Red Leopard Holdings Plc

Financial statements

For the year ended 31 December 2014

Company No. 05289187

Company information

Directors	J J May S J Adam H Crosby
Secretary	City & Westminster Corporate Finance LLP 50 Jermyn Street London SW1Y 6LX
Company registration number	05289187
Registered office	50 Jermyn Street London SW1Y 6LX
Auditor	Grant Thornton UK LLP Chartered Accountants Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Bankers	Barclays Bank Plc Pall Mall 2 Leicester, LE87 2BB
Solicitors	Irwin Mitchell 40 Holborn Viaduct London EC1N 2PZ
Nominated Adviser & Broker	Northland Capital Partners Limited 131 Finsbury Pavement London EC2A 1NT
Joint Broker	Beaufort Securities Ltd 131 Finsbury Pavement London EC2A 1NT
Website	www.redleopardholdings.com

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Chairman's statement

I am pleased to present the financial statements for the year to 31 December 2014 for Red Leopard Holdings Plc and its wholly owned subsidiaries (together the “Group”).

Total equity of the Group as at 31 December 2014 was £330,613 (2013: £320,111) and the loss for the year attributable to the equity holders of the parent was £170,113 (2013: £358,681).

As at 31 December 2014 net cash for the Group was £9,471 (2013: £120,999).

At the beginning of the year, the Company established a wholly owned subsidiary, Minera Red Leopard Chile SpA (“MRLC”). Through MRLC, the Company assisted in the facilitation of the sale by Sociedad De Asesoria Jurdica y Economica Minem S.A. (“Minem”), a private company, of two properties, TresAmantes and San Antonio, located in the Atacama Region of Chile, to TSXV listed Cougar Minerals Corp (“Cougar”). In consideration, Minem has paid the Company US$25,000 in cash and 300,000 ordinary shares (“Consideration Shares”) in Cougar representing a proportion of the consideration Minem received for the properties.

Throughout the year the Company worked with the U.S. Bureau of Land Management (“BLM”) in respect of its plans to develop the Idora Tunnel for the purposes of exploration on its mining claims in the vicinity of Shoshone County, Idaho and in particular to reopen the Idora Tunnel. Those plans were approved in August 2014, following the posting of a $7,300 reclamation bond.

Subsequently, the Company engaged Coeur d’Alene Mining Contracting LLC (“Coeur d’Alene”) who have carried out work on site. Coeur d’Alene has successfully removed the rock falls and debris at the entrance to the Idora Mine portal and has installed a metal culvert to permit safe exploration access to the Tunnel. However, the Company announced in January 2015 that further in the Tunnel, rock falls have been discovered which currently hinder access to the ore body and any sampling thereof. Due to the Health & Safety complexities, there are likely to be additional costs which were not originally budgeted for. The onset of winter and heavy snow curtailed progress in the early part of the year but, subject to additional funding being procured, the Company plans to recommence the clearance of the Tunnel and remains committed to completing this project in a timely manner.

J J May
Chairman
25 June 2015

Strategic Report

PRINCIPAL ACTIVITY

Red Leopard Holdings plc is focussed on the natural resources sector (both exploration and production), with a particular emphasis on precious mining assets and interests.

BUSINESS REVIEW

Financial overview and performance
Loss for the group before tax for the year was £170,113 (2013: £358,681).

Strategy
The Company' strategy is to adhere to its investing policy focussed on natural resources which will add value to shareholders.

Investing Policy
The investing policy is to pursue investments in the natural recourses sector, and in particular, precious metals.

The Directors intend initially to focus on North and South America, where the Directors believe that a number of opportunities exist to acquire interests in suitable projects, although other regions may be considered. Investments may be made in exploration, development and/or producing assets.

The Directors may consider it appropriate to purchase companies or interests in the assets themselves which may result in an equity interest in any proposed investment ranging from a minority position to 100 per cent ownership. Proposed investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

The Company intends to be involved as an active investor and operator. Accordingly, where necessary, the Company may seek participation in the management or with the board of directors of an entity in which the Company invests or in the event that it is acquired then in the on-going enlarged entity.

New investments will be held for the medium to longer term, although shorter term disposal of any investments cannot be ruled out should such an opportunity present itself.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate.

The Company's primary objective is that of securing for the Shareholders the best possible value consistent with achieving, over time, both capital growth and income for Shareholders through developing profitability coupled with dividend payments on a sustainable basis.

The Directors may undertake the initial project assessments themselves with additional independent technical advice as required. The Company will not have a separate investment manager.

The Directors may offer new Ordinary Shares by way of consideration as well as cash subject to its availability to the Company. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

Strategic Report (continued)

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Going concern

The assessment of the going concern risk has been detailed in the Directors' Report.

Operating and environmental hazards

Hazards, incident to the operation of mining properties and unforeseen conditions, may be encountered when participating in exploration activities. Further, on occasion, substantial liabilities to third parties or governmental entities may be incurred. The Group could be subject to liability for pollution and other damages or hazards which cannot be insured against or which have not been insured against due to prohibitive premium costs or for other reasons. No member of the Group maintains any insurance for environmental damages. Governmental regulations relating to environmental matters could also increase the cost of doing business or require alteration or cessation of operations in certain areas.

Governmental Regulations risk

The proposed mining operations are subject to extensive regulation governing development, production, labour standards, occupational health, waste disposal, use of toxic substances, environmental regulations, mine safety and other matters. Some jurisdictions also require or may in the future require the payment of royalties. Changes in regulations can have material impacts on anticipated levels of production, costs and profitability. It is possible that exploration, development or operation of a mine may be delayed or terminated as a result of the inability to obtain all required permits and government approvals on an economic basis, or the imposition of royalty payments or other government regulations.

