Committee is also responsible for keeping under review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors. The members of the Audit Committee are Sean Keenan and James Lesser.

REMUNERATION COMMITTEE

The Remuneration Committee meets at least once per year to exercise independent judgement on remuneration policies, practices and incentives. The committee is created to manage risk, capital and liquidity, whilst overseeing objectives, performance and compensation of the Board Chairman, Executive Directors and Senior Management, ensuring that they are fairly rewarded (which extends to all aspects of remuneration) for their individual contribution to the overall performance of the Company. The members of the Remuneration Committee are Sean Keenan and James Lesser.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Changes to the AIM Rules on 30 March 2018 required AIM companies to apply a recognised corporate governance code. The corporate governance framework which the Company operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, we have therefore decided to adopt the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

CORPORATE GOVERNANCE REPORT

for the year ended 30 June 2019

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each.

The following paragraphs set out the Company's compliance with the ten principles of the QCA Code and reasons for any non-compliance.

1. Establish a strategy and business model which promote long-term value for shareholders

M&FI is an investment company whose purpose is to create value for its shareholders by investing in, financing, and advising resource companies with a particular emphasis on mining companies.

The Company runs two portfolios; the Tactical Portfolio for more liquid investments in which short and medium-term value can be achieved and the Strategic Portfolio for longer-term investments. Details of the strategy of each investment portfolio are in the Tactical and Strategic portfolio pages of the Our Business section of the Company's website. The Principal Activity and Investing Policy is set out in the Directors' Report on p8 and also on the website.

The key challenges in their execution are outlined in the Risk Management Objectives and Policies section (Note 18) of this Annual Report.

2. Seek to understand and meet shareholder needs and expectations

M&FI seeks to share this vision and details of the implementation of its strategy through internal dialogue with employees as well as external communications to keep shareholders informed. The Company publishes all relevant material, according to QCA definitions, in the Investment Centre on its website. This includes annual and interim reports, quarterly net asset value updates, shareholder circulars and details of Shareholder Meetings. The Board is sensitive to all of its shareholders and commits to maintain a regular dialogue to communicate strategy, progress and to understand the needs of shareholders. Contact details are listed in the Corporate Directory and Officers & Directors pages on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

The Board believes these publications in the investor section of the website play an important part in presenting all shareholders with an assessment of the Company's position and prospects. The Board encourages shareholders to attend its Annual General Meeting where they can meet and question the Directors and express ideas or concerns. In addition, the Directors will undertake presentations and roadshows to institutional investors as appropriate.

Since the Company has a predominantly retail shareholder base, the website allows both prospective and actual shareholders to contact the Directors directly, register for automated news alerts for both regulatory and non-regulatory news, and shareholder communication is answered, where possible or appropriate, by Directors or the Company's Nominated Advisor and co-broker, WH Ireland or the Company's co-broker, Novum Securities.

At present the Directors believe they have a good understanding of the needs and expectations of all elements of the company's shareholder base. Feedback from shareholders to date has been positive.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises the need to take account of the needs of society and the environment and maintain high ethical standards. As an investment company and not an operating company the Directors identify its shareholders as its primary stakeholders. The Board recognises that the long-term success of the Company is reliant upon the efforts of its employees, advisers and regulators and additionally expects the highest standards of governance from its portfolio companies. The Company therefore maintains a regular dialogue with both its internal and external stakeholders as well as its investments.

Policies to protect regular two-way dialogue with shareholders are outlined in Principle 2 of this Code. The Board takes a collective responsibility to report on regulatory matters and works closely with its advisers to ensure it operates in conformity with its listing regulations. Directors meet weekly to monitor all key stakeholder relationships.

The Board understands the Company has a responsibility to consider, where practicable, the social, environmental and economic impact of its investments. The Directors are aware of the responsibilities of investee companies to the communities and environments within which they operate, and as a shareholder, expects the highest standards of governance. Good community relations and environmental sensitivity are essential to success in the resources sector and an integral part of investment decisions and advice provided by M&FI.

Feedback from shareholders, advisers and employees remains positive.

CORPORATE GOVERNANCE REPORT
for the year ended 30 June 2019

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Company's Audit Committee and Remuneration Committee meet regularly since 2018. The Company also receives regular feedback from its external auditors on the state of its internal controls.

