IMPERIAL MINERALS PLC

Incorporated in England and Wales with
Registered Number 6275976

# Annual Report

For the year ended
30 June 2014

**Directors**
Frank H Moxon
Russell P Hardwick

**Company Secretary**
Russell P Hardwick

**Auditor**
PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD

**Corporate Adviser**
Peterhouse Corporate Finance Ltd
31 Lombard Street
London EC3V 9BQ

**Solicitors & Corporate Secretary**
Edwin Coe LLP
2 Stone Buildings
Lincoln's Inn
London WC2A 3TH

**Registered Office**
c/o Edwin Coe LLP
2 Stone Buildings
Lincoln's Inn
London WC2A 3TH

**Registrar**
Share Registrars Ltd
Suite E, First Floor
9 Lion and Lamb Yard
Farnham, Surrey GU9 7LL

**Bankers**
HSBC Bank Plc
94 Kensington High Street
London W8 4SH

Dear Shareholder,

I am pleased to present the financial results of Imperial Minerals for the year ended 30 June 2014.

The Company remains an ISDX Growth Market investment vehicle seeking to identify and secure potential acquisition opportunities within the mining sector. With no operating business the Group made a pre-tax loss for the year of £114,340 (2013: £57,933). Cash at bank at the end of June 2014 was £261,219 (2013: £806,663). As a result of our mining project investment activities, net assets have decreased to £588,035 (2013: £793,873).

Imperial made its maiden investment at the end of January 2014, acquiring a then 5.33 per cent stake in AIM-quoted North River Resources Plc ("NRR") for £422,300 and accordingly in respect of the ISDX Rules, has substantially implemented its investment strategy. NRR is focused on re-opening its flagship asset, the Nabib Lead Zinc Project, near Swakopmund in Namibia and aims to commence production in 2015. As at 30 June 2014 the unrealised value of this investment was £330,802 (which resulted in a £91,498 unrealised loss). However as at 11th November 2014, the latest practical date prior to publication of this report, it was valued at £503,240 (an unrealised gain of £80,940) which currently represents a premium of some 20 per cent to our investment cost.

Stock markets generally continue to be unkind to small, developing mining companies and projects for whom it can be quite difficult to raise funds. On the one hand, this offers no shortage of good mining exploration and development propositions, often with excellent management teams, that could provide excellent opportunities for Imperial to invest in and develop such projects to create long-term value for shareholders. On the other hand, the Company's cash resources are limited such that any project with either critical mass or unlocked future potential will require the injection of new funds to invest in future growth. This means that Imperial is often seeking to find sources of new capital to fund the acquisition and development of projects which themselves have run into difficulty doing the same.

The directors of Imperial believe that, together with our Advisory Committee, we have the skill set to identify, secure and fund such deserving projects. However, in current markets this is taking longer to achieve than we would like.

We continue to look for suitable late stage mining exploration companies, ideally with good operational management and technical teams, particularly where existing resources are being upgraded to reporting code standard for pre-feasibility and bankable feasibility studies and in special situations where short-term routes to cash flow can be implemented without significant capital expenditure. We are particularly interested in projects exploring for or developing resources in base metals, gold, silver and coal but will also consider uranium and mineral sands projects that meet certain criteria. Our expertise lies particularly on the continent of Africa. Although Imperial will also consider projects in Europe, Australasia and North America, it will not invest in those based in Russia or FSU countries.

**Financial Review**

The Company currently only has interest revenue and its cash reserves will be used in the short term to cover travel costs, salaries, professional consultancy fees, initial due diligence and other costs incidental to the identification and development of acquisition opportunities.

The loss for the year was £114,340. Total expenditure during the year was £115,899 (2013: £60,505) which consisted mainly of travel & accommodation of £16,500 and staff costs of £62,666, with the balance comprising corporate, regulatory and administration expenses.