The Claims only permit the Company to undertake certain forms of exploration excluding drilling. In order to undertake drilling to establish a resource and then subsequently a mining operation, the Company will need the requisite permissions and there can be no guarantee they would be forthcoming.

Exploration risks

Exploration for minerals and precious metals is speculative and involves significant degrees of risk and the probability of an individual prospect having economically extractable mineral resources is remote. Exploration and feasibility activities may be delayed or disrupted by the availability of drilling rigs or other technical contractors, adverse weather conditions, difficulties in gaining access to the desired exploration sites, delays in approvals from authorities or technology providers or technical issues such as unexpected geological formations or process test work results.

No assurances can be given that the Group will delineate any commercially viable mineral deposits through its exploration and feasibility work.

The proposed work programme is based on certain assumptions with respect to the method and timing of exploration work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Therefore, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability, in addition to which the funds spent on exploration may not yield favourable results.

To establish a resource, the Group will need to undertake significantly more exploration work which will require further permits and funds neither of which can be guaranteed. The Group will not generate any revenue until mining commences.

Strategic Report (continued)

Market risk

The success of the business is reliant on capitalising on opportunities within the natural resources sector. In response to these risks, the directors aim to keep abreast of changes to the market conditions and adjust accordingly by curtailing discretionary spending and by seeking alternative opportunities.

Financial Risk Management Objectives and Policies

Liquidity risk

The group manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient resources to meet the operating needs of the business. Cash flow risk is managed by ensuring that sufficient funds are available to meet obligations to creditors by monitoring closely purchase commitments and activity levels, ensuring that these can be reduced or curtailed in the short term if required whilst further funds are secured. Historically, the directors have put loans into the Company to ensure liquidity at critical times.

The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements, by having adequate reserves, banking and borrowing facilities and by investing funds securely and profitably. The board further manages its exposure to liquidity risk by ensuring that cash flow forecasts and budgets are produced annually and monitored on a regular basis.

Credit risk

The group's principal financial assets are bank balances, cash and trade and other receivables.

The group's credit risk is primarily attributable to receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The amounts presented in the statement of financial position are net of these allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group manages the exposure to this risk by carrying out credit verification procedures on all clients and monitoring receivable balances on an ongoing basis.

KEY PERFORMANCE INDICATORS (KPIs)

The directors have monitored historically the progress of the overall group strategy by reference to certain financial and non-financial key performance indicators. The Directors are satisfied with the performance of the business against these KPIs for the current financial year.

	2014	**2013**
Cash	£9,471	£120,999
Number of pipeline opportunities	1	1

This report was approved by the board on 25 June 2015 and signed on its behalf.

J J May
Chairman

Report of the directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

RESULTS FOR THE YEAR

The Group has made a loss of £170,113 (2013: £358,681).

DIVIDENDS

The Directors are unable to recommend the payment of a dividend (2013: Nil).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 and profit or loss of the company and group for that period. 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 applicable IFRSs have been followed, 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- in so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the directors (continued)

GOING CONCERN

To ensure the full development of its assets and to actively pursue its investing policy, the Group will require further funds to finance its work programme. The Directors are negotiating with their advisors and a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group to pursue its objectives. The Directors have prepared a cash flow forecast for the coming 12 months which demonstrates that the ability for the Company to ensure the full development of its assets and to actively pursue its investing policy and continue to trade is contingent upon raising of further funds. In the short term, prior to the completion of a successful fundraise, the Directors will support the company in meeting unavoidable expenditure

The Directors are confident of being able to raise the necessary funding. The success of a future fundraise has been identified as a material uncertainty which may cast significant doubt over the going concern assessment. Whilst acknowledging this uncertainty, based upon the expectation of completing a successful fundraising in the near future, the Directors consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital as at 31 December 2014, were:

	Ordinary Shares	
	2014	2013
J J May*	**29,224,571**	26,794,016
S J Adam (appointed 24 September 2013)	**10,030,555**	7,600,000
S H Michaels ** (resigned 7 April 2014)	**18,915,211**	17,699,933
H Crosby*** (appointed 24 September 2013)	**1,215,278**	-

* J May holds a majority of his shares in his Self-Invested Personal Pension.
** Held by S2 Solutions Limited in which S Michaels holds a majority interest.
*** H Crosby is a 50% shareholder in Quest Minerals Corporation (Note 11) and therefore has an indirect holding in the Company.

DIRECTORS' INDEMNITY

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

GROUP'S POLICY FOR PAYMENT OF CREDITORS

It is the Group's policy to agree to the terms of transactions, including payment terms, with suppliers and that payment is made accordingly. At 31 December 2014 the average creditor payment period was 18 days (2013: 102 days) for both the group and company. Creditors have been made aware that the Company has been looking to find an appropriate further business for the Company and as such have continued to be supportive. The directors have also put considerable further loans into the Company to ensure liquidity at critical times.

AUDITOR

Pursuant to section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Companies next annual general meeting.

This report was approved by the board on 25 June 2015 and signed on its behalf.

J J May
Chairman

Report of the independent auditor to the members of Red Leopard Holdings Plc

We have audited the financial statements of Red Leopard Holdings plc for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS 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.