As an investment company M&FI constantly seeks to balance the various risks it undertakes with an acceptable return. In executing the company's strategy, management will typically confront a range of day-to-day challenges associated with key markets, portfolio and projects risks and other uncertainties.

The identification and management of these risks can be found in the Risk Management Objectives and Policies section in Note 18 of the Notes to these Financial Statements. They include market price risk, foreign exchange risk, credit risk, liquidity risk and capital risk management.

Company management hold a daily meeting to assess and monitor all risks on a continuous basis drawing on press releases and news flow from companies and jurisdictions in which M&FI have an interest and will seek to deploy mitigation steps to manage these risks as they manifest themselves. Further, the Directors meet weekly, via conference call to review activities and opportunities with which the company is engaged.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board is responsible for creating value for shareholders by formulating, reviewing and approving and monitoring the implementation of the Group's strategy, budgets, investment and acquisition policies and corporate actions. The Board ensures that management meets plans and performance targets and is also responsible for the oversight of the governance of the company, being the systems and procedures in place by which it is directed and controlled.

The Board comprises an Executive Director and Chairman (Jacques Vaillancourt), an Executive Director and Chief Operating Office (Jamie Lesser) and a Non-Executive Director (Sean Keenan). Sean Keenan is the independent director of the Company. Appointments continue subject to re-election by shareholders at the AGM. A description of the roles of the Directors and their biographies are included within the Officers & Directors page of the website. All key investment decisions are subject to Board approval.

The Company has appointed Audit and Remuneration committees, whose membership and responsibilities are set out on page 10. The Company does not have a formally established Nominations Committee and matters that would be dealt with it are considered by the Board as a whole.

Whilst the Company is guided by the provisions of the Code in respect of the independence of directors, it gives regard to the overall effectiveness and independence of the contribution made by directors to the Board in considering their independence. The Chief Operating Officer and Non-Executive Director are both considered to be part-time, and are required to provide their services on a timely basis. Board meetings are held at least four times a year and a full record of attendance is shown. The Board also considers that the Directors have specific expertise and experience, materially enhancing knowledge and judgement to the overall performance of the Board.

The Company has a policy of appointing independent directors who can provide an independent view of the company's activities and is committed to adding an additional Director to split the role of CEO and Chairman in accordance with guidance.

6. Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities

Directors who have been appointed to the Company have been chosen because of the experience and skills they offer and maintain, by virtue of their continued involvement in the sector and other part time roles. The structure of the Board and full biographical details of all Directors are included within the Officers & Directors page of the Group's website.

Based on the M&A experience of Jacques Vaillancourt, the investment experience of Jamie Lesser and the geological expertise of Sean Keenan, the Directors are confident the Board has the right mix of skills to develop strategies for the benefit of shareholders.

The Chairman, in conjunction with the Board, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors receive updates from the Board and various external advisers on a number of regulatory and corporate governance matters. As secretary to the Board, Miles Nicholson, Chartered Accountant, provides financial control and book keeping services, advises the board, manages day to day administration and liaises with Auditors for the publication of company accounts.

CORPORATE GOVERNANCE REPORT
for the year ended 30 June 2019

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

With a small team the Board and Directors enjoy a natural on-going evaluation of performance which includes daily communication. The Company therefore undertakes continuous natural monitoring of personal and corporate performance using agreed key performance indicators and detailed financial reports.

Responsibility for assessing and monitoring the performance of the executive directors lies with the Chairman and the independent non-executive directors.

The Board also considers the need for the periodic refreshing of its membership. One new Executive director was appointed in 2018 and the company intends to appoint an additional Non-Executive Director.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset and provides competitive advantages. The Group has a strong ethical culture, which is promoted by the actions of the Board and Directors. An open culture is encouraged within the Group, with regular communications regarding progress and feedback is regularly sought. Through the daily and weekly meetings, the Board and Directors hold each other to account to ensure standards are maintained and ethical values and behaviours are recognised and respected.

The Board will be fostering the framework needed for the delivery of excellence in all business decisions and actions so as to exceed the principles and industrywide standards of practice.

