

**VANE Minerals (UK) Limited**

**Annual Report and Financial Statements**

**Year ended 31 December 2019**



Company Registration Number: 4413347

VANE Minerals (UK) Limited  
**DIRECTOR, ADVISORS AND OFFICERS**

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**DIRECTOR**

CJ Eadie

**SECRETARY**

CJ Eadie

**REGISTERED OFFICE**

20-22 Wenlock Road  
London  
N1 7GU

**AUDITOR**

RSM UK Audit LLP  
Central Square, 5<sup>th</sup> Floor  
29 Wellington Street  
Leeds  
LS1 4DL

**SOLICITORS**

Memery Crystal LLP  
165 Fleet Street  
London  
EC4A 2 DY

**BANKERS**

Barclays Bank Plc  
Level 27  
1 Churchill Place  
London  
E14 5HP

## VANE Minerals (UK) Limited

### DIRECTOR'S REPORT

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The Director presents his report and the financial statements of VANE Minerals (UK) Limited (the "Company") for the year ended 31 December 2019.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of a holding company for subsidiary undertakings involved in the evaluation, acquisition and development of mineral exploration targets, particularly within the mining sector.

#### DIVIDENDS

The Director does not recommend a dividend for the year ended 31 December 2019 (2018: nil).

#### DIRECTOR

The following was a Director during the year and held office throughout the year, unless otherwise indicated:

MC Idiens - resigned 19 August 2019

CJ Eadie - appointed 19 August 2019

#### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The Company currently has in place, and had for the year ended 31 December 2019, Directors and officers liability insurance for the benefit of all Directors of the Company.

#### DISCLOSURE OF INFORMATION TO THE AUDITOR

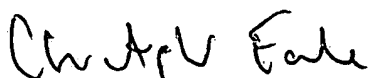
The Director who held office at the date of approval of this Director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### AUDITOR

The Director resolved that RSM UK Audit LLP be re-appointed as auditor. RSM UK Audit LLP has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



CJ Eadie  
Director

10 December 2020

## VANE Minerals (UK) Limited

# STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

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The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Director is required to:

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

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANE Minerals (UK) Limited

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## OPINION

We have audited the financial statements of VANE Minerals (UK) Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 in the financial statements which indicates that the Company is reliant upon the continued support of its parent company Zephyr Energy plc (formerly Rose Petroleum plc). The parent company's ability to continue as a going concern is dependent on raising further funding in the short term to allow it to meet its liabilities as they fall due. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANE Minerals (UK) Limited

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## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Director's report.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Director's responsibilities statement set out on page 4, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANE Minerals (UK) Limited

## USE OF OUR REPORT

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

Handwritten signature in black ink, appearing to read "RSM UK Audit LLP".

Michael Thornton (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Central Square, 5<sup>th</sup> Floor  
29 Wellington Street  
Leeds  
LS1 4DL

10 December 2020

VANE Minerals (UK) Limited  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2019

	Notes	2019 £	2018 £
<b>Continuing operations</b>			
Administrative expenses		(95)	(2,061)
Reversal of/(impairment) of investments in subsidiary undertakings		31,143	(21,125)
<b>Operating profit/(loss)</b>		31,048	(23,186)
Interest receivable and similar income	4	-	155,304
Interest payable and similar charges	5	-	(279,866)
<b>Profit/(loss) on ordinary activities before taxation</b>	6	31,048	(147,748)
Taxation	9	-	-
<b>Total comprehensive profit/(loss) for the year</b>		31,048	(147,748)

The notes on pages 11 to 18 form part of the financial statements



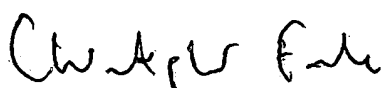
**VANE Minerals (UK) Limited**  
**BALANCE SHEET**  
**As at 31 December 2019**