**Financial Position**

The Group's Statement of Financial Position as at 30 June 2014 and comparatives at 30 June 2013 are summarised below:

| | **30 June 2014** | **30 June 2013** |
|---|---:|---:|
| | **£** | **£** |
| Current assets | 263,324 | 816,019 |
| Non-current assets | 330,802 | - |
| **Total assets** | **594,126** | **816,019** |
| Current liabilities | 6,091 | 22,146 |
| **Total liabilities** | **6,091** | **22,146** |
| **Net assets** | **588,035** | **793,873** |

On behalf of the Board, I would like to record our thanks to the Company's advisory board who have played a key role in sourcing and reviewing opportunities and to those others who have contributed in other ways throughout the year.

**Frank Moxon**
*Chairman*
*Imperial Minerals Plc*

**Frank Moxon,**
**Chairman (aged 48)**

Frank is a corporate financier with 30 years of industry experience. Initially an equities analyst at Capel Cure Myers he has subsequently worked in corporate finance roles at Beeson Gregory, Société Générale, Old Mutual, Williams de Broë, where he was head of corporate finance and head of natural resources, Evolution, where he headed up the mining team, and his own natural resources consultancy Hoyt Moxon Ltd.

He is also a non-executive director of the Chartered Institute for Securities & Investment of which he is a Chartered Fellow. He was Senior Independent Non-executive Director of Cove Energy plc until its £1.2 billion takeover in August 2012 and is a former non-executive director of Whetstone Minerals Ltd, Silvermere Energy Plc and EastCoal Inc. He holds an economics degree from Loughborough University and is a Fellow of the Institute of Materials, Minerals and Mining and of the Energy Institute.

**Russell Hardwick,**
**Director (aged 46)**

Russell is an accountant with over 20 years' experience in a variety of private and public companies including 8 years in the mining and exploration sector. Russell is a director and company secretary of emerging manganese explorer Spitfire Resources Limited which is listed on the Australian Securities Exchange ("ASX").

He is a Certified Practicing Accountant and a member of the Australian Institute of Chartered Secretaries and of the Institute of Company Directors. He has experience in capital raisings, corporate governance and compliance and has a strong background in international business and financial management.

The Directors present their Strategic Report for the year ended 30 June 2014.

The Strategic Report is a new statutory requirement under section 414A of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair, balanced and understandable information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

***REVIEW OF OPERATIONS***

A review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Statement.

***KEY PERFORMANCE INDICATORS***

The Board monitors the activities and performance of the Group on a regular basis. The primary performance indicator applicable to the Group is a return based on targeting a suitable investment in the minerals sector. During the year the Group invested £422,300 in North River Resources Plc. The fair value as at 30 June 2014 was £330,802. Investment performance will be assessed again during the 2014/2015 year and reported on in the 2015 Strategic Report.

***PRINCIPAL RISKS AND UNCERTAINTIES***

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

Risks are reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

***General and economic risks:***

- Contractions in the world economy or increases in the rate of inflation resulting from international conditions.
- Movements in global equity and share markets and changes in market sentiment towards the resource industry.

***Funding risk:***

- The Group may not be able to raise, either by debt or further equity, sufficient funds to enable it to finance its future acquisitions or investments.

***Project availability risk:***

- The Group may not be able to identify or acquire a suitable project in the minerals sector suitable for its investment target.

**Financial Risk Management**

The Group's principal financial instruments comprise available for sale investments, other receivables, other payables and cash on deposit. No bank loans or other financing arrangements have been made.

No borrowings have been made to finance working capital. Therefore the Group's exposure to credit risk, liquidity risk and market risk is not material at the moment.

**Internal Controls**

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

This Strategic Report was approved by the Board of Directors on 12 November 2014.

*Russell P Hardwick*
*Director*
*Imperial Minerals Plc*

The Directors are pleased to present their Report and the audited consolidated financial statements of the Company and its subsidiary for the year ended 30 June 2014.

## 1. *PRINCIPAL ACTIVITY*

The principal activity of Imperial Minerals plc ("the Company") and its subsidiary (together "the Group") is to make investments and/or acquire projects in the mineral sector, which may include exploration, development or production projects in various minerals.