Board performance reviews and individual director reviews ensure ethical values and behaviours are recognised, respected and maintained.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

As an investment company M&FI seeks to keep costs low and preserve shareholder value. As such the Company, given its size, maintains the minimum number of directors and officers required to manage a portfolio of investments, within the requirements of company law and regulation.

It is intended that the office of Chief Executive and Chairman will be held by different directors and the Company is taking active steps to separate the roles.

The Chairman's primary role is through his leadership to ensure that the Board and individual Directors are able to operate efficiently by setting the agenda, style and tone of Board discussions to promote constructive debate and effective decision making.

As Chief Executive, Jacques Vaillancourt has led the management team which meets daily and is primarily responsible for the implementation of the Board's policies and strategies, effective communication with shareholders, ensuring that all Board members develop an understanding of investors and for managing the activities of the Audit and Remuneration Committees.

The Board has a formal agenda of items for consideration but is responsible for creating value for shareholders by formulating, reviewing and approving and monitoring the implementation of the Company's strategy, budgets, investment and acquisition policies and corporate actions. The Board ensures management meet plans and performance targets and is also responsible for the oversight of the governance of the company, being the systems and procedures in place by which it is directed and controlled.

At this stage in the Company's growth, the Board believes the governance framework is sufficient.

CORPORATE GOVERNANCE REPORT
for the year ended 30 June 2019

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, providing them with access to clear and transparent information to enable them to come to informed decisions about the Company.

The Company's Investment Centre section on the website provides all required regulatory information as well as shareholder communications and additional information shareholders may find helpful including: Share Services, information on Board Members, Advisors and Significant Shareholdings, a historical list of the Company's Announcements, its Financial Calendar, Corporate Governance information, the Company's publications including historic Annual Reports and Notices of Annual General Meetings, together with Share Price information and interactive Charting facilities to assist shareholders analyse performance. The website is regularly updated and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

The Board holds regular meetings and regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session. The Company encourages two-way communication with both its institutional and private investors and endeavours to respond quickly to all queries received. The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

Results of shareholder meetings and details of votes cast will be publicly announced through the regulatory system and displayed on the Group's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

Information on the work of the various Board Committees and other relevant information are included in the Group's Annual Report. Reference to the appropriate section in the annual report will be made here upon publication.

REPORT ON REMUNERATION

for the year ended 30 June 2019

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 ended 30 June 2019			**18 months to 30 June 2018**		
	Salary and fees	Pension	Total	Salary and fees	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Jacques Vaillancourt	25	–	25	37	–	37
James Lesser	24	–	24	–	–	–
Sean Keenan	10	–	10	15	–	15
Alastair Ford	–	–	–	24	–	24
Laurence Read	–	–	–	2	–	2
	59	–	59	78	–	78

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 30 June 2019, or for the 18 month period ended 30 June 2018.

BENEFITS IN KIND

The Directors did not receive any benefits in kind, either in the year ended 30 June 2019, or for the 18 month period ended 30 June 2018.

BONUSES

There were no bonuses payable either for the year ended 30 June 2019, or for the 18 month period ended 30 June 2018.

DIRECTORS' INTERESTS IN THE COMPANY'S SHARES

The interests of the Directors, their immediate families, and persons connected with them in the issued share capital of the Company (all of which are beneficial) are set out below.

	Ordinary shares of 1p each number	Percentage of capital
Jacques Vaillancourt*	6,664,000	19.0%
James Lesser	223,880	0.6%

*Jacques Vaillancourt's shareholding is held by Mount Everest Finance SA, a company in which he has a 100% beneficial holding.

REPORT ON REMUNERATION

for the year ended 30 June 2019

SHARE OPTION INCENTIVES

Directors held options as follows. Further details of options are disclosed in note 14.

