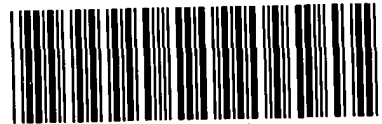


**Gunsynd plc**

**Annual Report and Accounts 2022**

**Company Number: 05656604**

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## CONTENTS

|  |           |
|--|-----------|
| <b>Company Information.....</b>  | <b>1</b>  |
| <b>Chairman's Report (Incorporating The Strategic Review).....</b>             | <b>2</b>  |
| <b>Directors' Report.....</b>  | <b>8</b>  |
| <b>Information on the Board of Directors .....</b>                             | <b>13</b> |
| <b>Corporate Governance Statement .....</b>                                    | <b>14</b> |
| <b>Independent Auditor's Report to the Members of Gunsynd Plc .....</b>        | <b>20</b> |
| <b>Financial Statements.....</b>   | <b>24</b> |
| <b>Statement of Comprehensive Income for the year ended 31 July 2022 .....</b> | <b>24</b> |
| <b>Statement of Financial Position as at 31 July 2022.....</b>                 | <b>25</b> |
| <b>Statement of Changes in Equity for the year ended 31 July 2022 .....</b>    | <b>26</b> |
| <b>Statement of Cash Flows for the year ended 31 July 2022 .....</b>           | <b>27</b> |
| <b>Notes to The Financial Statements .....</b>                                 | <b>28</b> |

## COMPANY INFORMATION

### DIRECTORS

|               |                          |
|---------------|--------------------------|
| Hamish Harris | (Executive Chairman)     |
| Donald Strang | (Executive Director)     |
| Peter Ruse    | (Non-Executive Director) |

### REGISTERED OFFICE

78 Pall Mall, St James's  
London  
SW1Y 5ES

### COMPANY WEBSITE

[www.gunsynd.com](http://www.gunsynd.com)

### COMPANY REGISTRATION NUMBER

05656604 (England and Wales)

### NOMINATED ADVISER AND JOINT BROKER

Cairn Financial Advisers LLP  
9th Floor  
107 Cheapside  
London  
EC2V 6DN

### JOINT BROKER

Peterhouse Capital Limited  
3rd floor, 80 Cheapside  
London  
EC2V 6EE

### AUDITOR

PKF Littlejohn LLP  
Statutory Auditor  
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London  
E14 4HD

### SOLICITOR

Hill Dickinson LLP  
The Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

### BANKERS

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

### REGISTRAR

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
B63 3DA

## CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW)

I am pleased to present the annual report and financial statements for the year ended 31 July 2022. The Company made a loss for the year to 31 July 2022 of £2,426,000 (2021: profit £2,012,000) after taxation. The loss was a result of unrealised losses on the value of investments held. The Company had net assets of £3,851,000 (2021: £6,303,000) at 31 July 2022, and cash balances of £824,000 (2021: £1,071,000).

### Review of Investments

#### Charger Metals Limited ("Charger")

Gunsynd currently holds 3,175,000 shares in Charger representing approximately 5.12% of Charger's issued share capital, of which 1,200,000 shares are subject to an escrow period of 24 months following its IPO on 7 July 2021.

Charger is a Western Australian ("WA") focussed base metals (Ni,Cu,Co-PGE) and lithium exploration company which currently holds three highly prospective projects in WA and the Northern Territory ("NT") in Australia. The principal activity of Charger during the financial year was the entering into agreements to acquire interests in mineral exploration and evaluation tenements, conducting exploration work on those interests as well as seeking out further exploration, acquisition and joint venture opportunities.

#### Bynoe Lithium Project, NT (Charger 70%)

The Bynoe Project is located within the Litchfield Pegmatite Field, Northern Territory, Australia, approximately 80km southeast of Darwin and is considered prospective for the preferred lithium mineral, spodumene.

The project is surrounded by the extremely large tenement holdings of Core Lithium Limited's Finiss Lithium Project, which has commenced development and mining. During the year, Charger completed an aeromagnetic survey and approximately 3,000 soil geochemistry samples were analysed. When combined with additional publicly available drilling information the interpretation by Charger's consultants concluded that the project shows potential to host multiple lithium-caesium-tantalum (LCT) pegmatite systems. Charger received approval for its Mine Management Plan from the Department of Industry, Tourism and Trade (Mining and Petroleum) as a precursor to drilling. Charger applied for an aboriginal heritage clearance early this year through the Aboriginal Areas Protection Authority, a NT governmental agency. Once received, drilling can commence in cleared areas.

#### Lake Johnston Lithium Project, WA (Charger 70%-100%)

Previous government and industry explorers had identified pegmatites at the Lake Johnston Project, located approximately 470km east of Perth, Western Australia. More recent work by Charger has confirmed that a number of these pegmatites have LCT affinities, making them prospective for lithium. LCT pegmatites have formed within a 50km long corridor and include the high priority Medcalf spodumene discovery and much of the Mount Day LCT pegmatite field.

During the year approximately 7,100 soil geochemistry samples throughout the Lake Johnston Project, including the Mt Day and Medcalf Prospect areas, were analysed. The Medcalf Prospect has the most advanced target and is being prepared for drilling. The drill target consists of a swarm of about 20 anastomosing, spodumene-bearing pegmatite dykes that outcrop in an area between 500m and 800m long, within a corridor 300m wide. A program of approximately 40 RC holes is proposed to test the Medcalf Prospect spodumene-pegmatites. Ahead of drilling, Charger must complete a Spring flora survey and an aboriginal heritage protection survey. The Mt Day prospect has many outcrops of LCT pegmatites, however further fieldwork is required before drill targets will be proposed.