Report of the independent auditor to the members of Red Leopard Holdings Plc (continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the company's ability to continue as a going concern. The group incurred a net loss of £170,113 during the year ended 31 December 2014 and the Directors have determined that the closing cash balance of £9,471 is not sufficient for the Group to continue to meet its liabilities for the forthcoming 12 month period. Therefore, the Group will need to raise additional funds to continue as a going concern and to further the future plans of the Group. As explained in note 1, the Group has commenced discussions with its advisors and anticipates that a successful fundraise will completed in the forthcoming months, but no funding commitments have yet been obtained.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Giles Mullins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes
25 June 2015

Consolidated statement of comprehensive income

	Note	2014 £	2013 £
OTHER OPERATING INCOME		**50,293**	-
Cost of sales		**(17,938)**	-
Gross profit		**32,355**	-
Administrative expenses		**(202,370)**	(358,681)
OPERATING LOSS	2	**(170,015)**	(358,681)
Finance income	5	**17**	-
Finance cost	6	**(115)**	-
LOSS FROM CONTINUING ACTIVITIES BEFORE TAXATION		**(170,113)**	(358,681)
Tax expense	7	**-**	-
LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		**(170,113)**	(358,681)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		**(170,113)**	(358,681)
Loss per share - basic	8	**(0.07)p**	(0.28)p
Loss per share – diluted	8	**(0.07)p**	(0.28)p

Consolidated statement of financial position

	Note	2014 £	2013 £
NON CURRENT ASSETS			
Intangible assets	11	**466,434**	433,333
		466,434	433,333
CURRENT ASSETS			
Trade and other receivables	12	**22,505**	28,758
Cash and cash equivalents		**9,471**	120,999
TOTAL CURRENT ASSETS		**31,976**	149,757
TOTAL ASSETS		**498,410**	583,090
EQUITY			
Share capital	15	**1,535,667**	1,500,800
Share premium account		**4,017,194**	3,862,860
Share based payment reserve		**60,002**	60,002
Retained earnings		**(5,282,250)**	(5,103,551)
TOTAL EQUITY		**330,613**	320,111
CURRENT LIABILITIES			
Trade and other payables	13	**167,797**	262,979
TOTAL CURRENT LIABILITIES		**167,797**	262,979
TOTAL LIABILITIES		**167,797**	262,979
TOTAL EQUITY AND LIABILITIES		**498,410**	583,090

These financial statements were approved by the directors on 25 June 2015 and are signed on their behalf by:

J J May
Director

S J Adam
Director

Company statement of financial position

	Note	**Year ended 31 December 2014 £**	Year ended 31 December 2013 £
NON-CURRENT ASSETS			
Investments	11	**437,433**	433,433
TOTAL NON-CURRENT ASSETS		**437,433**	433,433
CURRENT ASSETS			
Trade and other receivables	12	**54,545**	27,704
Cash and cash equivalents		**9,471**	120,992
TOTAL CURRENT ASSETS		**64,016**	148,696
TOTAL ASSETS		**501,449**	582,129
EQUITY			
Share capital	15	**1,535,667**	1,500,800
Share premium account		**4,017,194**	3,862,860
Share based payment reserve		**60,002**	60,002
Retained earnings		**(5,284,812)**	(5,110,113)
TOTAL EQUITY		**328,051**	313,549
CURRENT LIABILITIES			
Trade and other payables	13	**173,398**	268,580
TOTAL CURRENT LIABILITIES		**173,398**	268,580
TOTAL LIABILITIES		**173,398**	268,580
TOTAL EQUITY AND LIABILITIES		**501,449**	582,129

These financial statements were approved by the directors on 25 June 2015 and are signed on their behalf by:

J J May
Director

S J Adam
Director

Registered number:05289187

Consolidated statement of changes in equity

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2014	**1,500,800**	**3,862,860**	**60,002**	**(5,103,551)**	**320,111**
Loss for the year	**-**	**-**	**-**	**(170,113)**	**(170,113)**
Total comprehensive income	**1,500,800**	**3,862,860**	**60,002**	**(5,273,664)**	**149,998**
Transactions with owners:					
Equity component of compound instrument	**-**	**-**	**-**	**(8,586)**	**(8,586)**
Issue of share capital	**34,867**	**154,334**	**-**	**-**	**189,201**
Total transactions with owners	**34,867**	**154,334**	**-**	**(8,586)**	**180,615**
At 31 December 2014	**1,535,667**	**4,017,194**	**60,002**	**(5,282,250)**	**330,613**

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2013	1,368,334	3,097,263	60,002	(4,755,174)	(229,575)
Loss for the year	-	-	-	(358,681)	(358,681)
Total comprehensive income	1,368,334	3,097,263	60,002	(5,113,855)	(588,256)
Transactions with owners:					
Equity component of compound instrument	-	-	-	10,304	10,304
Issue of share capital	132,466	765,597	-	-	898,063
Total transactions with owners	132,466	765,597	-	10,304	908,367
At 31 December 2013	1,500,800	3,862,860	60,002	(5,103,551)	320,111

Company statement of changes in equity

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2014	**1,500,800**	**3,862,860**	**60,002**	**(5,110,113)**	**313,549**
Loss for the year	**-**	**-**	**-**	**(166,113)**	**(166,113)**
Total comprehensive income	**1,500,800**	**3,862,860**	**60,002**	**(5,276,226)**	**147,436**
Transactions with owners:					
Equity component of compound instrument	**-**	**-**	**-**	**(8,586)**	**(8,586)**
Issue of share capital	**34,867**	**154,334**	**-**	**-**	**189,201**
Total transactions with owners	**34,867**	**154,334**	**-**	**(8,586)**	**180,615**
At 31 December 2014	**1,535,667**	**4,017,194**	**60,002**	**(5,284,812)**	**328,051**