	At beginning of period	Granted in period	Exercised in period	Lapsed in period	At end of period	Average Exercise price
Jacques Vaillancourt	335,000	–	–	105,000	230,000	7.62p
Sean Keenan	100,000	–	–	–	100,000	7.50p

For and on behalf of the Board

Sean Keenan
Director

25 November 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINERAL & FINANCIAL INVESTMENTS LIMITED
for the year ended 30 June 2019

OPINION

We have audited the financial statements of Mineral & Financial Investments Ltd (the 'Group') for the year ended 30 June 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes 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 Group's affairs as at 30 June 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of relevant legislation.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Group'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 ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Management override of controls Journals can be posted that significantly alter the Financial Statements	We examined journals posted around the year end, specifically focusing on areas which are more easily manipulated such as accruals, prepayments, bank reconciliations and tax.
Going Concern There is a risk that the company may hold insufficient working capital to allow it to meet its financial obligations as they fall due thus giving rise to a going concern risk.	Existing cash reserves have been evidenced and future cashflow forecasts have been reviewed to ensure sufficient cash headroom exists for a period of at least one year from the date of approving these financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINERAL & FINANCIAL INVESTMENTS LIMITED
for the year ended 30 June 2019

Fraud in Revenue Recognition There is a risk that revenue is materially understated due to fraud.	Income was tested on a sample basis for completeness and we concluded that no evidence of fraud or other understatement was identified.
Accounting Estimates Potential risk of inappropriate accounting estimates giving rise to misstatement in the accounts.	We have considered the basis of the accounting estimates applied when preparing the financial statements and considered the responses to audit questions with professional scepticism.
Risk of material misstatement within related party transactions There is the risk that related party transactions are potentially incomplete or materially misstated.	Correspondence and accounting records were reviewed for evidence of material related party transactions and it is considered that all relevant items have been disclosed.
Disclosures There is a risk of incorrect or incomplete disclosures in the financial statements.	The financial statements have been reviewed and checks have been undertaken to ensure all material disclosure requirements have been met.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning and in the scope of our audit work and in evaluating the results of our work.

We determine materiality for the Group to be £71,500 and this financial benchmark, which has been used throughout the audit, was determined by way of a standard formula being applied to key financial results and balances presented in the Financial Statements. Where considered relevant the materiality is adjusted to suit the specific area risk profile of the Group.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF MINERAL & FINANCIAL INVESTMENTS LIMITED
for the year ended 30 June 2019

OPINION ON OTHER MATTERS

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

- the information given in the Group 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 Group 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 Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors’ Report.

We have nothing to report in respect of the following matters in relation to which relevant legislation 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 set out on page 9 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 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

OUR 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 a Report of the Auditors 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 Report of the Auditors.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINERAL & FINANCIAL INVESTMENTS LIMITED
for the year ended 30 June 2019

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with relevant legislation. 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 a Report of the Auditor 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.

Joseph Kinton (Senior Statutory Auditor)
For and on behalf of Shipleys LLP
Chartered Accountants and Statutory Auditors
10 Orange Street
Haymarket
London
WC2H 7DQ

Date 25 November 2019

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2019

	Notes	Year ended 30 June 2019 £'000	18 months to 30 June 2018 £'000
Investment income		28	2
Fee revenue		212	–
Net gains/(losses) on disposal of investments		405	(12)
Net change in fair value of investments		2,009	325
		2,654	315
Operating expenses	3	(280)	(260)
Other gains and losses	5	161	–
Profit before taxation		2,535	55
Taxation expense	6	(44)	–
Profit for the year from continuing operations and total comprehensive income, attributable to owners of the Company		2.491	55
Profit per share attributable to owners of the Company during the year from continuing and total operations:	7	Pence	Pence
Basic (pence per share)		7.1	0.2
Fully diluted (pence per share)		7.1	0.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019 £'000	2018 £'000
CURRENT ASSETS			
Financial assets held at fair value through profit or loss	9	4,952	2,269
Trade and other receivables	10	78	10
Cash and cash equivalents		224	422
		5,254	2,701
CURRENT LIABILITIES			
Trade and other payables	11	88	68
Convertible unsecured loan notes	12	10	10
		98	78
NET CURRENT ASSETS		5,156	2,623
NON-CURRENT LIABILITIES			
Deferred tax provision		(42)	–
NET ASSETS		5,114	2,623
EQUITY			
Share capital	14	3,095	3,095
Share premium	14	5,886	5,886
Loan note equity reserve	15	6	6
Share option reserve		23	23
Capital reserve		15,736	15,736
Retained earnings		(19,632)	(22,123)
Equity attributable to owners of the Company and total equity		5,114	2,623

The financial statements were approved by the Board and authorised for issue on 25 November 2019