#### Coates Ni Cu Co Platinum Group Elements (PGE) Project, WA (Charger 70%-85% interest)

Charger recognised that the Coates mafic intrusive complex is prospective for nickel, copper and platinum group elements mineralisation following a review of geochemical results from an earlier exploration company. The Coates Project is located approximately 60km northeast of Perth, Western Australia. This year Charger initially completed a SkyTEM helicopter-borne geophysical survey and then a follow-up, higher precision, ground-based FLTEM geophysical survey. Charger initiated 5 drill holes at the T1 Prospect, where EM conductor targets coincide with a geochemical anomaly. Drilling returned 593m of diamond core, with 4 holes reaching the prescribed target depth. One hole was abandoned due to poor rock conditions. Assays have not yet been received.

## CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED

### Rincon Resources Pty Ltd ("Rincon")

Gunsynd holds 8.9 million shares representing approximately 17% of Rincon's issued share capital.

Rincon (ASX:RCR) is a Western Australian ("WA") focussed gold and base metals exploration company quoted on the ASX. It holds the rights to three highly prospective gold and copper projects in WA, with a main focus on the South Telfer Project, covering 50,000-hectares in Paterson province. Rincon progressed exploration activities across its projects in Western Australia. Rincon has a 100% interest in three highly prospective gold and base metal projects in Western Australia: The South Telfer Copper-Gold Project, Laverton Gold Project, and Kiwirrkurra Copper-Gold (IOCG) Project. Each project has been subject to historical exploration, which has identified prospective mineralised systems. Rincon is systematically exploring these projects, aiming to delineate economic resources.

#### South Telfer Copper-Gold Project

The South Telfer Project consists of six exploration and two prospecting licences covering approximately 540km<sup>2</sup> and greater than 60km strike of prospective geology known to host significant Telfer and Havieron style gold and copper mineralisation. The project area has seen previous, yet limited exploration completed by Newcrest Mining (ASX: NCM) (Newcrest) which identified significant outcropping gold and copper mineralisation at the Hasties Prospect and low-level bedrock gold anomalism at Westin. During the period, Rincon completed its maiden reverse circulation (RC) drilling program, totalling 27 holes for 4,944m. The program aimed to validate historical drilling results as well as test extensions to the known shallow copper-gold mineralisation at both Hasties Main and Hasties South-East (SE) zones along a +1km long mineralised trend. Drilling broadly defined a moderate to steep east dipping reef/breccia style copper-gold system at Hasties Main Zone, currently defined over a strike of approximately 300m in length, a depth of over 100m below surface and up to 50m wide at surface, with mineralisation remaining open in all directions. Multiple, significant zones of copper-gold mineralisation were intercepted from both the Hasties Main and Hasties SE Zones.

The Phase 2 drilling program recommenced in April 2022 following the arrival of a diamond drill rig to site 6 to drill the EIS co-funded diamond hole, 22STDC002. This was drilled to 660m, successfully intersected the target fold axis zone near the apex of the dolerite sill, approximately 350m below the surface, and about 150m below the deepest drilled copper gold mineralisation at Hasties. The hole proceeded to drill through the dolerite and also tested the eastern limb contact zone. Multiple zones of intense alteration, veining, brecciation and sulphides (mainly pyrite & minor chalcopyrite) were intersected throughout and proximal to target zones, including zones of disseminated sulphides (chalcopyrite ± pyrite), alteration and veining also within the dolerite. Unfortunately, 22STDC002 did not intersect any significant copper-gold mineralisation.

On 28 September 2022, Rincon announced the results of the latest geophysical modelling at its 100% owned South Telfer Copper-Gold Project, located in the Paterson Province, Western Australia. Reinterpretation of existing geophysical aeromagnetic data using 3D inverted magnetic modelling techniques has defined a significant new target ('Mammoth') 700m to the northeast of the company's existing Westin Prospect, located 25km southwest of the giant Havieron deposit (5.5Moz Au, 218kt Cu<sub>2</sub>) and 35km directly along strike of the world-class Telfer Gold Mine. Mammoth is the largest of three new targets defined over a strike length of 15km along the highly prospective Telfer – Westin Trend within the company's highly underexplored Westin tenement area.

### Eagle Mountain Mining Limited ("Eagle Mountain")

Gunsynd holds 2.5 million shares in Eagle Mountain representing approximately 1% of its issued share capital.

Eagle Mountain Mining Limited (ASX:EM2), is a copper focused exploration and development company with a key objective of becoming a low emission producer at its high-grade Oracle Ridge project in Arizona, USA, to supply the rapidly growing green energy market. Eagle Mountain commenced its first large diameter drilling in the Talon area to collect samples for metallurgical testwork which is necessary for future feasibility studies. Preparations for the refurbishment of the underground mine are well advanced to enable underground diamond drilling at the Oracle Ridge Copper Project. The company received \$1 million investment from Managing Director Charles Bass, demonstrating his strong and ongoing support for Eagle Mountain, which is well-funded with \$11.1 million cash held at 30 June 2022.

## CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED

### Pacific Nickel Limited ("Pacific Nickel")

Gunsynd currently holds 3,083,741 shares in Pacific Nickel representing approximately 1.1% of its issued capital.

