Astar MINERALS plc.

(formerly Pan Pacific Aggregates Plc)

Annual Report and Financial Statements

For the year ended 31 December 2012

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COMPANY INFORMATION

DIRECTORS:	Lynda Chase-Gardener (Executive Chairman) Euan McAlpine (Executive Director) Nicholas Lee (Non-Executive Director)
REGISTERED OFFICE:	44 Southampton Buildings London WC2A 1AP
COMPANY NUMBER:	05311866
SECRETARY:	Euan McAlpine
NOMINATED ADVISER:	Zeus Capital Ltd 3 Ralli Courts West Riverside Manchester M3 5FT
BROKER:	Peterhouse Corporate Finance 31 Lombard Street London EC3V 9BQ
REGISTRARS:	Computershare Investor Services Plc The Pavilions Bridgewater Road Bristol BS99 7NH
SOLICITORS:	Adams & Remers LLP Dukes Court 32 Duke Street London SW1Y 6DF
INDPENDENT AUDITOR:	Welbeck Associates Statutory Auditor Chartered Accountants 31 Harley Street London W1G 9QS

EXECUTIVE CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 December 2012

INTRODUCTION

The year ended 31 December 2012 has been a difficult year for the Company. During this period, the Company sought to increase the scale of activities by entering into a management contract to operate a number of additional sites in Canada and the US. However, it was not possible to implement this strategy as the necessary funds could not be raised. Following this, it was decided that it was no longer viable for the Group to continue with its existing aggregates operations and so this business has now been sold. New funds were raised and the Company changed its strategy, becoming an investment company focused on the natural resources sector.

FINANCIAL

The Group made a loss for the year of £3,884,000 (2011: £2,015,000). The majority of the loss in the current year relates to a loss on discontinued operations of £2,965,000.

The net asset value of the Company as at 31 December 2012 was a negative £199,000 (2011: £3,660,000), representing a significant reduction on the prior year figure to reflect a write down of the assets to be sold to net realisable value.

OUTLOOK

The Company is now pursuing its strategy of an investment company focused on the natural resources sector. The Board have looked at a number of possible investment opportunities but none are at an advanced stage and the Board will continue to keep shareholders informed of developments.

I believe that shareholders can look forward to a new future for the Company.

Lynda Chase-Gardener

Chairman

28 June 2013

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2012 (continued)

The Directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2012.

At the Annual General Meeting held on 23 July 2012 the shareholders approved the Group's change of name from Pan Pacific Aggregates plc to Astar Minerals plc.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Since the year end, the Company's objective has changed. The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements of this business review can be found in the Chairman's statement on Page 3, which is incorporated in this report by reference.

RESULTS AND DIVIDENDS

The Group made a loss after taxation of £3,884,000 (2011: £2,015,000). The Directors do not propose a dividend (2011: £nil).

KEY PERFORMANCE INDICATORS ("KPIs")

The Company's activity has changed to that of an investing company and as such going forward the Directors will focus principally on the development of the Company's net asset value.

DIRECTORS

The Directors of the Group at the end of the year are listed below. All served on the Board throughout the year, unless otherwise stated.

Lynda Chase-Gardener	
Euan McAlpine	
Thomas Masney	(Resigned 9 May 2012)
Dr Anton Schrafl	(Resigned 28 February 2013)
David Shaw	(Resigned 31 January 2012)
William Voaden	(Resigned 31 January 2012)
Nicholas Lee	(Appointed 10 May 2012)

DIRECTORS' INTERESTS

The Directors' beneficial interests in the ordinary share capital of the Company as at 19 June 2013 were as follows:

Name of director	**Number of ordinary shares 2012**	**% of ordinary share capital and Voting rights 2012**
L Chase-Gardener	600,000	0.20%
E McAlpine	3,301,805	1.11%

Details of the Directors' warrants are shown below:

Name of Director	**Number of warrants at31 December 2012**	**Exercise price**	**Vesting date**	**Expiry date**
L Chase-Gardener	300,000	5p	13 March 2012	17 March 2013
E McAlpine	800,000	5p	13 March 2012	17 March 2013

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2012 (continued)

SUBSTANTIAL SHAREHOLDINGS

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 3 June 2013 were as follows:

Name of shareholder	Ordinary shares of 0.10p each Number	Percentage of capital %
Paternoster Resources plc*	74,000,000	24.94%
Jim Nominees Ltd (Jarvis)	33,237,778	11.20%
TD Direct Investing Nominees (Europe) Limited	23,839,393	8.04%
Barclayshare Nominees Limited	23,015,701	7.76%
HSDL Nominees Limited	20,064,105	6.76%
Fiske Nominees Ltd*	13,300,000	4.48%
Winterflood Securities Limited	12,053,106	4.06%
Pershing Nominees Limited	9,990,000	3.37%

* Paternoster Resources plc is interested in 86,000,000 shares and the Non-Executive Director, Nicholas Lee, is Chairman of Paternoster Resources plc.