Jacques Vaillancourt
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	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 2017	2,985	4,934	12	6	15,736	(22,178)	1,495
Total comprehensive income for the period	–	–	–	–	–	55	55
Share based payment expense	–	–	11	–	–	–	11
Share issues	110	952	–	–	–	–	1,062
At 30 June 2018	3,095	5,886	23	6	15,736	(22,123)	2,623
Total comprehensive income for the year	–	–	–	–	–	2,491	2,491
At 30 June 2019	3,095	5,886	23	6	15,736	(19,632)	5,114

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2019

	Notes	Year ended 30 June 2019 £'000	18 months to 30 June 2018 £'000
OPERATING ACTIVITIES			
Profit before taxation		2,535	55
Adjustments for:			
Share based payment expense		–	11
(Profit)/loss on disposal of trading investments		(405)	12
Fair value (gain)/loss on trading investments		(2,009)	(325)
Other gains and losses		(178)	–
Investment income		(28)	(2)
Tax paid		(2)	–
Operating cash flow before working capital changes		(87)	(249)
(Increase) in trade and other receivables		(58)	(3)
Increase in trade and other payables		7	18
Net cash outflow from operating activities		(138)	(234)
INVESTING ACTIVITIES			
Purchase of financial assets		(865)	(1,806)
Disposal of financial assets		587	1,124
Acquisition of subsidiary		(97)	–
Cash balance of subsidiary acquired		287	–
Investment income		28	2
Net cash inflow/(outflow) from investing activities		(60)	(680)
FINANCING ACTIVITIES			
Proceeds of share issues		–	1,062
Net cash inflow from financing activities		–	1,062
Net (decrease)/increase in cash and cash equivalents		(198)	148
Cash and cash equivalents as at 1 July/ 1 January		422	274
Cash and cash equivalents as at 30 June		224	422

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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 exempt from the requirement to prepare and file audited financial statements under Cayman Islands law so the Group consolidated financial statements have been prepared without the inclusion of parent company information.

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.

These financial statements are prepared in pounds sterling which is the Company's functional and presentational currency and rounded to the nearest £'000.

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"), as adopted by the European Union, 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.

CHANGE IN ACCOUNTING REFERENCE DATE

On 15 June 2018, the Directors agreed to extend the accounting year from 31 December 2017 to 30 June 2018. As a result the comparative figures for 2018 in the accounts refer to the 18 month period to 30 June 2018 and the current period figures refer to the 12 month period to 30 June 2019.

The principal accounting policies of the Company are set out below, and have been consistently applied to all periods.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiary has a reporting date of 30 June.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the minority's interest in the subsidiary's equity are recorded as a debit to non-controlling interest regardless of whether there is an obligation in the part of the holders of non-controlling interests for losses.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

GOING CONCERN

The Directors have prepared cash flow forecasts through to 31 December 2020 which assumes no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity. The expenses of the Group's continuing operations are minimal and the cash flow forecasts demonstrate that the Group is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

KEY ESTIMATES AND ASSUMPTIONS

Estimates and assumptions used in preparing the financial statements are reviewed on an on-going 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 Company 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 recognise 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 realised immediately.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, amendments and interpretations adopted by the Company

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2018:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from contracts with customers;
- Annual improvements 2014-2016 cycle;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

IMPACT OF ADOPTION OF IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted with effect from the date of initial application on 1 July 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at 1 July 2018:

At 1 July 2018	IAS 39 classification	IAS 39 measurement	IFRS 9 classification	IFRS 9 measurement
		£'000		£'000
Financial assets				
Cash and cash equivalents	Loans and receivables	422	Amortised cost	422
Financial assets at fair value through profit or loss	Held for trading at fair value through profit or loss	2,269	Fair value through profit or loss	2,269
Financial liabilities				
Payables	Other financial liabilities	36	Amortised cost	36

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, designated at fair value through profit or loss, 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS

The Company'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.

FINANCIAL ASSET INVESTMENTS

CLASSIFICATION OF FINANCIAL ASSETS

The Company holds financial assets including equities and debt securities. On 1 July 2018, the Company adopted IFRS 9 Financial Instruments (IFRS 9). IFRS 9 replaces the classification and measurement models previously contained in IAS 39 Financial Instruments: Recognition and Measurement. The classification and measurement of financial assets at 30 June 2019 is in accordance with IFRS 9 and the classification and measurement of financial assets at 30 June 2018 is in accordance with IAS 39 as the Group has not restated comparative information.