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2013	1,368,334	3,097,263	60,002	(4,762,572)	(236,973)
Loss for the year	-	-	-	(357,845)	(357,845)
Total comprehensive income	1,368,334	3,097,263	60,002	(5,110,113)	(594,818)
Transactions with owners:					
Equity component of compound instrument	-	-	-	10,304	10,304
Issue of share capital	132,466	765,597	-	-	898,063
Total transactions with owners	132,466	765,597	-	10,304	908,367
At 31 December 2013	1,500,800	3,862,860	60,002	(5,110,113)	313,549

Consolidated statement of cash flows

	Note	**2014** £	2013 £
CASH FLOWS USED IN OPERATING ACTIVITIES	17	**(103,248)**	(205,953)
INVESTING ACTIVITIES			
Interest received		**17**	-
Interest paid		**(115)**	-
Purchase of intangible assets		**(33,101)**	-
CASH FLOWS USED IN INVESTING ACTIVITIES		**(33,199)**	-
FINANCING ACTIVITIES			
Issue of share capital	15	**45,450**	321,397
Repayment of loan notes	14	**(20,531)**	-
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		**24,919**	321,397
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(111,528)**	115,444
Cash and cash equivalents brought forward		**120,999**	5,555
CASH AND CASH EQUIVALENTS CARRIED FORWARD	20	**9,471**	120,999

Company statement of cash flows

	Note	**Year to 31 December 2014 £**	Year to 31 December 2013 £
CASH FLOWS USED IN OPERATING ACTIVITIES	17	**(132,342)**	(205,960)
INVESTING ACTIVITIES			
Investment in subsidiary undertakings		**(4,000)**	
Interest received		**17**	-
Interest paid on loans		**(115)**	-
CASH FLOWS USED IN INVESTING ACTIVITIES		**(4,098)**	-
FINANCING ACTIVITIES			
Issue of share capital	15	**45,450**	321,397
Repayment of loan notes	14	**(20,531)**	
CASH FLOWS FROM FINANCING ACTIVITIES		**24,919**	321,397
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(111,521)**	115,437
Cash and cash equivalents brought forward		**120,992**	5,555
CASH AND CASH EQUIVALENTS CARRIED FORWARD	20	**9,471**	120,992

Notes to the financial statements

1. ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards ('IFRSs'), IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented on the going concern basis and, based upon the expectation that further funds will be raised in the near future, the Directors believe there will be sufficient resources to continue trading for at least twelve months from the date of approval of these financial statements. The completion of a successful fundraise has been identified as a material uncertainty over the going concern assessment. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. In the short term, prior to the completion of a successful fundraise, the Directors will support the company in meeting unavoidable expenditure

The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2014:

•Disclosures – Offsetting Financial Assets and Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
•IFRS 13 – Fair Value Measurement (effective 1 January 2013)

There are no significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement. The implementation of IFRS 13 has expanded the disclosure requirements for the Group with the introduction of the three-level value hierarchy. The impact of the new disclosure requirements can be found in Note 14 . An overview of standards, amendments and interpretations to IFRSs issued but not yet effective is given in note 1(k).

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial statements and operating policies of an investee entity so as to obtain benefits from its activities.

The accounting policies of all subsidiaries are uniform with the parent company. The results of all subsidiaries are included in the consolidated financial statements.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Segment reporting

In identifying its operating segments management generally follows the Group's service lines, which represent the main products and services provided by the Group.

Management consider that all activities undertaken by the Group are from one operating segment.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

d. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on a taxable loss for the year. Taxable profit/(loss) differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and recognised to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on rates that are substantively enacted at the balance sheet date.

e. Investments

Subsidiary Undertakings
Investments in subsidiaries are valued at cost less provision for impairment.

f. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial asset is the equity investment in Cougar Minerals Corp, a company listed on the TSXV.

The equity investment in Cougar Mineral Corp is measured at fair value with gains and losses recognised in other comprehensive income and reported within the available for sale financial asset reserve within equity, except for impairment losses, which are recognised in profit or loss, An assessment for impairment is undertaken at least at each balance sheet date. Reversals of impairment losses are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

When the asset is disposed of or determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

g. Intangible assets – exploration and evaluation

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- acquisition and maintenance of mining claims
- researching and analysing existing exploration data
- conducting geological studies, exploratory drilling and sampling
- examining and testing extraction and treatment methods and/or
- compiling pre-feasibility studies

Exploration expenditure relates to the initial search for deposits with economic potential, evaluation expenditure arises from a detailed assessment of deposits or other projects that have been identified as having economic potential. Exploration expenditure is not capitalised, except where it relates to the acquisition of rights to carry out exploration where there is a high degree of confidence that the project will be commercially viable. Exploration and evaluation expenditure is categorised as intangible assets except where it relates to items of plant and machinery used in the evaluation process.

The carrying values of capitalised evaluation expenditure are reviewed for impairment annually in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". For mines which have not yet been developed which have arisen through acquisition, there may only be inferred resources to form a basis for that review. The review is based upon the best information available to management, including the reports of independent expert evaluators. For the purposes of impairment review, exploration and evaluation assets are allocated to cash generating units based upon the geographical location of the mining claims to which they relate.

h. Operating leases

Rent applicable to operating leases where substantially all of the benefits and risks of ownership are not transferred to the lessee are charged to the income statement on a straight line basis over the term of the lease.

i. Financial assets and liabilities

Financial assets and liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

(i) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade and other receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows

(ii) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(iii) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. A financial liability is any liability which gives rise to a contractual obligation to deliver cash or another financial asset to another entity.

(iv) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs and subsequently at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method.

(v) Convertible loan notes containing embedded derivatives

The Group has issued convertible loan notes which carry an option for the issuer to convert the liability into a variable number of equity shares.

Contracts which result in the entity delivering a variable number of its own equity instruments are classed as financial liabilities.