KEY RISKS AND UNCERTAINTIES

Early stage investments in the natural resources sector carry a high level of risk and uncertainty, although the rewards can be outstanding. At this stage, there can be no certainty of outcome and, in addition, there is often a lack of liquidity in the Company's investments which can be either unquoted or quoted, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company. Details of other financial risks and their management are given in Note 16 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 16 to these financial statements.

SUPPLIER PAYMENT POLICY

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of the agreement. At 31 December 2012 creditor payment days were 43, (2011: 30 days) based on the average daily amount invoiced by suppliers during the period.

GOING CONCERN

As disclosed in Note 2, after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE

Although the Company is not required to comply with the principles of corporate governance, this report sets out how the Company does comply with the principles of good corporate governance.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2012 (continued)

BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of three directors, the executive chairman, Lynda Chase Gardener, executive director Euan McAlpine and a non-executive director, Nicholas Lee.

Given the size of the Board, there is no separate nomination committee. All Director appointments are approved by the Board as a whole.

COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Executive Chairman and other members of the Board at the Annual General Meeting.

INTERNAL CONTROL

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

REMUNERATION

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Group, which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in the Report on Remuneration and details of the directors' share options are set out in the report on remuneration.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the report of the directors 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 parent financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. In addition the Directors have elected to prepare Group 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 judgments and accounting estimates that are reasonable and prudent

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2012 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

- 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.

In so far as each of the Directors is aware:

- 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.

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.

POST YEAR END EVENTS

On 26 April 2013, the Company disposed of its Canadian aggregates business, raised £336,000 through the placing of 224,000,000 new Ordinary Shares of 0.1p and became an investing company focused on the natural resources sector as approved by the shareholders in its last general meeting.

AUDITORS

Welbeck Associates, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

E McAlpine
Secretary

28 June 2013

REPORT ON REMUNERATION

FOR THE YEAR ENDED 31 December 2012

The Board is responsible for the overall remuneration package for the Executive and Non-Executive Directors. The package

DIRECTORS' EMOLUMENTS

Full details of all elements in the remuneration package of each Director for the year are set out below:

Director	**2012** **£'000**	2011 £'000
Euan McAlpine	**28**	59
Lynda-Chase Gardener	**15**	16
Thomas Masney	**86**	96
Dr Anton Schrafl	**10**	15
David Shaw	**-**	15
William Voaden	**-**	128
Nicholas Lee	**3**	-
	142	329

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2012 (2011: £nil).

BENEFITS IN KIND

The directors did not receive any benefits in kind for the year ended 31 December 2012 (2011: £nil)

REPORT OF THE INDEPENDENT AUDITOR

FOR THE YEAR ENDED 31 December 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTAR MINERALS PLC

We have audited the financial statements of Astar Minerals plc for the year ended 31 December 2012 which comprise the group income statement, the group statement of comprehensive income, the group and parent company statements of changes in equity, the group and parent company statements of financial position, the group and parent company statements of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, 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 statement of Directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of the Group's loss for the year then ended;
- the Group and parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; 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 report of the directors 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.

Jonathan Bradley-Hoare
Senior Statutory Auditor
for and on behalf of Welbeck Associates
Statutory Auditor, Chartered Accountants

31 Harley Street
London
W1G 9QS

28 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2012

	Note	2012 £'000	2011 £'000 (RESTATED)
Continuing operations			
Administrative expenses		(919)	(1,032)
Operating loss	3	(919)	(1,032)
Finance costs		-	-
Cost of issuance of shares and warrants		-	(319)
Loss on ordinary activities before taxation		(919)	(1,351)
Taxation	5	-	-
Loss for the year from continuing activities		(919)	(1,351)
Discontinued operations			
Loss for the year from discontinued operations	13	(2,965)	(664)
Loss for the year		(3,884)	(2,015)
Other comprehensive expense		(814)	78
Total comprehensive loss for the year attributable to owners of the Company		(4,698)	(1,937)
Basic and diluted loss per share			
From continuing operations	6	(1.38)p	(6.74)p
From discontinuing operations	6	(4.48)p	-
		(5.86)p	(6.74)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2012