On the initial recognition, the Company classifies financial assets as measured at amortised cost or fair value through profit or loss("FVTPL"). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specific dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

All other financial assets of the Company are measured at FVTPL.

BUSINESS MODEL ASSESSMENT

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information on how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realised cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment advisor is compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected

IFRS 9 subsection B4.1.1-B4.1.2 stipulates that the objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business.

The company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flows.
- Other Business model: this includes structured finance products, equity investments, investments in unlisted private equities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis with frequent sales taking place in respect to equity holdings.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

VALUATION OF FINANCIAL ASSET INVESTMENTS

Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The valuations in respect of unquoted investments (Level 3 financial assets) are explained in note 9. 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 consolidated statement of comprehensive income as “Net gains/(losses) on investments”. Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

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.

The share option reserve represents the cumulative cost of share based payments.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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 30 June 2019

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

	2019 £'000	2018 £'000
Profit from operations is arrived at after charging:		
Directors fees	59	78
Share based payment expense	–	11
Other salary costs	14	12
Registrars fees	30	44
Corporate adviser and broking fees	23	34
Other professional fees	75	44
Foreign exchange differences	17	1
Other administrative expenses	61	24
Fees payable to the Group's auditor:		
For the audit of the Group's consolidated financial statements	18	12
	297	**260**

4 EMPLOYEE REMUNERATION

The expense recognised for employee benefits is analysed below; the Group has no employees other than the directors of the parent company and its subsidiary; average number of employees, including executive directors, 2 (2018, 2):

	2019 £'000	2018 £'000
Wages and salaries	73	101
	73	101

Details of Directors' employee benefits expense are included in the Report on Remuneration on page 15. Remuneration for key management of the Company, including amounts paid to Directors of the Company, is as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	59	89
	59	89

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

5 OTHER GAINS AND LOSSES

	2019 £'000	2018 £'000
Gain on acquisition of subsidiary	178	–
Foreign currency exchange differences	(17)	–
	161	–

6 INCOME TAX EXPENSE

	2019 £	2018 £
Deferred tax charge relating to unrealised gains on investments	42	–
Other tax payable	2	–
	44	–

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to the results of the Consolidated entities as follows:

	2019 £	2018 £
Profit before tax from continuing operations	2,535	55
Profit before tax multiplied by rate of federal and cantonal tax in Switzerland of 14.6% (2018: N/A)	370	–
Less abatement in respect of long term investment holdings	(333)	–
Unrelieved tax losses	7	–
Total tax	44	–

7 EARNINGS PER SHARE

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

	2019 £'000	2018 £'000
Profit attributable to owners of the Company - Continuing and total operations	2,491	55

	2019	2018
Weighted average number of shares for calculating basic earnings per share	35,037,895	33,661,491
Weighted average number of shares for calculating fully diluted earnings per share	35,064,391	34,466,491
Profit per share from continuing and total operations		
- Basic (pence per share)	7.1	0.2
- Fully diluted (pence per share)	7.1	0.2

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

8 ACQUISITION OF SUBSIDIARY

On 6 September 2018 the Company entered into an agreement to acquire the remaining 51% majority shareholdings in TH Crestgate GmbH ("THC") for a cash consideration of CHF125,000. Completion took place at the beginning of October with a total cash payment of CHF125,000 to the controlling shareholders. THC is an investment company registered in Switzerland whose main asset is an investment in Redcorp Empreendimentos Mineiros LDA which owns 85% of the Lagoa Salgada mining project.