## 2. *RESULTS AND DIVIDENDS*

Loss on ordinary activities of the Group after taxation amounted to £114,340.

The Directors do not recommend the payment of a dividend.

## 3. *DIRECTORS*

The following have been Directors of the Company during the financial year ended 30 June 2014:

Russell Hardwick

Frank Moxon

### Directors' Interests in Shares and Options

The Directors who held office during the financial year had, at 30 June 2014, the following beneficial interests in shares of the Company:

| Ordinary Shares | Date of subscriptions | Number of shares | Balance at 30 June 2014 |
|---|---|---|---|
| Russell Hardwick | 8 June 2010 | 1,000,000 | 1,000,000 |
| Frank Moxon | 8 June 2010 | 1,000,000 | 1,000,000 |
| **Total** | | **2,000,000** | **2,000,000** |

| Share Options | Options held at 30 June 2014 | Grant date | Exercise price | Expiry date |
|---|---|---|---|---|
| Russell Hardwick | 1,500,000 | 15 November 2011 | 12.5p | 15 November 2016 |
| Frank Moxon | 1,500,000 | 15 November 2011 | 10p | 15 November 2016 |
| **Total** | **3,000,000** | | | |

### Re-election of Directors

The Articles of Association require one third of the Directors who are subject to retirement by rotation to retire and submit themselves for re-election each year.

### *4. ANNUAL GENERAL MEETING*

Details of the Company’s forthcoming Annual General Meeting are set out in a separate circular that will be sent to all Shareholders with the Annual Report and Accounts.

### *5. DIRECTORS’ INDEMNITY PROVISIONS*

All of the current Directors benefited from qualifying third party indemnity insurance in place during the year ended 30 June 2014 and as at the date of approval of the financial statements.

### *6. POST YEAR END EVENTS*

Details of any post year end events are set out in Note 13 to the Financial Statements.

### *7. GOING CONCERN*

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern in the accounting policies.

### *8. DIRECTORS’ STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR*

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are 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.

### *9. AUDITOR*

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

PKF Littlejohn LLP has indicated its willingness to continue in office.

This report was approved by the Board on 12 November 2014 and signed on its behalf.

**Russell P Hardwick**
*Director*
*Imperial Minerals Plc*

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Website publication**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

We have audited the Financial Statements of Imperial Minerals Plc for the year ended 30 June 2014 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

**Respective responsibilities of Directors and Auditor**

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

**Scope of the audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on Financial Statements**

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2014 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

**Mark King (Senior statutory auditor)**
**For and on behalf of PKF Littlejohn LLP**
**Statutory auditor**

1 Westferry Circus
Canary Wharf
London E14 4HD

12 November 2014

| | Note | For the year ended 30 June 2014 £ | For the year ended 30 June 2013 £ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | - | - |
| Administrative expenses | | (115,899) | (60,505) |
| **Loss before taxation** | 3 | **(115,899)** | **(60,505)** |
| Finance income – interest receivable | | 1,559 | 2,572 |
| Income tax | 4 | - | - |
| **Loss for the year attributable to the equity shareholders of the parent** | | **(114,340)** | **(57,933)** |
| **Other comprehensive income** | | | |
| Items that may be subsequently reclassified to profit or loss | | | |
| Unrealised changes in value of available for sale financial assets | | (91,498) | - |
| Other comprehensive income for the year, net of tax | | (91,498) | - |
| **Total comprehensive income for the year attributable to the equity shareholders of the parent** | | **(205,838)** | **(57,933)** |
| **Earnings per share** | | | |
| Basic and diluted loss per share attributable to the equity shareholders of the parent (pence) | 5 | (0.602p) | (0.305p) |

The loss for the Company for the year was £102,289 (30 June 2013: £45,883).

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Statement of Comprehensive Income.