	Note	2012 £'000	2011 £'000
NON-CURRENT ASSETS			
Intangible assets	7	-	1,687
Property, plant and equipment	8	-	3,915
		-	5,602
CURRENT ASSETS			
Trade and other receivables	9	-	201
Inventories		-	183
Cash and cash equivalents	10	-	270
Assets classified as held for sale	13	3,500	-
		3,500	654
CURRENT LIABILITIES			
Trade and other payables	11	371	466
Mortgage and other loans		-	1,218
Liabilities directly associated with assets classified as held for sale	13	3,328	
		3,699	1,684
NET CURRENT LIABILITIES		(199)	(1,030)
NON-CURRENT LIABILITIES			
Other loans		-	179
Deferred tax		-	733
		-	912
NET (LIABILTIES) / ASSETS		(199)	3,660
EQUITY			
Ordinary share capital	14	73	3,905
Deferred share capital	14	3,866	-
Share premium	14	12,755	11,949
Foreign exchange reserve		(1,353)	(539)
Reserve options granted	15	172	172
Reserve for warrants granted	15	254	254
Retained deficit		(15,967)	(12,082)
		(200)	3659
Non-controlling interest		1	1
TOTAL EQUITY		(199)	3,660

The financial statements were approved by the Board and ready for issue on 28 June 2012.

Lynda Chase-Gardener
Director

Nicholas Lee
Director

The accompanying notes form an integral part of these consolidated financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2012

	Notes	2012 £'000	2011 £'000
NON-CURRENT ASSETS			
Investments and advances	12	172	3,864
		172	3,864
CURRENT ASSETS			
Cash and cash equivalents		-	193
		-	193
CURRENT LIABILITIES			
Trade and other payables	11	371	397
Mortgage and other loans			
		371	397
NET CURRENT LIABILITIES		(371)	(204)
NET (LIABILTIES) / ASSETS		(199)	3,660
EQUITY			
Ordinary share capital	14	73	3,905
Deferred share capital	14	3,866	-
Share premium	14	12,755	11,949
Reserve options granted	15	172	172
Reserve for warrants granted	15	254	254
Retained deficit		(17,319)	(12,620)
Equity attributable to owners of the Company and total equity		(199)	3,660

The financial statements were approved by the Board and ready for issue on 28 June 2012.

Lynda Chase-Gardener
Director

Nicholas Lee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2012

	Ordinary share capital	Deferred share capital	Share premium	Foreign exchange reserve	Reserve for options granted	Reserve for warrants granted	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	2,374	-	11,949	(617)	174	224	(10,069)	**4,035**
Loss for the year	-	-	-	-	-	-	(2,015)	**(2,015)**
Other comprehensive income	-	-	-	78	-	-	-	**78**
Issue of new shares	1,531	-	-	-	-	-	-	**1,531**
Issue of new warrants	-	-	-	-	-	30	-	**30**
Lapsed options	-	-	-	-	(2)	-	2	**-**
At 31 December 2011	**3,905**	**-**	**11,949**	**(539)**	**172**	**254**	**(12,082)**	**3,659**
Loss for the year	-	-	-	-	-	-	(3,884)	**(3,884)**
Other comprehensive income	-	-	-	(814)	-	-	-	**(814)**
Total comprehensive income				(814)			(3,884)	**(4,698)**
Capital reorganisation	(3,866)	3,866		-	-	-	-	**-**
Issue of new shares	34	-	806	-	-	-	-	**840**
Issue of new warrants	-	-	-	-	-	-	-	**-**
Lapsed options	-	-	-	-	-	-	-	**-**
At 31 December 2012	**73**	**3,866**	**12,755**	**(1,353)**	**172**	**254**	**(15,967)**	**(200)**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2012