During the year, Pacific Nickel advised:

- Work continued on the Definitive Feasibility Study (DFS). Planning for construction of the wharf, haul road linking the mining areas, camp and mining facilities was undertaken. Australian Mine Design and Development (AMDAD) were appointed to review the *Kolosori Project* for project start-up factors and to prepare a reserve statement for the DFS. Key areas of focus include the water moisture content of the DSO and the haul road location and design.
- The 1 July 2022 lifting of Covid 19 border restrictions in the Solomon Islands allowed overseas consultants and contractors to visit the site. A LiDAR survey has been arranged to provide a detailed topographical map of the Kolosori area. Preparations are underway to construct a second field trial stockpile for detailed assessment of the DSO drying characteristics. The DFS will be finalised once the LiDAR survey and moisture content assessment have been completed.
- Following the recent granting of the Mining Lease for the Kolosori Nickel Project, Pacific Nickel is now focussed on the key steps to achieve commercial nickel laterite direct shipping ore (DSO) cargoes from mid-2023.
- Pacific Nickel is working to complete the Kolosori Definitive Feasibility Study (DFS). Key design and development activities for the remainder of 2022 that are required to achieve DSO shipping in 2023 include the construction of the DSO loadout wharf and the haul road to the initial mining area. Discussions are underway with a local contractor to commence these early works as soon as possible. Pacific Nickel has also engaged with HBS PNG Pty Ltd, a well-established PNG mining contractor via an early involvement mandate. Pacific Nickel report that it has recently completed construction of a trial ore stockpile which has been designed to blend ore types and approximate the characteristics of stockpiles expected during DSO production and shipping.
- Pacific Nickel is working closely with Glencore to complete the agreement for a USD \$22 million project financing facility and DSO offtake sales for all of Kolosori's nickel laterite production.

### First Tin Limited ("First Tin")

Gunsynd currently holds 1,083,333 shares in First Tin representing approximately 0.4% of its issued capital.

First Tin (LSE:1SN) successfully completed its IPO on the Standard List of the London Stock Exchange in April 2022, raising £20 million (before expenses) of new equity capital, positioning it to invest into and add value to its advanced portfolio of tin assets. As part of the IPO, First Tin acquired the Taronga tin asset in NSW Australia, the 5<sup>th</sup> largest undeveloped tin reserve globally. Taronga will now be developed alongside First Tin's other lead asset of Tellerhäuser which is located in Saxony in Germany.

First Tin recently commenced Definitive Feasibility Studies ("DFS") at Taronga and Tellerhäuser, which are both scheduled to be completed in Q4 2023. In addition, Environmental and permitting work continued at Taronga and Tellerhäuser with all required permits expected to be granted by the end of 2023. First Tin also commenced drill campaigns at Taronga and Tellerhäuser comprising 24,000 metres of diamond and RC drilling. The intention is to both expand the existing known resources while also drilling new satellite exploration targets

### Rogue Baron PLC ("Rogue Baron")

Rogue Baron PLC (AQSE: SHNJ) is a leading company in the premium spirit sector listed on the Access segment of the AQSE Growth Market. Gunsynd currently holds 21,543,563 ordinary shares in Rogue Baron, representing approximately 24% of its issued share capital. Gunsynd also retains a balance of £111,464 of Convertible Loan Notes consisting of accrued interest.

## **CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED**

Rogue Baron's flagship Shinju Whisky won two medals in October 2021 including a double gold with a perfect score of 100 when voted best whisky at the 2021 Santé International Spirit Competition.). In November 2021 Shinju won another gold medal, this time at the prestigious John Barleycorn awards.

In April 2022, Rogue Baron announced it had secured new distribution deals in both the UK and Spain for Shinju. Rogue Baron also announced its first sales in both Austria and Switzerland. Rogue Baron also hired a key sales person in the USA where it continues to progress discussions on a large increase in its distribution capability. In the period Rogue Baron successfully released an 8 year old version of its Shinju whisky and announced it intended to release a 12 and 15 year old version in the future.

### **Low 6 Limited ("Low6")**

Low6 has developed a next-generation sports gaming technology platform that powers franchises with their own branded gaming experiences to engage their digital fanbases.

Low6's current focus is to charge customers, typically iGaming operators and sporting franchises, for developing and licensing digital free-to-play games that they embed in their mobile apps/websites as a way of driving users to their core operations. The current financial year is progressing well with signed contracts, signed term sheets or advanced contractual negotiations being achieved in respect of a significant portion of that year's revenue which, due to the investment made in Low6's technology platform, is hoped to be high margin. At the same time Low6's cost base and burn rate have been reduced significantly.

### **Oscillate plc ("Oscillate"; formerly DiscovOre plc)**

Oscillate is an investment company listed on the AQSE Growth Market Exchange with the ticker, AQSE: MUSH. In April 2021, Gunsynd invested £200,000 into Oscillate being 10 million shares at 2p representing circa 4.5% of Oscillate. Oscillate underwent internal repositioning and restructuring during what has been a difficult year.

### **Oyster Oil and Gas Limited ("Oyster")**

Gunsynd has a holding valued at £130,000, and there has been no material change since year end. The oil price gives the Company some confidence of restoring value to this investment. Gunsynd will update the market as and when material developments occur.

## **Finance Review**

As noted above, the Company made a loss for the year of £2,426,000 (2021: profit £2,012,000) after taxation. The majority of the loss generated was from decrease in value of the Company's investment portfolio. The Company had net assets of £3,851,000 (2021: £6,303,000) at 31 July 2022, and cash balances of £824,000 (2021: £1,071,000).

## **Outlook**

In the last annual report, I stated "Debate lingers over whether the economic effects resulting from Covid19 pandemic are a temporary hiccup or the harbinger of structural changes. We are far from convinced that the current inflation level is just a blip, hence our positioning towards predominantly gold, copper and battery metals."

On the one hand the board was proven correct in its macro economic stance but failed to see the breakdown of the traditional perceived inverse relationship between gold and inflation. Whilst the reverse of last year's profit and subsequent share price depreciation is obviously a disappointment, we maintain that our positioning predominantly towards gold, copper and battery metals is one that should be persisted with given the apparently unstoppable determination of governments to head towards net zero despite the costs involved regarding higher power prices. Worries re scarcity with respect to battery metals have now seen motor companies directly deal with mining companies for supply as per Ford and BHP's nickel supply agreement (<https://www.bhp.com/news/media-centre/releases/2022/07/bhp-signs-mou-for-nickel-supply-with-ford-motor-company>).

## CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED

Whilst good progress was made by a number of companies in our portfolio not least Eagle Mountain and Pacific Nickel this unfortunately hasn't been as yet reflected in their share price performance. Now that the Chinese government appears to have finally accepted the obvious i.e. that continual lockdowns is not a sustainable policy, this bodes well for the Chinese economy and copper in particular.

The board took the decision to take profits on one of our listed investments at prices much higher than they are today which has allowed the Company to maintain a healthy cash balance. The board undertook substantial due diligence on a number of projects during the period not least an Australian gas project which we subsequently decided not to invest in. Gunsynd has not raised money since 2020 and is still adequately funded for the foreseeable future. Gunsynd maintains a low fixed cost structure and this will continue through volatile and uncertain conditions across global markets.

We maintain a level of diversification in our portfolio with positions in natural resources, gaming and beverages.

The Board continues to look at investments in line with its investment policy as highlighted on the Company's website. This could potentially include increasing a stake(s) in investments already held. Such investment(s) may or may not lead to a reverse takeover.

The Board would also like to take this opportunity to thank shareholders for their continued support.

### s172 Statement

The Directors continue to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefits of the members as a whole.

This section serves as the Directors' Section 172 statement and should be read in conjunction with the Director's Statement and Strategic Report and the Report from the Company's Corporate Governance Committee. This disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006.

The matters set out in Section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, which would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so have regard (amongst other matters) to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

In the above Chairman's Report, the Company has set out the short to long term strategic priorities, and described the plans to support their achievement. The Company is an early-stage investment company quoted on a minor exchange and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions. The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders' funds. When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration; as is clear from the portfolio set out in the Chairman's report.

The application of the s172 requirements during the year can be demonstrated through the choice of investments made in the year, as described in the Chairman's report, all of which have been chosen to maximise profits for our members, whilst ensuring they meet our requirements on their impact on the local communities and environment.

Stakeholder mapping and engagement activities within the reporting period.

The Company continuously interacts with a variety of stakeholders important to its success, such as equity investors, business partners, workforce, government bodies, suppliers and advisors. The Company strives to strike the right balance between engagement and communication. Furthermore, the Company works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.



## CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) CONTINUED

### s172 Statement continued

The table below acts as our Section 172 statement by setting out the key stakeholder Groups and how the Group has engaged with them over the reporting year.

| Who: Key Stakeholder Groups            | Why: why is it important to engage this group of stakeholders   | How: how Gunsynd engaged with the stakeholder group and outcomes  |
|--|---|---|
| Equity Investors and Business Partners | Access to capital is of vital importance to the Group to ensure long-term success.  | The Board engages with investors at the AGM, through RNS releasers and maintains regular dialogue with key investors, and business partners.  |
| Workforce                              | The Company's long-term success is predicated on the commitment of our workforce to our vision and the demonstration of our values on a daily basis.  | The Company has few employees, and has in place appropriate policies, to reward key personnel.<br><br>Regular communication takes place with all staff, and the Company has not experienced any problems. |
| Key suppliers and Advisors             | A good relationship with key suppliers is essential to ensure timely supplies so as to not interrupt mining and processing.<br><br>Key advisors are essential to ensure we maintain good governance in all areas. | Regular communication takes place with all key advisors and suppliers.<br><br>The Company has not experienced any problems with suppliers or corporate governance issues during the year.                 |



**Hamish Harris**  
**Chairman**

5 December 2022

## DIRECTORS' REPORT

The Directors present their annual report on the Company and its audited financial statements for the year ended 31 July 2022.

### Principal activity

As at 31 July 2022 the principal activity of the Company was that of seeking to invest in and/or acquire companies and/or projects within the natural resources sector, life sciences sector (concentrating on but not being limited to, plant-based nutrition and environmentally friendly alternatives to food sources) and the alcoholic beverage sector, (concentrating on but not being limited to, ingredients used within the production of such beverages including sugar cane, agave, and molasses) which the Board considers, in its opinion, have potential for growth. The Company will consider opportunities in all sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographic focus will primarily be Europe, Australia, the US and the Caribbean, however investments may also be considered in other regions to the extent the Board considers that potential value can be achieved.

### Results and dividends

The statement of comprehensive income is set out on page 24 and has been prepared in Pounds Sterling, the functional and reporting currency of the Company.

The Company's net loss after taxation attributable to equity holders of Gunsynd plc for the year was £2,426,000 (2021: profit £2,012,000).

No dividends have been paid or proposed.

### Key Performance Indicators

The Key Performance Indicators ("KPIs") for the Company are listed as follows:

|                                     | 2022         | 2021       | % Change |
|-------------------------------------|--------------|------------|----------|
| (Loss)/earnings per share           | (0.540)p     | 0.558p     | N/A      |
| (Loss)/profit before tax            | £(2,426,000) | £2,012,000 | N/A      |
| (Loss)/gain on investments          | £(1,947,000) | £2,607,000 | (175)%   |
| Value of financial investments held | £2,934,000   | £5,124,000 | (43)%    |
| Cash at bank and in hand            | £824,000     | £1,071,000 | (23)%    |

### Review of the business and future developments

A full review of the Company's performance, financial position and future prospects is given in the Chairman's Report (Incorporating the Strategic Review).

### Principal risks and uncertainties

The Directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans.

The Company's principal risks and uncertainties, including financial risk management policies, are set out in the Corporate Governance Statement and in Note 18.