The conversion option is an embedded derivative and is carried at fair value through profit and loss.
The convertible loan is also classified as a financial liability. It is recorded initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

When shares are issued in consideration for extinguishment of debt any difference between the face value of the loan notes and the fair value of shares issued is recognised in profit and loss.

(vi) Convertible loan notes accounted for as compound instruments

The Group has issued convertible loan notes which carry an option for the issuer to convert the liability into a fixed number of equity shares.

Contracts which result in the entity delivering a fixed number of its own equity instruments are classed as compound instruments, containing both a financial liability and an equity instrument.

Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the compound financial instrument is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

No gain or loss arises from initially recognising the components of the instrument separately.

(vii) Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(viii) Equity instruments

Equity instruments issued by the group or company are recorded at the proceeds received, net of direct issue costs.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(ix) Held for trading financial assets

Assets held in this category are measured at fair value with gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined with reference to active market transactions.

j. Equity and reserves

(i) Share capital

Share capital represents the nominal value of shares that have been issued.

(ii) Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, to the extent there is a premium on that issue, net of any related income tax benefits.

(iii) Equity-settled share based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in profit and loss with a corresponding credit to equity reserve.

If vesting periods or other non-market 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. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

k. Key estimates and judgements

The directors have identified the following as key judgements in the preparation of the group accounts:

- assessment of the exploration and evaluation intangible asset for impairment (Note 10)
- assessment of the acquisition of Red Leopard Mining Inc as falling outside of the definition of a business combination as set out in IFRS 3 (Note 10)
- measurement of the fair value of the financial liability component within compound instruments (Note 14)
- estimation of fair values of share options (Note 16)
- deferred tax asset (Note 7)
- assessment of going concern

To ensure the full development of its assets and to actively pursue its investing policy, the Group will require further funds to finance its work programme. The Directors are negotiating with their advisors and a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group to pursue its objectives. The Directors have prepared a cash flow forecast for the coming 12 months which demonstrates that the ability for the Company to ensure the full development of its assets and to actively pursue its investing policy and continue to trade is contingent upon raising of further funds. In the short term, prior to the completion of a successful fundraise, the Directors will support the company in meeting unavoidable expenditure

The Directors are confident of being able to raise the necessary funding. The success of a future fundraise has been identified as a material uncertainty which may cast significant doubt over the going concern assessment. Whilst acknowledging this uncertainty, based upon the expectation of completing a successful fundraising in the near future, the Directors consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

The group has a potential deferred tax asset of £599,375 in respect of losses. This asset has not been recognised at 31 December 2014 due to the history of trading losses in the group and the uncertainty around the source of the Group's future trade.

The directors have identified the following as a key source of estimation in the preparation of the Group accounts:

Share-based payment expenses are calculated by reference to the estimated fair values of share options as at their date of grant. These fair values have been estimated using a Black-Scholes option valuation model. The inputs to the model are disclosed in Note 16.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

l. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

The following standards, amendments and interpretations to existing standards, relevant to the financial statements of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but the Group has not adopted them early:

IFRS 9, 'Financial Instruments' (effective 1 January 2018). In November 2009, the IASB issued IFRS 9 'Financial Instruments' as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied (once endorsed by the EU). All equity investments within the scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There will be no 'cost exception' for unquoted equities.

IFRS 15, 'Revenue from Contracts with Customers' (effective 1 January 2017).

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. Management consider that IFRS 15 will have no material impact upon these consolidated financial statements.

2. OPERATING LOSS

Operating loss is stated after charging:

	2014	2013
	£	£
Auditor's remuneration		
- audit services	**13,390**	12,500
- non audit services	**-**	19,000
Impairment of available for sale financial assets	**35,699**	-

Non-audit services in 2013 relate to transaction advisory support for the re-admission to AIM.

3. STAFF COSTS

Staff costs, being amounts paid to key management personnel, were as follows:

	2014	2013
	£	£
Wages and salaries	**65,625**	58,333
	65,625	58,333

The average monthly number of employees during the year, including directors was as follows:

	No.	No.
Directors	**3**	4

Notes to the financial statements

4. DIRECTORS' REMUNERATION

Directors' emoluments were as follows:

Director	**Salary**	**Total emoluments**
	£	**£**
J J May	25,000	25,000
S J Adam	25,000	25,000
S H Michaels	3,125	3,125
H Crosby	12,500	12,500
Total	65,625	65,625

The directors have chosen for the Company to accrue their salaries until such time as they believe it is in a position to pay them. Directors' fees accrued at the year end amounted to £46,875 (2013: £25,000). Following the resignation of S Michaels in April 2014, outstanding fees accrued of £18,750 for the period January to March 2014 were capitalised at an equivalent price of 0.6 pence per share (Note 14) with the allotment of 3,125,000 ordinary shares.

No retirement benefits were accruing to directors at 31 December 2014 (2013: £ nil).The directors received £nil (2013: £nil) in respect of share based payments.

5. FINANCE INCOME

	2014	2013
	£	£
Bank interest	**17**	-
	17	-

6. FINANCE COST

	2014	2013
	£	£
Total interest expense for financial liabilities	**115**	-
Finance costs	**115**	-

Notes to the financial statements

7. TAX EXPENSE

Recognised in the statement of comprehensive income

	2014	2013
	£	£
Loss on ordinary activities before tax	**(170,113)**	(358,681)
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 20% (2013: 23%)	**(34,023)**	(82,497)
Effects of:		
Income not taxable	**-**	-
Increase in tax losses	**34,023**	82,497
Current charge for the year	**-**	-

Factors that may affect future tax charges
The group has tax losses in respect of excess management expenses carried forward of £2,996,874 (2013: £2,826,761) that are available for offset against future taxable profits.