The amounts recognised in respect of the identifiable assets acquired and the liabilities assumed are as set out in the table below:

	£'000
Investments	142
Cash and cash equivalents	287
Plant and equipment	5
Trade and other receivables	5
Trade and other creditors	(13)
Total identifiable assets	426
Original consideration for minority shareholding	151
Cash consideration for acquisition of majority shareholding	97
Total cash consideration	248
Gain on acquisition	178

9 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 £'000	2018 £'000
1 July – Investments at fair value	2,269	1,274
Investments held by subsidiary on acquisition	142	-
Reclassified to subsidiary undertaking	(151)	-
Cost of investment purchases	865	1,806
Proceeds of investment disposals	(587)	(1,124)
Profit/(loss) on disposal of investments	405	(12)
Fair value adjustment	2,009	325
30 June – Investments at fair value	4,952	2,269
Categorised as:		
Level 1 - Quoted investments	1,117	1,342
Level 3 - Unquoted investments	3,835	927
	4,952	2,269

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

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

LEVEL 3 investments

Reconciliation of Level 3 fair value measurement of investments

	2019 £'000	2018 £'000
Brought forward	927	1,085
Investments held by subsidiary on acquisition	14	–
Reclassified to subsidiary undertaking	(150)	–
Purchases	350	683
Disposals	–	(1,022)
Fair value adjustment	2,694	181
Carried forward	3,835	927

Level 3 valuation techniques used by the Company are explained on page 26 (Fair value of financial instruments)

The Company's two largest Level 3 investments are Redcorp Empreendimentos Mineiros LDA ("Redcorp") and Cap Energy plc.

REDCORP EMPREENDIMENTOS MINEIROS LDA

Redcorp is a Portuguese company whose main asset is the Lagoa Salgada Project, which has resources of zinc, lead and copper.

In June 2018, TH Crestgate entered into an agreement with Ascendant Resources Inc ("Ascendant") under which Ascendant initially acquired 25% of the equity in Redcorp for a consideration of US$2.45 million, composed of US$1.65 million in Ascendant shares and US$800,000 in cash.

The second part of the Agreement is an Earn-in Option under which Ascendant has the right to earn a further effective 25% interest via staged payments and funding obligations as outlined below:

Ascendant is required to spend a minimum of US$9.0 million directly on the Lagoa Salgada Project within 48 months of the closing date, to fund exploration drilling, metallurgical test work, economic studies and other customary activities for exploration and development, and to make stage payments totalling US$3.5 million to TH Crestgate according to the following schedule or earlier:

22 Dec 2018	US$250,000
22 Jun 2019	US$250,000
22 Dec 2019	US$500,000
22 Jun 2020	US$500,000
22 Dec 2020	US$1,000,000
22 Jun 2021	US$1,000,000

Under the last part of the agreement Ascendant can acquire an additional 30% taking its total interest to 80% by the payment of US$2,500,000 on or before 22 Dec 2021.

To date the payments due by Ascendant under the agreement have been paid on time and the Group's investment in Redcorp has been valued on a discounted cash flow basis of the remaining payments due under the agreement plus an additional amount for the discounted value of the Group's residual investment in the project.

Redcorp currently owns 85% of the Lagoa Salgada project. Redcorp signed an agreement in June 2017 with Empresa Desenvolvimento Mineiro SA (EDM), a Portuguese State-owned company to re-purchase the remaining 15% of the project resulting in a 100% ownership of the project. The 2017 agreement was subject to the Portuguese Secretary of State's approval which has not yet been received. Redcorp and Mineral & Financial continue to explore ways and means to complete the purchase.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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

CAP ENERGY PLC

The Company has a 1.3% interest in Cap Energy which has been valued at the issue price of Cap Energy's fund raise in March 2016 (187.5p per share). Post year-end Cap Energy has issued shares at 200p per share.

10 TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Other receivables	66	–
Prepayments	12	10
Total	78	10

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

At the balance sheet date in 2019 and 2018 there were no trade and other receivables past due.

11 TRADE AND OTHER PAYABLES

	2019 £'000	2018 £'000
Trade payables	19	18
Other payables	24	18
Accrued charges	45	32
Total	88	68

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

12 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:

	2019 £'000	2018 £'000
Liability component at beginning and end of period	10	10

The Directors estimate the fair value of the liability component of the loan notes at 30 June 2019 to be approximately £10,000 (2018: £10,000)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

13 DEFERRED TAX PROVISION

	2019 £'000	2018 £'000
As at 1 July/ 1 January	–	–
Provision relating to unrealised gains on investments	42	–
As at 30 June	42	–

14 SHARE OPTIONS

On 31 January 2017 the Company granted 600,000 options to directors and employees, exercisable at 7.50p 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	31 January 2017
Share price at date of grant	5.50p
Exercise price per share	7.50p
No. of options	600,000
Risk free rate	1.0%
Expected volatility	50%
Life of option	5 years
Calculated fair value per share	1.9245p

The share-based payment charge for the year was £Nil (2018: £11,000).