The Accounting Policies and Notes on pages 19 to 31 form an integral part of these Financial Statements.

| *Company number: 6275976* | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **As at 30 June 2014** | **As at 30 June 2013** | **As at 30 June 2014** | **As at 30 June 2013** |
| | | **£** | **£** | **£** | **£** |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investments in subsidiaries | 7 | - | - | 10 | 10 |
| Financial assets – Available for sale | 8 | 330,802 | - | 330,802 | - |
| Other receivables | 9 | - | - | 57,440 | 43,040 |
| **Total non-current assets** | | **330,802** | **-** | **388,252** | **43,050** |
| **Current assets** | | | | | |
| Trade and other receivables | 9 | 2,105 | 9,356 | 1,505 | 8,756 |
| Cash and cash equivalents | | 261,219 | 806,663 | 252,511 | 800,304 |
| **Total current assets** | | **263,324** | **816,019** | **254,016** | **809,060** |
| **TOTAL ASSETS** | | **594,126** | **816,019** | **642,268** | **852,110** |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 10 | 6,091 | 22,146 | 6,091 | 22,146 |
| **Total current liabilities** | | **6,091** | **22,146** | **6,091** | **22,146** |
| **TOTAL LIABILITIES** | | **6,091** | **22,146** | **6,091** | **22,146** |
| **NET ASSETS** | | **588,035** | **793,873** | **636,177** | **829,964** |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | | | | |
| Share capital | 11 | 189,950 | 189,950 | 189,950 | 189,950 |
| Share premium reserve | 11 | 753,171 | 753,171 | 753,171 | 753,171 |
| Other reserve | | 53,478 | 53,478 | 53,478 | 53,478 |
| Available for sale reserve | | (91,498) | - | (91,498) | - |
| Retained deficit | | (317,066) | (202,726) | (268,924) | (166,635) |
| **TOTAL EQUITY** | | **588,035** | **793,873** | **636,177** | **829,964** |

The financial statements were approved and authorised for issue by the Board of Directors on 12 November 2014 and were signed on its behalf by:

Russell P Hardwick
Director

The Accounting Policies and Notes on pages 19 to 31 form an integral part of these Financial Statements.

| Group | Share capital £ | Share premium £ | Shares to be issued under options £ | Retained losses £ | Available for sale reserve £ | Total Equity £ |
|---|---|---|---|---|---|---|
| **At 1 July 2012** | **189,950** | **753,171** | **53,478** | **(144,793)** | **-** | **851,806** |
| Total comprehensive income for the year | - | - | - | (57,933) | - | (57,933) |
| **Balance at 30 June 2013** | **189,950** | **753,171** | **53,478** | **(202,726)** | **-** | **793,873** |
| **At 1 July 2013** | **189,950** | **753,171** | **53,478** | **(202,726)** | **-** | **793,873** |
| Loss for the year | - | - | - | (114,340) | - | (114,340) |
| Other comprehensive income for the year | - | - | - | - | (91,498) | (91,498) |
| Total comprehensive income for the year | - | - | - | (114,340) | (91,498) | (205,838) |
| **Balance at 30 June 2014** | **189,950** | **753,171** | **53,478** | **(317,066)** | **(91,498)** | **588,035** |

The Accounting Policies and Notes on pages 19 to 31 form an integral part of these Financial Statements.

| **Company** | **Share capital £** | **Share premium £** | **Shares to be issued under options £** | **Retained losses £** | **Available for sale reserve £** | **Total Equity £** |
|---|---|---|---|---|---|---|
| **At 1 July 2012** | **189,950** | **753,171** | **53,478** | **(120,752)** | **-** | **875,847** |
| Total comprehensive income for the year | - | - | - | (45,883) | - | (45,883) |
| **Balance at 30 June 2013** | **189,950** | **753,171** | **53,478** | **(166,635)** | **-** | **829,964** |
| **At 1 July 2013** | **189,950** | **753,171** | **53,478** | **(166,635)** | **-** | **829,964** |
| Loss for the year | - | - | - | (102,289) | - | (102,289) |
| Other comprehensive income for the year | - | - | - | - | (91,498) | (91,498) |
| Total comprehensive income for the year | - | - | - | (102,289) | (91,498) | (193,787) |
| **Balance at 30 June 2014** | **189,950** | **753,171** | **53,478** | **(268,924)** | **(91,498)** | **636,177** |