If the group pays tax at a rate of 20% on profits in future periods, the current tax losses represent a potential deferred tax asset of £599,375 (2013: £650,155). This asset has not been recognised at 31 December 2014 due to the history of trading losses in the group. These remain un-provided as it is not anticipated that the Group will make qualifying profits against which these may be offset in the foreseeable future but they are available indefinitely for offset against future taxable income.

8. (LOSS)/EARNINGS PER SHARE

Basic earnings per ordinary share for the year is based on the loss of £170,113 (2013: £358,681) and a weighted average of 246,705,112 (2013: 127,690,964) ordinary shares.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. Items included in the calculation are options for ordinary shares.

The effect of conversion of all potential dilutive ordinary shares would have an anti-dilutive effect on earnings per share and therefore they have not been incorporated in the diluted earnings per share calculation. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease profit per share or increase loss per share.

9. SEGMENT REPORTING

Following the Group’s change in strategy to be an investing company, management currently considers that the group has one operating segment as described in accounting policy 1(c). Segment information can be analysed as follows for the reporting periods under review.

	Mining and mineral exploitation 2014	Mining and mineral exploitation 2013
	£	£
Segment operating loss	**(170,113)**	(358,681)
Segment assets	**498,410**	583,090

The group’s operations are currently limited to the United States and there are no major customers.

Notes to the financial statements

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	Equity interests	Total
	£	£
Cost:		
At 1 January 2014	-	-
Additions	35,699	35,699
At 31 December 2014	**35,699**	**35,699**
Impairment		
At 1 January 2014	-	-
Charge for the year	35,699	35,699
At 31 December 2014	**35,699**	**35,699**
Net book value:		
At 31 December 2014	-	-
At 31 December 2013	-	-

The company holds an interest in the ordinary share capital of Cougar Minerals Corp, a TSXV listed company incorporated in Canada. The fair value of the interest is measured by reference to the quoted market price of the equity shares held. A full impairment has been made against this investment during the year based upon the directors' assessment of the likely long-term performance of the company based on the latest available market information.

Notes to the financial statements

11. INTANGIBLE ASSETS

	Mining Exploration and development claims	Mining Total
	£	£
Cost:		
At 1 January 2013	-	-
Additions	433,333	433,333
At 31 December 2013	**433,333**	**433,333**
Additions	**33,101**	**37,101**
Net book value:		
At 31 December 2014	**466,434**	**470,434**
At 31 December 2013	**433,333**	**433,333**

On 24 September 2013, the Company acquired the entire issued share capital of Red Leopard Mining Inc ("RLM") for £600,000. The consideration was satisfied by the issue of 33,333,333 new ordinary shares at a price of 1.8p per share. The Directors considered that the acquisition of RLM did not constitute the acquisition of a business as defined in IFRS 3, and as the fair value of the intangible assets acquired cannot readily be determined by reference to the value of the mining claims in the evaluation phase, the fair value was determined by reference to the fair value of equity instruments issued as consideration. The fair value price of £600,000 was initially calculated with reference to the anticipated market value of the share price at the time of the drafting of the acquisition agreement. This was subsequently adjusted for movements in the share price and the calculation of the fair value of the consideration was adjusted to reflect the actual open market price of the shares on AIM at the date of acquisition of 1.3p. The overall impact resulted in a restatement to the valuation of £166,667. There was no Income Statement impact of this adjustment. The Company paid £13,528 (2013:£17,938) in respect of the annual rental fees per claim to keep the claims in good standing for the following year, which has been recognised within current assets.

There were no assets or liabilities in RLM at the acquisition date other than the mining claims, which have been recognised as separately identifiable intangible assets in respect of exploration and development rights.

RLM was established in 2013 as a special purpose vehicle into which 205 unencumbered claims (the "Claims") were transferred by Polaris Resources Inc, a wholly owned subsidiary of Quest Minerals Corporation (the "Vendor"). The Claims cover a total land area of approximately 1,435 hectares the equivalent to 3,546 acres.

The Claims are located in the vicinity of Shoshone County, Idaho, USA, commonly referred to as "Silver Valley". This area is well known as the premier silver district in North America, with total production to date of around 1.2 billion ounces. Most of the Claims lie within the Panhandle National Forest and upon Bureau of Land Management land.

The Directors assess the asset at each reporting date for indications of impairment. The mining claims acquired have not yet been developed, therefore there are only inferred resources to form a basis for the impairment review. The directors have commissioned a report from an independent expert which has formed part of the basis for determining that no impairment is required.

Notes to the financial statements

11. INTANGIBLE ASSETS (continued)

Company investment in subsidiaries - Shares in Group undertakings

	Company	
	2014	2013
Non-current	**£**	£
At 1 January	**433,433**	100
Additions	**4,000**	433,333
At 31 December	**437,433**	433,433

Subsidiaries are listed in Note 22.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Current				
Amounts owed by group undertakings	**-**	-	**33,101**	-
Other receivables	**22,505**	28,758	**21,444**	27,704
	22,505	28,758	**54,545**	27,704

An impairment of £nil (2013: £15,000) has been recorded.

The age of receivables past their due date but not impaired is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Not more than three months	**3,100**	7,845	**3,100**	6,971
More than one year	**-**	-	**-**	-
	3,100	7,845	**3,100**	6,971

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Current				
Trade payables	**736**	14,364	**736**	14,364
Loans (Note 14)	**106,796**	218,742	**106,796**	218,742
Amounts owed to group undertakings	**-**	-	**5,601**	5,601
Accruals	**60,265**	29,873	**60,265**	29,873
	167,797	262,979	**173,398**	268,580

With the exception of accrued directors' salaries, which are being accrued until the group is in a position to pay them, all amounts are short term. The carrying values are considered to be a reasonable approximation to fair value.