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

	2019		2018	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 July/ 1 January	805,000	7.65	500,000	7.89
Granted	–	–	600,000	7.50
Exercised	–	–	(295,000)	7.45
Lapsed	(315,000)	7.89	–	7.45
Outstanding at 30 June	490,000	7.50	805,000	7.65

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

15 SHARE CAPITAL

	Number of shares	Nominal Value £'000	Share premium £'000
AUTHORISED			
At 30 June 2018 and 30 June 2019			
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 2016:			
Ordinary shares of 1p each	24,034,562	240	
Deferred shares of 24p each	11,435,062	2,745	
		2,985	4,934
Ordinary shares issued in period to 30 June 2018	11,003,333	110	952
At 30 June 2018 and 30 June 2019:			
Ordinary shares of 1p each	35,037,895	350	
Deferred shares of 24p each	11,435,062	2,745	
		3,095	5,886

The ordinary shares carry no rights to fixed income, but entitle the holders to participate in dividends and vote at Annual and General meetings of the Company.

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

16 SHARE OPTION RESERVE

	2019 £'000	2018 £'000
Brought forward at 1 July/ 1 January	23	12
Share based payment charge	–	11
Carried forward at 30 June	23	23

17 LOAN NOTE EQUITY RESERVE

	2019 £'000	2018 £'000
Equity component of convertible loan notes at 1 July/ 1 January	6	6
Equity component of convertible loan notes at 30 June	6	6

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

18 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 £491,000 (2018: £228,000).

FOREIGN CURRENCY RISK

The Group holds investments and cash balances denominated in foreign currencies and investments quoted on overseas exchanges; consequently, exposures to exchange rate fluctuations arise. The Group does not hedge its foreign currency exposure and its liabilities in foreign currencies are limited to the trade payables of TH Crestgate which are not material.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2019 £'000	2018 £'000
US Dollar	3,525	71
Canadian Dollar	700	1,211
Swiss franc	98	87
Australian Dollar	1	5
Euro	–	22

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group is mainly exposed to the US Dollar and the Canadian Dollar in respect of investments which are either denominated in or valued in terms of those currencies. The following table details the Group's sensitivity to a 5 per cent increase and decrease in pounds sterling against the US Dollar, Canadian Dollar and Swiss franc. The Group's exposure to the Australian Dollar and the Euro are not considered material.

		2019 £'000	2018 £'000
US Dollar	5% increase in exchange rate against GBP	176	4
	5% decrease in exchange rate against GBP	(176)	(4)
Canadian Dollar	5% increase in exchange rate against GBP	35	61
	5% decrease in exchange rate against GBP	(35)	(61)
Swiss franc	5% increase in exchange rate against GBP	5	4
	5% decrease in exchange rate against GBP	(5)	(4)

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:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

18 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2019 £'000	2018 £'000
Cash and cash equivalents	224	422
Other receivables	66	–
	290	422

No impairment provision was required against other receivables which are secured and not past due.

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.

19 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS BY CATEGORY
The IFRS 9 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	2019 £'000	2018 £'000
Financial assets:		
Cash and cash equivalents	224	422
Loans and receivables	66	–
Investments held at fair value through profit and loss	4,911	2,269
	5,201	2,691

FINANCIAL LIABILITIES BY CATEGORY
The IFRS 9 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	2019 £'000	2018 £'000
Financial liabilities at amortised cost:		
Convertible unsecured loan notes	10	10
Trade and other payables	43	36
	53	46

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

20 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 30 June 2019 or 30 June 2018.

21 POST YEAR END EVENTS

There have been no material post year end events.

22 RELATED PARTY TRANSACTIONS

Key management personnel, as defined by IAS 24 'Related Party Disclosures' have been identified as the Board of Directors, as the controls operated by the Group ensure that all key decisions are reserved for the Board of Directors. Details of the directors' remuneration and the options granted to directors are disclosed in the remuneration report on page 15.

23 ULTIMATE CONTROLLING PARTY

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