	Ordinary share capital	Deferred share capital	Share premium	Reserve for options granted	Reserve for warrants granted	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	2,374	-	11,949	174	224	(9,540)	**5,181**
Loss for the year	-	-	-	-	-	(3,082)	**(3,082)**
Issue of new shares	1,531	-	-	-	-	-	**1,531**
Issue of new warrants	-	-	-	-	30	-	**30**
Lapsed options	-	-	-	(2)	-	2	**-**
At 31 December 2011	**3,905**	**-**	**11,949**	**172**	**254**	**(12,620)**	**3,660**
Capital reorganisation	(3,866)	3,866	-	-	-	-	**-**
Loss for the year	-	-	-	-	-	(4,699)	**(4,699)**
Issue of new shares	34	-	806	-	-	-	**840**
Issue of new warrants	-	-	-	-	-	-	**-**
Lapsed options	-	-	-	-	-	-	**-**
At 31 December 2012	**73**	**3,866**	**12,755**	**172**	**254**	**(17,319)**	**(199)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2012

	2012 £'000	2011 £'000
OPERATING ACTIVITIES		
Loss before taxation	(4,698)	(2,015)
Adjustments for:		
Depreciation and amortisation	-	296
Impairment	3,692	-
Finance income	-	(1)
Finance expense	-	205
Share issuance expense	-	319
Share based payment expense	-	30
Operating cashflow before working capital changes	(1,006)	(1,166)
Decrease in trade and other receivables	201	103
Decrease in inventories	183	14
Decrease in trade and other payables	1,732	32
Net cash inflow (outflow) from operating activities	1,110	(1,017)
INVESTING ACTIVITIES		
Finance income	-	1
Purchase of property, plant and equipment	-	(137)
Net cash outflow from investing activities	-	(136)
FINANCING ACTIVITIES		
Continuing operations:		
Finance expense	-	(205)
Issue of ordinary share capital	840	1,212
Repayment of convertible loan notes	-	-
(Decrease)/ increase in other loans	-	(109)
Net cash inflow from financing activities from continuing operations	840	898
Net (decrease)/increase in cash and cash equivalents	(270)	(255)
Cash and cash equivalents as at 1 January	270	525
Cash and cash equivalents as at 31 December	-	270

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 December 2012

	2012 £'000	2011 £'000
OPERATING ACTIVITIES		
(Loss)/profit before taxation	(4699)	(3,082)
Adjustments for:		
Impairment of advances and investment	3,692	1,731
Share issuance expense	-	319
Share based payment expense	-	30
Operating cashflow before working capital changes	(1007)	(1,002)
Increase in receivables	-	-
(Decrease)/Increase in trade and other payables	(26)	146
Net cash outflow from operating activities	(1,033)	(856)
INVESTING ACTIVITIES		
Continuing operations:		
Finance income	-	-
Net cash outflow from investing activities	-	-
FINANCING ACTIVITIES		
Continuing operations:		
Issue of ordinary share capital	840	1,212
Loan to subsidiaries	-	(596)
Net cash inflow from financing activities from operations	840	616
Net (decrease)/increase in cash and cash equivalents	(193)	(240)
Cash and cash equivalents as at 1 January	193	433
Cash and cash equivalents as at 31 December	-	193

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2012

1 GENERAL INFORMATION

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

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

2 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except for the fair value of certain financial instruments. The principal accounting policies of the Company are set out below.

GOING CONCERN

The Company had Net liabilities of £199,000 and Cash and cash equivalents of £Nil as at 31 December 2012. However, as referred to in Note 13, on 25 February 2013 the Company disposed of its trading operations, agreed final settlement under the CVA for £75,000 and on 25 April 2013 raised £336,000 by way of a share issue. These three events resulted in an increase in equity of £508,000.

The Directors have prepared cash flow forecasts through to 30 June 2014 which assume no significant investment activity is undertaken unless sufficient funding is in place. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

STATEMENT OF COMPLIANCE

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the date of realisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

		Effective for accounting periods beginning on or after:
IFRS 7 (amended)	Financial Instruments: Disclosures	1 July 2011
IFRS 9	Financial Instruments	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (revised)	Employee Benefits	1 January 2013
IAS 27 (revised	Separate Financial Statements	1 January 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	1 January 2013
IAS 32 (amended)	Financial Instruments: Presentation	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for periods commencing on or after 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2012

2 PRINCIPAL ACCOUNTING POLICIES (continued)

KEY ESTIMATES AND ASSUMPTIONS

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

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments.

BASIS OF CONSOLIDATION

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Group loss for the period includes a loss after tax and before dividends paid and payable of £3,884,000 (2011: £2,015,000) in respect of the Company.