The Accounting Policies and Notes on pages 19 to 31 form an integral part of these Financial Statements.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | £ | £ | £ | £ |
| **Cash flows from operating activities** | 11 | (124,858) | (46,096) | (127,207) | (48,446) |
| **Net cash used in operating activities** | | **(124,858)** | **(46,096)** | **(127,207)** | **(48,446)** |
| **Cash flows from investing activities** | | | | | |
| Interest received | | 1,714 | 2,418 | 1,714 | 2,418 |
| Purchase of available for sale financial asset | | (422,300) | - | (422,300) | - |
| **Cash flows (used in)/from investing activities** | | **(420,586)** | **2,418** | **(420,586)** | **2,418** |
| Net decrease in cash and cash equivalents | | (545,444) | (43,678) | (547,793) | (46,028) |
| Cash and cash equivalents at beginning of year | | 806,663 | 850,341 | 800,304 | 846,332 |
| **Cash and cash equivalents at end of year** | | **261,219** | **806,663** | **252,511** | **800,304** |

The Accounting Policies and Notes on pages 19 to 31 form an integral part of these Financial Statements.

**Summary of significant accounting policies**

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of Preparation of Financial Statements**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets at fair value through other comprehensive income.

Imperial Minerals plc, the legal Parent, is domiciled and incorporated in the United Kingdom. The functional currency of Imperial Minerals plc and its subsidiary undertaking is £ sterling.

The Financial Statements are presented in sterling (£), rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies.

**Basis of consolidation**

The Group Financial Statements consolidate the Financial Statements of Imperial Minerals plc and the Financial Statements of its subsidiary undertaking made up to 30 June 2014.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The cost of acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities acquired or assumed at the date of exchange. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

**Changes in accounting policy and disclosures**

**(a) New and amended standards adopted by the Group and Company:**

The following standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2013 or later periods, and have been applied in preparing these Financial Statements:

Amendment to IAS 1 "Financial Statement Presentation" regarding other comprehensive income effective during the period. Items in the statement of comprehensive income that may be reclassified to profit or loss in subsequent periods are now presented separately from items that will not be reclassified to profit or loss in subsequent periods.

IFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

**(b) New and amended standards mandatory for accounting periods beginning on or after 1 July 2013 but not currently relevant to the Group or Company:**

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" require that first-time adopters apply the requirements in IFRS 9 "Financial Instruments" and IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" prospectively to government loans, with a below-market rate of interest, existing at the date of transition to IFRSs. Entities may choose to apply the requirements retrospectively if the information needed to do so had been obtained at the time of initially accounting for the loan.

Amendments to IFRS 7 "Financial Instruments: Disclosures" require disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendments to IAS 12, 'Income Taxes' on deferred tax. Currently IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'income taxes – recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

"Annual Improvements 2009-2011 Cycle" sets out amendments to various IFRSs as follows:

An amendment to IFRS 1 "First-time Adoption" clarifies whether an entity may apply IFRS 1:

(a) If the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in the previous reporting period; or
(b) If the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period.

The amendment to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalisation was before the date of transition to IFRSs.

**(c) New and amended standards issued but not yet effective and not early adopted:**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

IAS 27 "Separate Financial Statements" replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10 (see below). The revised standard includes the requirements relating to separate financial statements. This standard is effective for periods beginning on or after 1 January 2014.

IAS 28, "Investments in Associates and Joint Ventures" replaces the current version of IAS 28 "'Investments in Associates" as a result of the issue of IFRS 11 (see below). The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 1. This standard is effective for periods beginning on or after 1 January 2014. IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010 and November 2013. It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics for the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The effective date has yet to be determined and is still subject to EU endorsement.

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2014.

IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This standard is effective for periods beginning on or after 1 January 2014.