### Loss of key employees

Loss of knowledge and skills to the Company is a key risk. In response to this risk, remuneration policies are designed to incentivise, motivate and retain key employees.

### Investment risk

The Company is dependent upon the success of its investee companies, and there is a risk that the Company may invest in companies that fail to perform. Management research potential investments and the market in which they operate, and consider both the short and long term prospects. The Company continually monitors its investments' progress, share prices and news information.

## DIRECTORS' REPORT CONTINUED

### Financial risk management objectives and policies

The Company's principal financial instruments are available for sale assets, trade receivables, trade payables, loans and cash at bank. The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Further information is available in Note 18 to the financial statements.

#### *Liquidity risk*

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources.

#### *Market risk*

The Company is subject to market risk in relation to its investments in listed companies held as available for sale assets. The Company is exposed to fluctuating commodity prices in respect of the underlying assets. The Company seeks to manage this risk by carrying out appropriate due diligence in respect of the projects in which it invests.

The Company is exposed to the volatility of the stock markets around the world, on which it holds shares in various listed entities, and the fluctuation of share prices of these underlying companies. The Company manages this risk through constant monitoring of its investments share prices and news information, but does not hedge against these investments.

#### *Foreign exchange risk*

The foreign currency transactions the Company enters into are either denominated in USD, AUD and or CAD. These are all in relation to the Company's investments in non-current assets. These are not considered to hold a separate currency risk as movements in foreign currencies form part of the market price risk covered above.

### Directors and their interests

The Directors who served during the year were:

H Harris  
D Strang  
P Ruse

The interests of the serving Directors at 31 July 2022 or at date of resignation, in the ordinary share capital of the Company (all beneficially held) were as follows

|               | 31 July 2022 |                |                 | 31 July 2021 |                |                 |
|---------------|--------------|----------------|-----------------|--------------|----------------|-----------------|
|               | No. shares   | No. of options | No. of warrants | No. shares   | No. of options | No. of warrants |
| Hamish Harris | 3,161,476    | 8,000,000      | -               | 3,161,476    | 9,764,706      | 666,666         |
| Donald Strang | 12,820,211   | 8,000,000      | -               | 12,820,211   | 9,764,706      | 2,333,334       |
| Peter Ruse    | 4,164,706    | 6,350,000      | -               | 4,164,706    | 6,350,000      | 500,000         |

### Directors' remuneration

The remuneration of the Executive Directors paid during the year was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-Executive Director paid during the year was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Fees paid to each Director for the year ended 31 July 2022 are set out in Note 6 to the financial statements.

## DIRECTORS' REPORT CONTINUED

### Substantial shareholdings

Other than as summarised below, the Directors have not been advised of any individual interest, or group or interests held by persons acting together, which at 30 November 2022 exceeded 3% of the Company's issued share capital.

|  | Number of<br>ordinary shares held | % of issued<br>share capital |
|--|-----------------------------------|------------------------------|
| Hargreaves Lansdown (Nominees) Limited Des:HLNOM             | 49,135,632                        | 10.92%                       |
| Hargreaves Lansdown (Nominees) Limited Des:15942             | 38,810,578                        | 8.63%                        |
| Interactive Investor Services Nominees Limited Des:SMKTNOMS  | 35,259,597                        | 7.84%                        |
| Link Market Services Trustees (Nominees)Limited Des:GUNLGCCN | 30,000,000                        | 6.67%                        |
| Interactive Investor Services Nominees Limited Des:SMKTISAS  | 24,860,662                        | 5.53%                        |
| JIM Nominees Limited Des:JARVIS                              | 24,085,191                        | 5.35%                        |
| Vidacos Nominees Limited Des:IGUKCLT                         | 21,499,335                        | 4.78%                        |
| Hargreaves Lansdown (Nominees) Limited Des:VRA               | 19,313,711                        | 4.29%                        |
| Barnard Nominees Limited Des:OBNOMDIS                        | 17,155,000                        | 3.81%                        |
| Barclays Direct Investing Nominees Limited Des:CLIENT1       | 16,473,721                        | 3.66%                        |
| Barnard Nominees Limited Des:OBADV                           | 15,854,925                        | 3.52%                        |
| Winterflood Securities Limited Des:WINSCREP                  | 14,796,277                        | 3.29%                        |

### Employees

The Company has only one direct employee.

### Creditor payment policy

The policy of the Company is to:

- (a) Agree the terms of payment with suppliers when settling the terms of each transaction;
- (b) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

### Directors' liability

As permitted by the Companies Act 2006, the Company has purchased insurance cover for the Directors against liabilities in relation to the Company.

### Charitable donations

During the period, the Company made no charitable donations (2021: £Nil).

### Financial reporting

The Board has ultimate responsibility for the preparation of the annual audited accounts. A detailed review of the performance of the Company is contained in the Chairman's report (incorporating Strategic Review). Presenting the Chairman's report (incorporating Strategic Review) and Director's Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance and prospects.

### Internal control

A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

## **DIRECTORS' REPORT CONTINUED**

### **Events after the reporting period**

Events after the reporting period are set out in Note 22 to the financial statements.

### **Auditor**

The Directors will place a resolution before the Annual General Meeting to re-appoint PKF Littlejohn LLP as auditor for the coming year.

### **Corporate Governance**

Gunsynd is committed to undertaking its activities in accordance with the highest international social, environmental and operational standards. For detailed information please refer to the corporate governance statement on page 14.