Company registration no. 4413347

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Investments	10	-	287,290
<b>Current assets</b>			
Cash at bank and in hand		110	2,839
		110	2,839
<b>Creditors: amounts falling due within one year</b>	11	(17,284,639)	(17,605,706)
<b>Net current liabilities</b>		(17,284,639)	(17,602,867)
<b>Total assets less current liabilities</b>		(17,284,529)	(17,315,577)
<b>Net liabilities</b>		(17,284,529)	(17,315,577)
<b>Capital and reserves</b>			
Called-up share capital	12	112,462	112,462
Share premium account	13	735,509	735,509
Profit and loss account	13	(18,132,500)	(18,163,548)
<b>Shareholder's deficit</b>		(17,284,529)	(17,315,577)

The notes on pages 11 to 18 form part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 10 December 2020. They are signed on its behalf by:



CJ Eadie  
 Director

10 December 2020

VANE Minerals (UK) Limited  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2019

	Share capital £	Share premium account £	Retained deficit £	Total £
<b>At 1 January 2018</b>	112,462	735,509	(18,015,800)	(17,167,829)
Loss for the year	-	-	(147,748)	(147,748)
<b>Total comprehensive loss for the year</b>	-	-	(147,748)	(147,748)
<b>At 1 January 2019</b>	112,462	735,509	(18,163,548)	(17,315,577)
Profit for the year	-	-	31,048	31,048
<b>Total comprehensive loss for the year</b>	-	-	31,048	31,048
<b>At 31 December 2019</b>	112,462	735,509	(18,132,500)	(17,284,529)

The notes on pages 11 to 18 form part of the financial statements

## **1. GENERAL INFORMATION**

VANE Minerals (UK) Limited (the "Company") is a private company limited by shares, domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 20-22 Wenlock Road, London, N1 7GU.

The principal activity of the Company during the year was that of a holding company for subsidiary undertakings involved in the evaluation, acquisition and development of mineral exploration targets.

## **2. ACCOUNTING POLICIES**

### **BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006 and under the historical cost convention.

The principal accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Judgements made by the Director in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

### **REDUCED DISCLOSURE**

The Company's ultimate parent undertaking, Zephyr Energy plc (formerly Rose Petroleum plc), includes the Company in its consolidated financial statements. The consolidated financial statements of Zephyr Energy plc (formerly Rose Petroleum plc) are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 20-22 Wenlock Road, London, N1 7GU. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Related party disclosures.

As the consolidated financial statements of Zephyr Energy plc (formerly Rose Petroleum plc) include the equivalent disclosures, the Company has also taken the exemptions under FRS102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share-based payments*; and
- the disclosures required by FRS 102.11 *Basic financial instruments* and FRS 102.12 *Other financial instrument issues* in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

### **GOING CONCERN**

The principal activity of the Company is that of a holding company for subsidiary undertakings. The Company meets its subsidiary funding and day to day working capital requirements from financial support provided by its ultimate parent undertaking, Zephyr Energy plc (formerly Rose Petroleum plc), as may be needed. The parent company has provided written confirmation to the Director that for a period of at least twelve months from the date of approval of these financial statements that it will not demand repayment of any amount due to it such as to preclude the Company from meeting its liabilities as and when they fall due.

In addition, Zephyr Energy plc (formerly Rose Petroleum plc) has confirmed that it will provide further financial support to the company as required for at least twelve months from the date of approval of the financial statements of the Company.

However, the Director has been advised by Zephyr Energy plc that it will itself need to undertake a fundraising within the next twelve months to enable it to meet its liabilities as they fall due. There is therefore no certainty that the necessary fundraise will be successful and that the parent undertaking will be able to provide the support described above. These conditions represent a material uncertainty regarding the use of the going concern basis in these financial statements

Whilst noting the material uncertainty above, the Director continues to adopt the going concern basis in preparing the consolidated financial statements. The financial statements do not include any adjustment that would result from the basis of preparation being inappropriate.

## **FOREIGN CURRENCIES**

Transactions in currencies other than the functional currency (pound sterling) of the Company ("foreign currencies") are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences are recognised in the profit and loss in the year in which they arise.

## **TAXATION**

Tax on the profit and loss for the year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date.

## **FINANCIAL INSTRUMENTS**

### **Classification of financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instruments will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial asset for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

#### **Basic financial instruments**

##### **Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### **INVESTMENT IN SUBSIDIARIES**

Investments in subsidiaries are carried at cost less any provision for impairment.

#### **IMPAIRMENT**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount the Company would recover for the asset.

Impairment losses are recognised in profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through profit and loss.