IFRS 12 "Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for periods beginning on or after 1 January 2014.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements and IFRS 12, 'Disclosure of Interests in Other Entities', provide additional transition relief to IFRSs 10,11 and 12 by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2014.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9, 'Financial Instruments', in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. This standard is effective for periods beginning on or after 1 January 2014.

Amendments to IAS 32, 'Financial Instruments: Presentation', add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of ''currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Group is yet to assess the full impact of the amendments to IAS 32 and intends to adopt the amended standard no later than the accounting period beginning on or after 1 January 2014.

Amendments to IAS 19 "Employee Benefits: Employee Contributions" clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, the amendments permit a practical expedient if the amount of the contributions is independent of the number of years of service. This standard is effective for periods beginning on or after 1 July 2014, subject to EU endorsement.

"Annual Improvements 2010 – 2012 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

IFRS 2 "Share-based Payment": amendment to the definition of a vesting condition.

IFRS 3 "Business Combinations": amendments to the accounting for contingent consideration in a business combination.

IFRS 8 "Operating Segments": amendments to the aggregation of operating segments and the reconciliation of the total of the reportable segments' assets to the entity's assets.

IFRS 13 "Fair Value Measurement": amendments to short-term receivables and payables.

IAS 16 "Property, Plant and Equipment": amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.

IAS 24 "Related Party Disclosures": amendments regarding key management personnel.

IAS 38 "Intangible Assets": amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.

This standard is effective for periods beginning on or after 1 July 2014, subject to EU endorsement.

"Annual Improvements 2011 – 2013 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

IFRS 1 "First-time Adoption of International Financial Reporting Standards": amendment to the meaning of 'effective IFRSs'.

IFRS 3 "Business Combinations": amendments to the scope exceptions for joint ventures.

IFRS 13 "Fair Value Measurement": amendments to the scope of paragraph 52 (portfolio exception).

IAS 40 "Investment Property": amendments clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

This standard is effective for periods beginning on or after 1 July 2014, subject to EU endorsement.

Amendments to IFRS 11 "Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations" require an acquirer of an interest in a joint operation in which the activity constitutes a business as defined in IFRS 3. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation. This standard is effective for periods beginning on or after 1 January 2016, subject to EU endorsement.

**Cash and Cash Equivalents**

Cash and cash equivalents comprises cash at hand and current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the Statement of Cash Flows.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group and Company become party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow expires or when all the risks and rewards of ownership are substantially transferred. Financial liabilities are derecognised when the obligations specified in the contract are either discharged or cancelled.

**Financial assets**

The Group and Company classify their financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's and Company's accounting policy for each category is as follows:

**(i) Available-for-sale**

Financial assets designated as available for sale are initially recognised at fair value, being the consideration given including, where appropriate, acquisition costs associated with the investment. The Group's and Company's investments in quoted shares are designated as 'available-for-sale' financial assets and are included in non-current assets. Such investments are subsequently carried at fair value, with any gains or losses arising from changes in fair value being recognised in equity. Financial assets are derecognised when the rights to receive cashflows from the investments have expired or have been transferred and the Group and Company have substantially transferred all risks and rewards of ownership. Fair value is based on market value at the date of the Statement of Financial Position.

The Group and Company assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available-for-sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the income statement on financial assets which are equity instruments are not reversed through the income statement.

**(ii) Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They incorporate various types of contractual monetary assets, such as advances made to affiliated entities which give rise to other receivables and cash and cash equivalents includes cash in hand and deposits held at call with banks. Other receivables are carried at cost less any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty) that the Group and Company will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

**Financial liabilities**

The Group's financial liabilities, which consist of trade and other payables are initially stated at fair value and subsequently at their amortised cost using the effective interest method.

**Taxation**

Current tax is the tax currently payable based on the taxable profit for the year.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss. Deferred tax is determined using tax rates and laws that have been substantially enacted by the Statement of Financial Position date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

**Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**Going Concern**

The Group and Company's business activities together with the factors likely to affect their future development, performance and position are set out in the Chairman's Statement. In addition, Note 2 to the Financial Statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of £114,340 during the year ended 30 June 2014. Although the Group and Company's assets are not generating revenues and an operating loss has been reported, the Directors believe that the Group and Company have sufficient funds to undertake their operating activities for a period of at least 12 months from the date of signing these Financial Statements including any additional payments required in relation to any further investments.