### **Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 31 July 2022. This basis assumes that the company will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Company made a loss for the year of £2,426,000 (2021: profit £2,012,000) after taxation. The Company had net assets of £3,851,000 (2021: £6,303,000) and cash balances of £824,000 (2021: £1,071,000) at 31 July 2022. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved to 31 December 2023. These forecasts show that the Company expects to have sufficient financial resources to continue to operate as a going concern.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- in the event that the Company's investments require further funding, sufficient funding from the sale of investments or through a capital raise can be obtained; and
- in the event that operating expenditure increases significantly as a result of successful progress with regards to the Company's investments, sufficient funding from the sale of investments or through a capital raise can be obtained.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. As a junior investment company, the Directors are aware that the Company must go to the marketplace to raise cash to meet its investment plans, and/or consider liquidation of its investments and/or assets as is deemed appropriate. The Company has previously constantly demonstrated its ability to raise further cash by way of completing placings during the prior years, and are confident of further equity fund raising should the company require such cash injection. Therefore, they are confident that existing cash balances, along with the any new funding would be adequate to ensure that costs can be covered.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Company's employee can carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity. Within the Company's portfolio are investments that have experienced a slowdown within their own operations during the COVID-19 crisis, however the operating performance of those investments is not expected to have any material impact on the Company's cash flows.

## **DIRECTORS' REPORT CONTINUED**

### **Statement of directors' responsibilities**

Company law requires the Directors to keep reliable accounting records which correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. The shareholders have resolved, in accordance with the Companies Act 2006 and the Articles of Association, that the Directors prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

On this basis the Directors have elected to prepare the financial statements for the Company in accordance with UK adopted International Accounting Standards (IAS) and applicable law.

International Accounting Standards require that accounts present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of accounts'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable UK adopted International Accounting Standards. However, Directors are also required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Website publication**

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement of disclosure to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

Additionally, the Directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board of Directors



**Hamish Harris**  
Director

5 December 2022

## **INFORMATION ON THE BOARD OF DIRECTORS**

### **Hamish Harris – Executive Chairman**

Hamish holds a Bachelor of Commerce and has held positions within market risk management at a number of financial institutions including Nomura Group, Deutsche Bank AG and BZW plc in Singapore, Hong Kong and London. Hamish is also a Director on an AQSE listed company. Hamish is a member of both the Audit and Remuneration committees.

### **Donald Strang – Executive Director**

Donald is a member of the Australian Institute of Chartered Accountants and has been in business for over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently also a director of Cadence Minerals plc and a director of an ASX listed company. Donald is a member of both the Audit and Remuneration committees.

### **Peter Ruse – Non-Executive Director**

Peter is a finance professional with over 12 years of extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Peter is a member of both the Audit and Remuneration committees. He is currently also a director of other ASX listed companies.

## **CORPORATE GOVERNANCE STATEMENT**

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all stakeholders including staff, shareholders and clients. In order to meet the requirements of AIM Rule 26 we have chosen to follow the Quoted Companies Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies.

As Chairman, I lead the Board and take ultimate responsibility for ensuring that there is absolute clarity in our strategy and our quantitative and qualitative objectives and the collective and individual responsibilities of the Directors.

Importantly my responsibilities include ensuring that the Company maintains its strong values of delivery, integrity, trust, client service and good corporate governance and in so doing deliver value for shareholders over the medium to long term.

In the following statement we give a summary of how our Board and its committees operate and how we are applying the ten principles of the QCA Code.

### **1. Principle One**

#### *Business Model and Strategy*

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of an investing strategy for the Company. Gunsynd plc is an investing company with a focus to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to seeking any acquisition in other sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be Europe, Australia, the US and the Caribbean, however, investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist and potential value can be achieved.

### **2. Principle Two**

#### *Understanding Shareholder Needs and Expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, [www.gunsynd.com](http://www.gunsynd.com), and via Hamish Harris, Executive Chairman, who is available to answer investor relations enquiries.

### **3. Principle Three**

#### *Considering wider stakeholder and social responsibilities*

The Board recognises that the long term success of the Company is reliant upon the efforts of the directors of the Company and its investors, investee companies, regulators and other stakeholders. The Board has regular discussions and meetings with shareholders, regulators and investee companies to ensure that there is close oversight and contact.

For example, the Company conducts an AGM each year and other general meetings with shareholders whereby they are able to voice any concerns they have with the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

### **4. Principle Four**

#### *Risk Management*

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:



**CORPORATE GOVERNANCE STATEMENT CONTINUED**

| Activity             | Risk  | Impact  | Control(s)   |
|----------------------|---|---|--|
| Financial            | Liquidity, market and credit risk<br><br>Inappropriate controls and accounting policies | Inability to continue as going concern<br><br>Reduction in asset values<br><br>Incorrect reporting of assets and/or loss through theft or fraud | Robust capital management policies and procedures<br><br>The board agrees and signs all annual reports which details accounting policies.<br><br>Due to size of the company - The board discusses and agrees all payments. Audit and Compliance Committee  |
| Covid-19             | Affect continuing operations of investee companies                                      | Possible effect on the carrying values of investments   | Regular impairment review of all investments and regular interaction with investee companies as appropriate.<br><br>The health and safety of our staff and associates is of major concern and we have taken steps to mitigate this risk by avoiding face to face meetings and through the greater adoption of video-conferencing services and when absolutely required, socially distanced meetings. This year's AGM format will reflect the current business environment and ongoing risks associated with the COVID-19 pandemic. |
| Regulatory adherence | Breach of rules   | Censure   | Strong compliance regime instilled at all levels of the Company  |
| Strategic            | Damage to reputation  | Inability to secure new capital or investments  | Effective communications with shareholders coupled with consistent messaging to potential investees  |
| Investment           | Poor investment choices   | Reduction in asset values   | Management research potential investments and the market in which they operate, and consider both the short and long term prospects. The Company continually monitors its investments' progress, share prices and news information.  |

## CORPORATE GOVERNANCE STATEMENT CONTINUED

| Activity   | Risk  | Impact                            | Control(s)  |
|------------|---|-----------------------------------|---|
| Management | Recruitment and retention of key staff and reliance on small team | Reduction in operating capability | Stimulating and safe working environment<br><br>Balancing salary with longer term incentive plans |

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Executive Director. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

### 5. Principle Five

#### *A Well Functioning Board of Directors*

As at the date hereof, the Board comprised a Chairman, Hamish Harris, an Executive Director, Donald Strang, and one Independent Non-Executive Director, Peter Ruse. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than 3 years. The Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board elects a Chairman to chair every meeting.