BUSINESS COMBINATIONS

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the consolidated statements of comprehensive income from the date on which control is obtained.

FOREIGN CURRENCY

The presentational currency of the Group is £ Sterling ("Sterling"). The functional currency of the subsidiaries is Canadian Dollars, CAD$.

Transactions entered into by Group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the statement of financial position date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the statement of comprehensive income of Group entities' separate financial statements on translation of long-term monetary items forming part of the Group's net investment in the overseas operation concern are reclassified to the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign reserve relating to that operation up to the date of disposal are transferred to the statement of comprehensive income as part of the profit or loss on disposal.

REVENUE RECOGNITION

Sales of mineral production are recognised at the time of delivery of the product to the purchaser.

INTANGIBLE ASSETS – MINERAL RIGHTS

Mineral rights, included within intangible fixed assets, are recorded at cost less any provision for impairment in value. Amortisation is spread over the estimated life of the commercial ore reserves on a unit of production basis once production commences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

2 PRINCIPAL ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS – UNEVALUATED MINERAL PROPERTIES

In accordance with the full cost method, all costs associated with mineral property development and investment are on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mineral property development project is successful, the related expenditures will be transferred to property plant and equipment and amortised over the estimated life of the commercial ore reserves on a unit of production basis, once production commences. Where a license is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off.

IMPAIRMENT OF MINERAL RIGHTS AND UNEVALUATED MINERAL PROPERTIES

Mineral rights and unevaluated mineral properties are assessed at each year end and when the recoverable amount of the asset does not exceed the costs an impairment charge is made. The recoverability of mineral rights is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves. The impairment charge is expensed to the face of the statement of comprehensive income.

A review is performed for any indication that the value of the Group's mineral rights and unevaluated mineral properties may be impaired such as:

- significant charges with an adverse effect in the market or economic conditions which will impact the assets, or;
- obsolescence or physical damage of an asset; an asset becoming idle or plants to dispose of the asset before the previously expected date, or;
- evidence is available from internal reporting that indicates that the economic performance of an asset is or will be worse than expected.

For mineral rights and unevaluated mineral properties when there are such indications, an impairment test is carried out on the cash generating unit. Cash generating units are identified in accordance with IAS 36 'Impairment of Assets', where cash flows are largely independent of other significant asset Groups and are normally, but not always, single development or production areas. When an impairment is identified, the depletion is charged through the statement of comprehensive income if the net book value of costs relating to the cash generating unit exceeds the associated estimated future discounted cash flows of the related commercial aggregate reserves.

INVESTMENTS

In the individual Company accounts investments in subsidiaries are carried at cost less any provision for impairment.

ADVANCES TO GROUP UNDERTAKINGS

These balances represent cash advances to subsidiaries for the purpose of financing the development of the mineral properties. No interest is charged on these loans repayable on demand. There is currently no intention for these loan balances to be recalled within the year therefore they have been presented as non-current assets.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all other items of property and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie. The higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie. The lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows).

Any impairment charge is included in the administrative expenses line item in the statement of comprehensive income, except to the extent they reverse gains previously recognised in the reserves.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2012

2 PRINCIPAL ACCOUNTING POLICIES (continued)

INVENTORIES

Inventories are initially recognised at cost, and subsequently carried at the lower of cost and net realisable value. Cost comprise of drilling, blasting, process production and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

TAXATION

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

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

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

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

PROVISION FOR ABANDONMENT COSTS

Provision for abandonment costs are recognised at the commencement of production. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of production. Any change in the present value of the estimated expenditures is reflected as an adjustment to the provision and the asset.

LEASED ASSETS

Where assets are financed by leasing agreements that do not give rights approximating ownership, these are treated as operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

FINANCIAL ASSETS

Financial assets are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The Company's financial assets are classified into the following specific categories: 'investments at fair value through profit and loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets, as represented in the balance sheet, are investments held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which provides the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2012

2 PRINCIPAL ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

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

EQUITY

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

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

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

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

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

FINANCIAL LIABILITIES

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

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

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

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

SHARE BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where warrants or options are issued for services provided to the Group, the fair value of the service is charged to the statement of comprehensive income or against share premium where the warrants or options were issued in exchange for services in connection with share issues. Where the fair value of the services cannot be reliably measured, the service is valued using Black Scholes valuation methodology taking into consideration the market and non-market conditions described above.