As projects and acquisition targets are identified additional funding may be required. The amount of funding is unforeseen at the point of approval of these Financial Statements and the Company may be required to raise additional funds either via an issue of equity or through the issuance of debt. The Directors are confident that funds will be forthcoming if needed when an appropriate investment is found.

**NOTE 1: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

There were no critical accounting estimates or assumptions during the year.

**NOTE 2: FINANCIAL RISK MANAGEMENT**

***Capital Management***

The Group's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

***Treasury policy and financial instruments***

During the years under review, the only financial instruments were cash and cash equivalents and other receivables which were or will be required for the normal operations of the Group.

The Group operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy.  The Board approves all decisions on treasury policy.

The Company has raised funds to finance future activities through the placing of shares, together with share options and warrants. There are no differences between the book value and fair value of the financial assets. The risks arising from the Group's financial instruments are liquidity and interest rate risk. The Directors review and agree policies for managing these risks and they are summarised below:

*Liquidity and interest rate risk*

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by the close control by the Directors of the Company in the day to day management of liquid resources. Cash is invested in deposit accounts which provide a modest return on the Group's resources whilst ensuring there is limited risk of loss to the Group.

*Credit Risk*

Credit risk arises from cash and cash equivalents. The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The long term Moody's credit rating of HSBC Bank Plc is Aa3.

**NOTE 3: LOSS FROM OPERATIONS**

| | Group | |
|---|---|---|
| **Loss on ordinary activities before tax is stated after charging:** | **For the year ended 30 June 2014 £** | **For the year ended 30 June 2013 £** |
| Fees payable to the Company's Auditor for the audit of the Group and Company's annual financial statements | 2,450 | 2,450 |

**NOTE 4: TAXATION ON LOSS FROM ORDINARY ACTIVITIES**

| | Group | |
|---|---|---|
| | **For the year ended 30 June 2014 £** | **For the year ended 30 June 2013 £** |
| Loss before tax | (114,340) | (57,933) |
| Tax on loss for the year multiplied by the UK small companies corporation tax rate of 20% (2013: 20%) | (22,868) | (11,586) |
| Tax losses carried forward | 22,868 | 11,586 |
| **Tax charge for the year** | **-** | **-** |

The Group has carried forward excess management expenses and trade losses of approximately £283,000 (2013: £173,500) available to carry forward against future taxable profits. A deferred tax asset of approximately £56,600 (2013: £34,700) has not been recognised because of uncertainty over the timing of future taxable profits against which the losses may be offset.

**NOTE 5: EARNINGS PER SHARE**

The calculation of the basic loss per share of 0.602 pence is based on the loss attributable to ordinary shareholders of £114,340 and on the weighted average number of ordinary shares of 18,995,000 in issue during the year.

In accordance with IAS 33, no diluted earnings per share is presented as the effect on the exercise of share options or warrants would be to decrease the loss per share.

Details of share options and warrants that could potentially dilute earnings per share in future periods are set out in Note 11.

**NOTE 6: DIRECTORS AND EMPLOYEES**

On 1 July 2013, the Company entered into an employment agreement with Mr Frank Moxon with an effective commencement date of 1 April 2013. During the year ended 30 June 2014 Mr Moxon's total remuneration was £56,000 (2013: £14,000).

**NOTE 7: INVESTMENT IN SUBSIDIARIES**

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | **£** | **£** |
| **Cost at the start and end of the year** | **10** | **10** |

Investments in group undertakings are stated at cost which is the fair value of the consideration paid.