The Board meets formally at least 3 times per annum, but regular contact is maintained to deal with relevant matters as they arise. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Non-Executive Director is part time and is expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward.

Peter Ruse is considered to be an Independent Director. The Board notes that the QCA recommends a balance between executive and non-executive directors and recommends that there be two independent non-executives. As it has only one independent non-executive director, the Board does not currently fully comply with this requirement and will consider making further appointments as the scale and complexity of the Company grows, which is expected to be when the Company achieves a market capitalisation of over £10 million.

#### *Attendance at Board and Committee Meetings*

The Board met 6 times in the period. The remuneration committee met once, and the audit committee met twice during the year.

#### Meetings

| Board                      | Attendance |
|----------------------------|------------|
| Hamish Harris              | 6          |
| Don Strang                 | 6          |
| Peter Ruse                 | 6          |
| <br>Remuneration Committee |            |
| Hamish Harris              | 1          |
| Don Strang                 | 1          |
| Peter Ruse                 | 1          |
| <br>Audit Committee        |            |
| Hamish Harris              | 2          |
| Don Strang                 | 2          |
| Peter Ruse                 | 2          |

## **CORPORATE GOVERNANCE STATEMENT CONTINUED**

### **6. Principle Six**

#### *Appropriate Skills and Experience of the Directors*

The Board currently consists of three Directors. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of commercial and professional skills across geographies and industries, and each of the Directors has experience in public markets.

The Board recognises that it currently has limited diversity, and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required. At this stage due to the current size of the Company this is not seen as a material point.

The Board reviews annually the appropriateness and opportunity for continuing professional development whether formal or informal. Currently each of the Board are involved in financial markets and increase their awareness and skills via reading and participation in commercial transactions from time to time.

#### **Mr Hamish Harris**

##### *Chairman and Executive Director*

Hamish holds a Bachelor of Commerce and has held positions within market risk management at a number of financial institutions including Nomura Group, Deutsche Bank AG and BZW plc in Singapore, Hong Kong and London. Hamish is also a Director on an AQSE listed company.

#### **Mr Donald Strang**

##### *Executive Finance Director*

Donald is a member of the Australian Institute of Chartered Accountants and has been in business for over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently a director of other AIM and ASX companies.

#### **Mr Peter Ruse**

##### *Independent Non-Executive Director*

Peter is a finance professional with over 12 years of extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Peter is a member of both the Audit and Remuneration committees. He is currently a director of other ASX companies.

### **7. Principle Seven**

#### *Evaluation of Board Performance*

Internal evaluation of the Board, the Committee and individual Directors is undertaken on an annual basis in the form of discussions. Due to the current size of the Company, these discussions and the criteria for assessment are general and brief.

The annual report details the progress which the board and Company has made for the year.

No succession planning is deemed necessary at this point due to the current size of the Company. Each Director is also assessed by shareholders at AGM on a three-year rotating basis when their re-appointment is due.

### **8. Principle Eight**

#### *Corporate Culture*

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with investee companies and investors and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

### 9. Principle Nine

#### *Maintenance of Governance Structures and Processes*

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Executive Director arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Executive Directors.

#### *Audit Committee*

The Audit Committee is comprised of Hamish Harris (Chairman), Peter Ruse and Donald Strang. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than once in each financial year and it has unrestricted access to the Company's auditors.

#### *Remuneration Committee*

The Remuneration Committee is comprised of Hamish Harris (Chairman), Peter Ruse and Donald Strang, excluding whichever relevant Director whose performance, remuneration and employment terms are being discussed. The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

#### *Nominations Committee*

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

#### *Non-Executive Directors*

The Board has appointed a Non-Executive Director.

As stated above, due to the current size of the Company, it is deemed not necessary to appoint further independent non-executive directors until the Company's market capitalisation reaches £8 million.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within its powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. All matters pertaining to the Company are reserved for the Board. There are no plans at this stage to increase the governance framework until the Company achieves a minimum market capitalisation of £8 million.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

### 10. Principle Ten

#### *Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, [www.gunsynd.com](http://www.gunsynd.com), and via Hamish Harris, Chairman, who is available to answer investor relations enquiries. The Company's website details various information: annual reports, AGM notice of meetings and RNS announcements detailing results of meetings and other relevant information.



**Hamish Harris**  
Director

5 December 2022

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUNSYND PLC**

### **Opinion**

We have audited the financial statements of Gunsynd Plc (the 'Company') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included a review of budgets for 12 months from the authorised for issue date including checking the mathematical accuracy of the budgets, discussion of significant assumptions used by the management including comparing these with current year and post year end performance to ensure reasonableness of the budgets. We have also reviewed the latest available post year general ledgers, bank statements, regulatory announcements, board meeting minutes and assessed any external industry wide factors which might affect the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Our application of materiality**

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. We applied the concept of materiality both in planning and performing the audit, and in evaluating the effect of misstatement. The materiality applied to the financial statements as a whole was set at £115,000 (2021: £189,000), with performance materiality set at £92,000 (2021: £151,200).

Overall Materiality has been calculated as 3% of net assets. We have determined, in our professional judgement, that net assets are one of the principal benchmarks within the financial statements relevant to members of the Company and users of the financial statements in assessing financial performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £5,750 (2021: £9,450).