Where the share options are cancelled before they vest, the remaining unvested fair value is immediately charged to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2012

2 PRINCIPAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

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

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

SEGMENTAL REPORTING

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

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

No segmental analysis was provided in the financial statements given there was no revenue generated in the period for the continuing activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

3 OPERATING LOSS

	2012 £'000	2011 £'000
Loss from continuing operations is arrived at after charging:		
Directors' remuneration	**142**	329
Employee salaries and other benefits	**21**	23
Auditors' remuneration:		
fees payable to the principal auditor for the audit of the Group's annual financial statements	**10**	32
fees payable to network firms of the principal auditors	**-**	11
fees payables to the Company's auditor and its associates for other services - tax services	**-**	7
For other services - corporate finance	**-**	44

4 EMPLOYEE REMUNERATION

The expense recognised for employee benefits for continuing operations is analysed below:

	2012 £'000	2011 £'000
Wages and salaries (including directors)	**142**	329
Share based payment charge	**-**	-
	142	329

Details of Directors' employee benefits expense are included in the Report on Remuneration on page 8.
Other remuneration for key management of the Company under continuing operations, is as follows:

	2012 £'000	2011 £'000
Short-term employee benefits	**-**	-
Share based payment charge	**-**	-
	-	-

Only the directors are deemed to be key management. The average number of employees in the Company was 3 (2011: 2).

5 TAXATION

No provision has been made for corporation tax due to group trading losses being available for relief against the future profits of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

6 EARNINGS PER SHARE

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

	2012 £'000	2011 £'000
Loss attributable to owners of the Company		
- Continuing operations	(919)	(2,015)
- Discontinued operations	(2,965)	-
	(3,884)	(2,015)

	2012	**2011
Weighted average number of shares for calculating basic earnings per share	66,117,412	29,908,580
Weighted average number of shares for calculating fully diluted earnings per share*	66,117,412	29,908,580

	2012 pence	**2011 pence
Earnings per share:		
- Continuing operations (pence per share)	(1.38)	(6.74)
- Discontinued operations (pence per share)	(4.48)	-
Loss per share from total operations	(5.86)	(6.74)

* The weighted average number of shares used for calculating the diluted loss per share for 2011 and 2012 was the same as that used for calculating the basic loss per share as the effect of exercise of the outstanding share options was anti-dilutive.

** The comparative 2011 figures for the average number of shares and earnings per share have been adjusted to reflect the share consolidation in March 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

7 INTANGIBLE ASSETS

	Mineral rights	Unevaluated mineral properties	Total
	£'000	£'000	£000
Cost			
At 1 January 2011	588	1,365	1,953
Royalty payable adjustment	-	(266)	(266)
At 31 December 2011	588	1,099	1,687
Royalty payable adjustment	-	-	-
Reclassified as assets held for sale	(588)	(1,099)	(1,687)
At 31 December 2012	-	-	-

The Directors have reviewed whether an impairment was required for each of the intangible asset components as discussed below. An impairment would only be considered necessary where the carrying value of the asset was in excess of the recoverable value of the intangible asset. The recoverable value being the higher of value in use, or the market value, less costs of disposal.

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Mineral properties and mining assets	Plant and equipment	Total
	£'000	£'000	£000	£'000
Cost				
At 1 January 2012	4	3,184	1,329	**4,517**
Additions	-			
Reclassified as held for sale	(4)	(3,184)	(1,329)	**(4,517)**
At 31 December 2012	-	-	-	-
Depreciation				
At 1 January 2012	4	324	274	**602**
Charge for the year	-	65	193	**258**
Reclassified as held for sale	(4)	(389)	(467)	**(860)**
At 31 December 2012	-	-	-	-
Net book value				
At 31 December 2012	-	**2,795**	**862**	**3,657**
Reclassified as held for sale	-	**(2,795)**	**(862)**	**(3,657)**
31 December 2012	-	-	-	-
At 31 December 2011	-	**2,860**	**1,055**	**3,915**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

9 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	£	£	**£**	£
Other receivables	**-**	201	**-**	-

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts. At the balance sheet date in 2012 and 2011 there were no trade receivables past due.