### **3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 2, the Director is required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both the current and future years.

The following are the critical judgements and estimations that the Director has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### **RECOVERABILITY OF INVESTMENTS AND LOANS TO SUBSIDIARY UNDERTAKINGS**

The Company has an outstanding loan from its directly held subsidiary Minerales Vane S.A. de C.V.

The Board have assessed the recoverability of its total investment and the Director considers that, due to the fact that its subsidiary has ceased operations and is dependent solely upon the recovery of taxes within Mexico, its loan and investments should be impaired in full at 31 December 2019. See note 10.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019 £	2018 £
Intercompany loan interest receivable	-	155,304

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2019 £	2018 £
Intercompany loan interest payable	-	279,866

**6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit/(loss) on ordinary activities before taxation has been arrived at after (crediting)/charging:

	2019 £	2018 £
Reversal of/(impairment) of loans to subsidiary undertakings	31,143	(21,125)
Net foreign exchange losses	-	1,975

**7. AUDITOR'S REMUNERATION**

Amounts payable to the external auditors and their associates in respect of both audit and non-audit services:

	2019 £	2018 £
<b>Audit fees</b>		
Fees payable to the Company's auditor for the statutory audit of the Company's annual accounts	4,500	4,500

Fees payable to the Company's auditor for the statutory audit of the Company's annual accounts are borne by the parent company.

Fees paid to the Company's auditor for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of Zephyr Energy plc (formerly Rose Petroleum plc), the Company's parent undertaking, disclose such fees on a consolidated basis.

## 8. STAFF NUMBERS AND COSTS

The average monthly number of employees (including Directors) was:

	2019 No.	2018 No.
Office and management	1	1

All remuneration paid in respect of employees of the Company was paid by group entities.

## DIRECTOR'S REMUNERATION

The Director provided no substantial services during the year to the Company and he has concluded that the proportion of time devoted to the management of this Company would lead to an immaterial proportional allocation.

Due to the nature of the operations of the Group, the remuneration of the Director for his services to Vane Minerals (UK) Limited is not contained in the records of the Company. The Director is remunerated for his services to the Group as a whole, which is disclosed in the consolidated financial statements of the parent company, Zephyr Energy plc (formerly Rose Petroleum plc). The financial statements of Zephyr Energy plc (formerly Rose Petroleum plc) are publicly available from 20-22 Wenlock Road, London, N1 7GU.

## 9. TAXATION

	2019 £	2018 £
Total current tax	-	-
Total deferred tax	-	-

The credit/(charge) for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2019 £	2018 £
Profit/(loss) on ordinary activities before taxation	31,048	(147,748)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax for UK companies of 19% (2018: 19%)	5,899	(28,072)
Effects of:		
Expenses not deductible for tax purposes	(5,917)	4,014
Losses for which no deferred tax expense was recognised	18	24,058
Tax charge on profit/(loss) for the year	-	-

The Company has unrelieved tax losses of £3,348,801 (2018: £3,348,707) which, subject to agreement with HM Revenue & Customs, are available to carry forward and offset against future taxable profits of the same trade.

A deferred tax asset of £636,272 (2018: £569,280) has not been provided in respect of these losses as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future.

Reductions to the UK corporation tax rate were substantively enacted as part of the Finance Bill 2016 on 6 September 2016 which would reduce the main rate to 17% from 1 April 2020. However, in a pre-election manifesto Boris Johnson pledged to put the reduction from 19% to 17% on hold if the Conservatives won the election and having done so, the freeze in rate was substantively enacted during the 2020 budget.