**Details of subsidiary undertaking**

Details of the subsidiary undertaking at 30 June 2014 are as follows:

| **Name** | **Country of Incorporation** | **Proportion of ownership interest and voting rights** |
|---|---|---|
| Imperial Minerals (UK) Limited | United Kingdom | 100% |

**NOTE 8: FINANCIAL ASSET – AVAILABLE FOR SALE**

| | **Group and Company £** |
|---|---|
| | **2014** |
| **Balance at 1 July 2013** | - |
| Additions | 422,300 |
| Net loss transferred to equity | (91,498) |
| **Balance at 30 June 2014** | **330,802** |

Available for sale financial assets comprise UK listed equity securities carried at fair value defined as follows:
Level 1: quoted prices (unadjusted) in active markets.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group and Company is the bid price.

Available for sale financial assets are denominated in £ sterling.

## NOTE 9: TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | | £ | £ |
| **Non-current** | | | | |
| Amounts due from subsidiary undertaking | - | - | **57,440** | **43,040** |
| **Current** | | | | |
| VAT receivable | 2,105 | 3,963 | 1,505 | 3,363 |
| Interest receivable | - | 154 | - | 154 |
| Prepayments | - | 5,239 | - | 5,239 |
| | **2,105** | **9,356** | **1,505** | **8,756** |

The fair value of all current receivables is as stated above.

The maximum exposure to credit risk at the year end date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Trade and other receivables are all denominated in £ sterling.

## NOTE 10: TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| **Current** | | | | |
| Trade payables | 2,241 | 4,121 | 2,241 | 4,121 |
| Accruals and other payables | 3,850 | 18,025 | 3,850 | 18,025 |
| | **6,091** | **22,146** | **6,091** | **22,146** |

## NOTE 11: SHARE CAPITAL

| | As at 30 June 2014 | | As at 30 June 2013 | |
|---|---|---|---|---|
| | Number | £ | Number | £ |
| **Allotted and called up**: | | | | |
| Ordinary Shares of £0.01 each | 18,995,000 | 189,950 | 18,995,000 | 189,950 |

| | | Group and Company | | |
|---|---|---|---|---|
| **Issued** | **Number of shares** | **Ordinary shares £** | **Share premium £** | **Total £** |
| **At 30 June 2013 and 2014** | **18,995,000** | **189,950** | **834,550** | **1,024,500** |

During the year there were no share options issued or exercised.

The outstanding share options as at 30 June 2014 are shown below:

| | Number | Weighted average exercise price (£) |
|---|---|---|
| Exercisable as at 30 June 2013 and 2014 | 13,466,850 | 0.103 |

| 30 June 2014 | | | | |
|---|---|---|---|---|
| Range of exercise prices (£) | Weighted average exercise price (£) | Number of options | Weighted average remaining life expected (years) | Weighted average remaining life contracted (years) |
| 0.10p - 0.125p | 0.103 | 13,466,850 | 1.29 | 1.29 |

## NOTE 12: NOTES TO THE CASH FLOW STATEMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| **Reconciliation of loss from operations to cash flows from operating activities** | | | | |
| **Loss from operations** | **(114,340)** | **(57,933)** | **(102,289)** | **(45,883)** |
| Interest revenue included in investing activities | (1,559) | (2,572) | (1,559) | (2,572) |
| Decrease/(Increase) in trade and other receivables | 7,097 | (4,083) | (7,303) | (18,483) |
| (Decrease)/Increase in trade and other payables | (16,056) | 18,492 | (16,056) | 18,492 |
| **Cash flow from operating activities** | **(124,858)** | **(46,096)** | **(127,207)** | **(48,446)** |

## NOTE 13: POST YEAR END EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

**NOTE 14: RELATED PARTIES**

During the year the Company charged its subsidiary undertaking £12,000 (2013: £12,000) for the provision of advisory services. The amount receivable from the subsidiary undertaking as at 30 June 2014 was £57,440 (2013: £43,040).

During 2013 Mr Frank Moxon, a Director, entered into a part-time executive agreement with the Company. The total remuneration during the year was £56,000 (2013: £14,000).

**NOTE 15: ULTIMATE CONTROLLING PARTY**

The Directors believe there to be no ultimate controlling party.