10 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	£	£	**£**	£
Cash and cash equivalents	**-**	270	**-**	193

11 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade payables	**121**	216	**121**	397
Other payables	**250**	250	**250**	-
	371	466	**371**	397
Mortgage and other loans	**-**	1,218	**-**	-
	371	1,684	**371**	397

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

12 INVESTMENTS AND ADVANCES

	2012	2011
COMPANY	**£'000**	£'000
Cost and net book value		
At 1 January	**3,864**	4,999
Additions and advances	**-**	596
Impairment	**(3,692)**	(1,731)
	172	3,864

The Company recorded a provision of £3,692,000 (2011: £1,731,000) to reflect the Directors review of the recoverable amounts of its investments.

The principal subsidiaries of the Group, all of which have been included in these consolidated financial statements are as follows:

Name	Country of incorporation and operation	Proportion of interest ownership	Nature of operations
Astar Quadling Quarry Limited*	Canada	100%	Quarry
Astar Aggregates Limited*	Canada	100%	Exploration stage
Global Industrial Services Canada Inc.*	Canada	100%	Exploration stage
Consolidated Tri-Sil Minerals Inc.*	Canada	97.3%	Exploration stage

*On 25 February 2013 it was agreed to dispose of all four of these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

13 DISCONTINUED OPERATIONS

Following the year end the Group actioned previous plans to dispose of all of its trading operations. The comparative figures for the year to 31 December 2011 have been restated to reflect the contribution to the results of operations that have been discontinued in 2012.

The Discontinued operations relate to Astar Quadling Quarry Ltd, Astar Aggregates Ltd, Global Industrial Services Canada Inc, and Consolidated Tri-Sil Minerals Inc which were held for sale as at the year end.

The results of the discontinued activities are as follows:

	2012 £'000	2011 £'000
Revenue	**879**	1,012
Cost of sales	**(848)**	(975)
Gross profit	**31**	37
Administrative expenses	**(653)**	(178)
Exceptional item – impairment charge	**(2,158)**	-
Operating loss on discontinued activities	**(2,780)**	(141)
Finance costs	**(185)**	(523)
Attributable tax expense	**-**	-
Net loss attributable to discontinued operations	**(2,965)**	(664)

On 25 February 2013 the board signed a sale and purchase agreement to dispose of the group's aggregates operations. These operations have been classified as a disposal group held for sale and presented separately in the balance sheet. The proceeds of disposal are disclosed below and as they were less than the related net assets of the disposal group resulted in a loss on disposal being incurred. As such an impairment loss has been recognised on the value of the disposal group within the Consolidated and Company statements of financial position.

The following information relates to those assets and liabilities disposed of after the year end:

	£'000
Assets:	
Intangible assets	**781**
Property plant and equipment	**2,405**
Current assets	**314**
Total assets classified as held for sale	**3,500**
Total liabilities classified as held for sale	**(3,328)**
Net assets of the disposal group	**172**
Total consideration relating to disposal of the Group	**-**
Loss on disposal	**(172)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

14 CALLED UP SHARE CAPITAL

Group and Company	Number of ordinary shares	Value £'000	Number of deferred shares	Value £'000	Share Premium £'000
Issued and fully paid (par value of 0.1p each):					
At 1 January 2011	2,373,981,242	2,374			11,949
Shares issued in year	1,530,555,550	1,531			-
At 31 December 2011	3,904,536,792	3,905			11,949
Share reorganisation (see note1 below)	39,045,248	39	3,865,491,544	3,866	11,949
Shares issued in year (see note 2 below)	33,610,000	34	-	-	806
At 31 December 2012	**72,655,248**	**73**	**3,865,491,544**	**3,866**	**12,755**

On 26 January 2012, the Company agreed at a General Meeting of shareholders to approve a capital reorganization and 100 existing ordinary shares were consolidated into 1 new ordinary share of 0.1pence each and 99 deferred shares of 0.1pence each. As a result of the share capital reorganization and following Admission of the new ordinary shares, the Company had 39,045,248 ordinary shares of 0.1pence each in issue, each carrying a vote of 1 per share, and 3,865,491,544 deferred shares of 0.1pence each. The deferred shares have restricted rights such that they have no economic value.

On 13 March 2012, 33,610,000 0.1p ordinary shares were issued at 2.5 p each as a result of a placing, raising £840,250 before expenses.

WARRANTS

On 13 March 2012, warrants to subscribe for 16,805,000 ordinary shares at 5p per share were granted to the placees of the fundraising on the same date, exercisable on or before 31 March 2013.

15 SHARE OPTIONS AND WARRANTS

At 31 December 2012 the following share options and warrants have been granted and are outstanding in respect of the ordinary shares:

No options were granted in the year or in the previous year.