## 10. FIXED ASSET INVESTMENTS

Shares in                      Loans to

	subsidiary undertakings £	subsidiary undertakings £	Total £
<b>Cost</b>			
At 1 January 2018	351,905	14,110,140	14,462,045
Additions	-	160,063	160,063
Disposals	(50,000)	(4,356,433)	(4,406,433)
	<u>301,905</u>	<u>9,913,770</u>	<u>10,215,675</u>
At 31 December 2018	301,905	9,913,770	10,215,675
Repayments	-	(318,433)	(318,433)
Cessation	-	(7,691,516)	(7,691,516)
	<u>301,905</u>	<u>1,903,821</u>	<u>2,205,726</u>
At 31 December 2019	<u>301,905</u>	<u>1,903,821</u>	<u>2,205,726</u>
<b>Impairment</b>			
At 1 January 2018	203,553	14,110,140	14,313,693
Impairment charge/(credit)	76,206	(55,081)	21,125
Disposals	(50,000)	(4,356,433)	(4,406,433)
	<u>229,759</u>	<u>9,698,626</u>	<u>9,928,385</u>
At 31 December 2018	229,759	9,698,626	9,928,385
Impairment charge/(credit)	72,146	(103,289)	(31,143)
Cessation	-	(7,691,516)	(7,691,516)
	<u>301,905</u>	<u>1,903,821</u>	<u>2,205,726</u>
At 31 December 2019	<u>301,905</u>	<u>1,903,821</u>	<u>2,205,726</u>
<b>Carrying amount</b>			
At 31 December 2019	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	72,146	215,144	287,290
	<u>72,146</u>	<u>215,144</u>	<u>287,290</u>
At 1 January 2018	148,352	-	148,352
	<u>148,352</u>	<u>-</u>	<u>148,352</u>

The Company has loans made to its subsidiary which incurs interest at a commercial rate, however, this interest was waived during the year ended 31 December 2019. There is a risk that the subsidiary will not commence revenue-generating activities and that the carrying amount of the investments exceeds the recoverable amount. The Board have assessed the recoverability of its total investment and considers that an impairment charge should be recognised in the year. See note 3. A net impairment credit of £31,143 has been recognised representing a reversal of the impairment recognised in respect of loans to subsidiary undertakings in prior years of £103,289 credit and an additional charge of £72,146 in respect of shares and outstanding loans in its remaining subsidiary undertaking.

The Company's wholly owned subsidiary, VANE Minerals (US) LLC ceased operations during the year, and the Company's loans in its subsidiary were written off at 31 December 2019.



The Company had investments in the following subsidiary undertakings as at 31 December 2019:

	Place of incorporation (or registration) and operation	Proportion of ownership interest 31 December 2018 and 2019	Proportion of voting power held	Principal activity
<b>Directly owned:</b>				
Minerales VANE S.A. de C.V.	Mexico	100%	100%	Exploration

VANE Minerals (US) LLC ceased operations during the year ended 31 December 2019, and the Company was struck off on 9 December 2019.

The registered office address for Minerales VANE S.A. de C.V. in Mexico is Humboldt No. 121, Colonia del Valle, C.P. 78200, San Luis Potosí, S.L.P.

# 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts due to parent company	17,284,639	17,605,706

Loans from the Company's parent company incur interest at a commercial rate and are repayable on demand. This interest was waived during the year ended 31 December 2019.

# 12. CALLED-UP SHARE CAPITAL

	2019 £	2018 £
<b>Allotted, issued and fully paid:</b>		
112,462 Ordinary Shares of £1 each	112,462	112,462

The Company has one class of Ordinary Shares which carry no right to fixed income

# 13. RESERVES

The share premium account represents the sum paid, in excess of the nominal value, of shares allotted.

The profit and loss account includes all current and prior period retained losses.

# 14. RELATED PARTY TRANSACTIONS

## SUBSIDIARY UNDERTAKINGS

The Company has taken advantage of the exemption under FRS 102 in regard to disclosure of transactions and balances with wholly-owned group companies.

## OTHER RELATED PARTY TRANSACTIONS

There were no other related party transactions in the year (2018: nil).

# 15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent undertaking is Zephyr Energy plc (formerly Rose Petroleum plc), a company incorporated in England and Wales. Copies of the Group accounts in which the Company is included are available from Companies House and the parent company's website, [www.zephyrplc.com](http://www.zephyrplc.com).

## **16. POST BALANCE SHEET EVENTS**

Following the year end, and the outbreak of the Coronavirus (COVID-19), the priority of the Board has been the health and safety of its employees. Plans have been implemented and active measures have been taken to mitigate risk, such as no one-to-one contact and a move to virtual meetings. We continue to follow the most up to date Government advice and engage with the regulatory bodies and stakeholders.