Notes to the financial statements

14. BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Current				
Short term loans	**88,514**	109,046	**88,514**	109,046
Convertible Loan Note	**18,282**	109,696	**18,282**	109,696
Loans	**106,796**	218,742	**106,796**	218,742

The Company has short term loans outstanding amounting to £88,514 repayable on demand. The holders have agreed not to call upon any loan notes until sufficient new funds are received that allow the business to finance itself going forward and waived the right to the receipt of the 6% interest above base rate as provided for under the loan agreement. These loans do not carry any conversion options.

On 5 September 2013, the Company issued convertible loan notes to the value of £120,000 for outstanding fees for professional services relating to the re-admission of the company on AIM. The notes are interest free and unsecured. They are fully transferrable by the noteholder and the conversion price is 0.5 pence. At any time prior to the redemption date (being 18 months from the date of issue), the Company may repay the amounts due on the next quarter date (unless the noteholder then serves a conversion notice in which case, the amounts will be converted into ordinary shares at the fixed price detailed above.) Unless a conversion notice has been served, all notes will be redeemed immediately prior to a sale or delisting of the Company. In June 2014, the Company received a Notice of Conversion from a loan noteholder to convert £100,000 of the outstanding principal (Note 15).

The convertible loan notes in issue contain both a financial liability and an equity component. These components have been accounted for and presented separately according to their substance. The equity component has been assigned the residual value having deducted the fair value of the liability component from the fair value of the instrument as a whole.

The fair value of the liability has been determined by applying a 6% discount rate, which equates to the interest rate for other comparable unsecured loans issued by the Group. This represents a level 3 fair value assessment in the IFRS 13 hierarchy as the inputs are not based on observable market data. The Directors have assessed that there is no material difference between the discount rate applied and a commercial rate of interest that could be obtained in an arm's length transaction.

No subsequent adjustment is made to the split of equity and liability components for any changes in market interest rates, share price or other events that change the likelihood that the conversion option will be exercised. The Directors believe that there is no material difference between the fair value of financial instruments and their carrying value at the balance sheet date.

Notes to the financial statements

15. SHARE CAPITAL

	2014	2013
	£	£
Authorised, Allotted, called up and fully paid		
Ordinary shares		
Beginning of the year	**224,953**	924,875
Share restructure	**-**	(832,388)
New Shares issued	**34,867**	132,466
As at 31 December (259,820,728 ordinary shares of 0.001 pence (2013: 224,954,062 ordinary shares of 1p each))	**259,820**	224,953
Deferred shares		
At the beginning of the period	**443,459**	443,459
Share restructure	**832,388**	832,388
As at 31 December (832,387,761deferred shares of 0.001 pence (2013: 832,387,761 deferred shares of 0.1 pence)	**1,275,847**	1,275,847
	1,535,667	1,500,800

In September 2013 the Company held a General Meeting at which it was approved that there would be a capital reorganisation with a subdivision to reduce the nominal value of its ordinary shares. Each ordinary share in issue was subdivided into ten new ordinary shares of £0.001 (0.1 pence) in the capital of the Company. Following this Subdivision, 9 of the resultant new ordinary shares from each ordinary share was reclassified as deferred shares, ranking pari passu with the existing deferred shares. The Company also issued in respect of an Acquisition (Note 11) 33,333,333 new ordinary shares at 1.8p; and placed 70,000,000 new ordinary shares at 0.5p per share to raise £350,000 before expenses. In addition to the shares issued pursuant to the Placing, the Company issued a further 29,133,200 new ordinary shares in lieu of certain fees and expenses, also at 0.5p per share.

In April 2014, the Company announced that the Board deemed it the appropriate time to satisfy the directors' accrued aggregate gross salaries and fees from the last seven months to 31 March 2014 amounting to £43,750. The directors agreed to capitalize the amounts outstanding at an equivalent of 0.6 pence per share. Accordingly, the Company has issued and allotted an aggregate of 7,291,666 ordinary shares of 0.1p

The Company further announced in April 2014 that it had raised US$75,000 before expenses via a private subscription for 7,575,000 new ordinary shares of 0.1p per share at a price of 0.6p per share

In June 2014 the Company announced that it received a request from Northland Capital Partners Limited to convert all £100,000 of its convertible loan notes (Note14). These were converted into 20,000,000 new ordinary shares.

Notes to the financial statements

16. SHARE-BASED PAYMENTS

Outstanding options at the start of the year amount to 6,057,442 exercisable at 2.0 pence.

A reconciliation of option movements is shown below:

	Year ended 31 December 2014		Year ended 31 December 2013	
	No. of share options	**Weighted average exercise price**	No. of share options	Weighted average exercise price
Outstanding at the beginning of year	**6,057,442**	**2.0p**	6,057,442	0.21p
Expired during the year	**(5,808,877)**	**2.0p**	-	(0.2p)
Outstanding at the end of the year	**248,565**	**2.0p**	6,057,442	2.0p
Exercisable at the end of the year	**248,565**	**2.0p**	6,057,442	2.0p

Details of options at 31 December are set out below:

Date of Grant	**Date of expiry**	**Exercise price**	**Outstanding options 2014**	Outstanding options 2013
22 November 2004 (10-year period)	22/11/2014	2.0p	**-**	4,179,843
22 November 2004 (10-year period)	22/11/2014	2.0p	**-**	1,629,034
23 March 2005 (10-year period)	23/03/2015	2.0p	**248,565**	248,565
			248,565	6,057,442

Following the year end, all remaining outstanding options have expired.

17. RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Group	**2014 £**	2013 £
Loss for the year	**(170,113)**	(358,681)
Net finance charges	**98**	-
Liabilities extinguished via issue of loan notes and equity shares	**43,750**	153,637
Decrease/(increase) in receivables	**6,253**	(7,402)
Increase/(decrease) in payables	**16,764**	6,493
Net cash outflow used in operations	**(103,248)**	(205,953)

Company		
Loss for the year	**(166,113)**	(357,786)
Net finance charges	**98**	-
Liabilities extinguished via issue of loan notes and equity shares	**43,750**	153,637
Decrease/(increase) in receivables	**(26,841)**	(7,396)
Increase/(decrease) in payables	**16,764**	5,585
Net cash outflow used in operations	**(132,342)**	(205,960)

Notes to the financial statements

18. PARENT COMPANY RESULT

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £166,113 (2013: £357,786).

19. COMMITMENTS UNDER OPERATING LEASES

Lease payments recognised as an expense during the period amount to £nil (2013: £nil). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. As at 31 December 2014 £nil (2013: £nil) future minimum lease payments were due.

20. FINANCIAL INSTRUMENTS

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Group	**2014** **£**	2013 £
Financial assets		
Loans and receivables:		
Trade and other receivables	**7,327**	7,845
Cash and cash equivalents	**9,471**	120,999
	16,798	128,844
Financial liabilities		
Financial liabilities measured at amortised cost:		
Current:		
Loans	**(106,796)**	(218,742)
Trade and other payables	**(61,001)**	(44,237)
	(167,797)	(262,979)

Company	**2014** **£**	2013 £
Financial assets		
Loans and receivables:		
Trade and other receivables	**39,367**	6,791
Cash and cash equivalents	**9,471**	120,992
	48,838	127,783
Financial liabilities		
Financial liabilities measured at amortised cost:		
Current:		
Loans	**(106,796)**	(218,742)
Trade and other payables	**(66,602)**	(49,838)
	(173,398)	(268,580)

Notes to the financial statements

20. FINANCIAL INSTRUMENTS (continued)

The carrying values of the Group's financial assets and liabilities approximate to their fair values.

Financial assets comprise cash and cash equivalents, trade and other receivables and exclude prepayments.

The financial liabilities are all short-term liabilities and due on demand or within agreed contractual terms.

Risk management
The board is charged with managing the various risk exposures, including those which arose through holding the following financial instruments which apply to both the Group and the Company:

(a) Capital risk management
The Group manages its capital to ensure that all the companies within the Group will be able to continue as a going concern while maximising the return to equity holders, through optimisation of debt equity balance. The capital structure of the Group includes debt, consisting of borrowings, cash and cash equivalents and equity attributable to the equity holders of the parent. Where necessary additional loans are provided to the Group to ensure liquidity at critical times. Information on management's funding plans are included in the director's report on page 9.

Capital for the reporting period under review is summarised as follows:

	2014 **£**	2013 £
Total equity	**330,613**	320,111
Borrowings	**(106,796)**	(218,742)
Cash and cash equivalents	**9,471**	120,999
Capital	**233,288**	222,368

(b) Interest rate risk
The Group is exposed to interest rate risk as it has borrowings and cash and cash equivalent balances that are subject to variable interest rates. The Group does not enter into hedging transactions for the purposes of minimising its exposure to interest rate risk, but manages its exposure by monitoring the levels of interest payable and receivable on a regular basis.

At 31 December 2014 amounts on short term deposits totalled £9,471 (2013: £120,999). Loans receivables and loan notes are contracted at a fixed rate of interest.

(c) Liquidity rate risk
The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements, by having adequate reserves, banking and borrowing facilities and by investing funds securely and profitably. The board further manages its exposure to liquidity risk by ensuring that cash flow forecasts and budgets are produced annually and monitored on a regular basis.

(d) Credit rate risk
Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group manages the exposure to this risk by carrying out credit verification procedures on all clients and monitoring receivable balances on an ongoing basis. The Company's receivable balance principally comprises amounts due from other group companies for financing purposes.

Notes to the financial statements

21. RELATED PARTY TRANSACTIONS

In 2013, the Company entered into an agreement with City & Westminster Corporate Finance LLP ("CWCF") in which John May is Managing Partner, whereby CWCF subscribed for £20,000 of interest free convertible loan notes in lieu of fees due from the Company in respect of corporate advisory services relating to the acquisition of Red Leopard Mining Inc (Notes 11,14). These loan notes remain outstanding at the year end. Loan notes held by John May and connected parties total £96,796 (2013: £97,328). Fees charged to the company by CWCF in the period for consultancy and other services total £17,417 (2013: £26,500, inclusive of the £20,000 above).

Transactions between the company and its subsidiaries are summarised below:

	2014	2013
	£	£
Intra-group receivable outstanding at year end	**-**	-
Intra-group payable outstanding at year end	**-**	-

22. ULTIMATE CONTROLLING PARTY

As at 31 December 2014 and 31 December 2013 there is no single ultimate controlling party.

23. PRINCIPAL SUBSIDIARIES

Company name	**Country**	**Percentage shareholding**	**Description**
Harrell Hotels (Europe) Limited	England & Wales	100%	Hotel management
Red Leopard Management Limited	England & Wales	100%	Property management
Red Leopard Mining Inc	Idaho, United States of America	100%	Holding of silver mining claims
Minera Red Leopard Chile SpA	Chile	100%	Mining advisory

24. POST REPORTING EVENTS

There have been no significant post balance sheet events.