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

	2012		2011	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**912,500**	**48.00**	927,500	48.00
Granted	**-**	**-**	-	-
Lapsed	**-**	**-**	(15,000)	48.00
Cancelled	**-**	**-**	-	-
Outstanding at 31 December	**912,500**	**48.00**	912,500	48.00

The weighted average exercise price of share options outstanding as at 31 December 2012 was £0.48 and they had an average remaining contractual life of 2.7 years (at 31 December 2011, average exercise price was £0.48 and average contractual remaining life was 3.9 years).

The 2011 comparative number of options and their exercise price has been adjusted for the share consolidation in March 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

15 SHARE OPTIONS AND WARRANTS (continued)

Warrants:	2012 Number	2012 Weighted average exercise price (pence)	2011 Number	2011 Weighted average exercise price (pence)
Outstanding at 1 January 2012	**1,446,039**	**15.28**	763,817	20.00
Granted	**16,805,000**	**5.00**	682,222	10.00
Lapsed	**(538,817)**	**15.28**	-	-
Cancelled	**-**	**-**	-	-
Outstanding at 31 December 2012	**17,712,222**	**5.81**	1,446,039	15.28

The 2011 comparative number of options and their exercise price has been adjusted for the share consolidation in March 2012.

16 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Management review the Group and Company's exposure to currency risk, interest rate risk, liquidity risk on a regular basis and consider that through this review they manage the exposure of the Group and Company on a near term needs basis. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency or interest risk, however, as the Group enters further commercial production this may be considered.

There is no material difference between the book value and fair value of the Company and Group's cash.

INTEREST RATE RISK

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whilst managing the access the Group requires to the funds for working capital purposes.

Interest rates are based on respective CDN LIBOR and other bank prime interest rates.

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

FOREIGN CURRENCY RISK

The Group and Company have four overseas subsidiaries all of which operate in British Columbia and whose expenses and revenues are mainly denominated in Canadian dollar. Foreign exchange risk is inherent in the Group' activities and is accepted as such. The majority of Parent Company expenses are denominated in Sterling.

The Group and Company are therefore exposed to currency rate fluctuations of the Canadian Dollar versus Sterling, and measures its foreign currency risk through a sensitivity analysis considering 10% favourable and adverse changes in market rates on exposed monetary assets and liabilities denominated in Canadian dollar. At 31 December 2012 and 2011 a 10% devaluation of the Canadian Dollar against Sterling would not have resulted in material gain nor would a 10% revaluation of the Canadian Dollar against Sterling would not have resulted in a material loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

16 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK

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

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

	2012 £'000	2011 £'000
Trade and other receivables	-	201
Cash and cash equivalents	-	270
	-	471

LIQUIDITY RISK

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Company's payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

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

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

17 DEFERRED TAX

At the year end date, the Group had unused tax losses of approximately £11.5m (2011: £8.2m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses (2011: £nil) due to the unpredictability of future profit streams.

At 31 December 2012, the aggregate amount of temporary differences associated with undistributed earnings of the Group for which deferred tax liabilities have not been recognised was £nil (2011: £733,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of these differences and either it is possible that such differences will not reverse in the foreseeable future or no tax is payable on the reversal.

18 CONTINGENT LIABILITIES

There were no material commitments or contingent liabilities as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

19 POST BALANCE SHEET EVENTS

On 1 March 2013, the Company reached agreement with creditors for full and final settlement under the CVA, originally proposed on 23 May 2011, for a final offer of £75,000 in total.

On 25 April 2013, following shareholder approval, the Company disposed of its entire holding of its existing assets in the 4 subsidiary group companies for a total consideration of CAD$2.

On 25 April 2013, 224,000,000 0.1p ordinary shares were issued at 0.15p each as a result of a placing, raising £336,000 before expenses.

On 26 April 2013, the suspension of the Company's ordinary shares from trading on AIM, initiated on 12 November 2012, was lifted.

20 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties have been eliminated on Consolidation and are not disclosed in these financial statements.

The remuneration of the Directors, who are key management personnel of the Group, is set out in the report on directors remuneration.

LCH Partnership, a company of which Euan McAlpine is a partner, invoiced the Group £45,000 in respect of consultancy fees and £20,668 in respect of expenses incurred in the ordinary course of business. At the year end £22,500 was still outstanding following agreement by the Board to freeze all Directors remuneration.