### **Our approach to the audit**

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we considered the areas involving significant accounting estimates and judgements by those charged with governance including future events that are inherently uncertain and as such, the valuation of investments was considered to constitute a Key Audit Matter. We also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The Company's accounting function is based in the United Kingdom and our audit was performed remotely with regular contact with the Company throughout.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter   | How our scope addressed this matter  |
|--|--|
| <b>Carrying value and classification of investments and receivables (see Note 11 &amp; Note 12 in the financial statements)</b>  |  |
| <p>Financial investments in both listed and unlisted entities are the most significant balances in the financial statements.</p> <p>Given the continuing losses generated by the entities the investments are held and delays in advancing developments at the underlying projects, there is a risk that the investment and receivable balances cannot be recovered.</p> | <p>Our audit work included:</p> <ul style="list-style-type: none"> <li>• Obtaining the agreements/share certificates underpinning investments/receivables and understanding the key terms for new investments in the year.</li> <li>• Reviewing the accounting treatment to ensure they are appropriately classified in accordance with IFRS 9.</li> <li>• Reviewing disclosures in relation to said investments.</li> <li>• Reviewing management's impairment assessment for unlisted investments/receivables and providing challenge to key assumptions made.</li> <li>• Recalculating unrealized and realized gain/loss on a sample of listed and unlisted investments</li> <li>• Reviewing the accounting for disposals in the year are in line with the appropriate accounting standards and the gain/loss on disposal has been correctly calculated.</li> <li>• Checking that appropriate disclosures surrounding the estimates made in respect of valuations are included in the financial statements.</li> <li>• Considering whether the investment transactions have been accounted for correctly within the financial statements.</li> </ul> |

## **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 directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding



in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the investment company sector.

- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from Companies Act 2006, AIM listing rules, UK-adopted international accounting standards and UK tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:
  - Review of Company's meeting minutes; and
  - Review of legal and professional expenditure.
- We discussed among the engagement team how and where fraud might occur and any potential indicators of fraud. We then challenged management in respect of the key judgements and assumptions made by management regarding the fair valuation of unlisted investments (see KAM).
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was in the valuation of investments (see Key audit matter above). We addressed the risk by challenging the key assumptions and judgements made by.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

#### 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.



**Zahir Khaki (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**  
*5 December 2022*

15 Westferry Circus  
Canary Wharf  
London E14 4HD

## FINANCIAL STATEMENTS

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2022

|  |      | 2022           | 2021         |
|--|------|----------------|--------------|
|  | Note | £000           | £000         |
| <b>Continuing operations</b>   |      |                |              |
| <b>Income</b>  |      |                |              |
| Unrealised (loss)/gain on financial investments  | 11   | (2,168)        | 2,371        |
| Realised gain on financial investments   | 11   | 221            | 236          |
|  |      | <b>(1,947)</b> | <b>2,607</b> |
| <b>Administrative expenses</b>   |      |                |              |
| Salaries and other staff costs   | 6    | (300)          | (278)        |
| Other costs  | 8    | (224)          | (245)        |
| Share based payment charge   | 19   | -              | (24)         |
| Total administrative expenses  |      | <b>(524)</b>   | <b>(547)</b> |
| Impairment of financial investments  | 11   | -              | (130)        |
| Write down of convertible loan notes   |      | -              | (2)          |
| Other income   | 7    | 15             | 26           |
| Finance income   |      | 30             | 58           |
| <b>(Loss)/Profit before tax</b>  |      | <b>(2,426)</b> | <b>2,012</b> |
| Taxation   | 9    | -              | -            |
| <b>(Loss)/Profit for the period attributable to equity shareholders of the Company</b> |      | <b>(2,426)</b> | <b>2,012</b> |
| Other comprehensive income / (expenditure) for the period net of tax                   |      | -              | -            |
| <b>Total comprehensive earnings for the period attributable to shareholders</b>        |      | <b>(2,426)</b> | <b>2,012</b> |
| <b>Earnings per ordinary share</b>   |      |                |              |
| Basic (pence)  | 10   | (0.540)        | 0.558        |
| Diluted (pence)  |      | n/a            | 0.428        |

The notes form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022**

|   |             | <b>2022</b>  | <b>2021</b>  |
|---|-------------|--------------|--------------|
|   | <b>Note</b> | <b>£000</b>  | <b>£000</b>  |
| <b>ASSETS</b>   |             |              |              |
| <b>Non-current assets</b>                                   |             |              |              |
| Financial investments                                       | 11          | 2,944        | 5,124        |
| <b>Total non-current assets</b>                             |             | <b>2,944</b> | <b>5,124</b> |
| <b>Current assets</b>                                       |             |              |              |
| Trade and other receivables                                 | 12          | 163          | 174          |
| Cash and cash equivalents                                   | 17          | 824          | 1,071        |
| <b>Total current assets</b>                                 |             | <b>987</b>   | <b>1,245</b> |
| <b>Total assets</b>   |             | <b>3,931</b> | <b>6,369</b> |
| <b>Current liabilities</b>                                  |             |              |              |
| Trade and other payables                                    | 13          | (80)         | (66)         |
| <b>Total current liabilities</b>                            |             | <b>(80)</b>  | <b>(66)</b>  |
| <b>Total liabilities</b>                                    |             | <b>(80)</b>  | <b>(66)</b>  |
| <b>Net assets</b>   |             | <b>3,851</b> | <b>6,303</b> |
| <b>Equity attributable to equity holders of the company</b> |             |              |              |
| Ordinary share capital                                      | 14          | 382          | 382          |
| Deferred share capital                                      | 14          | 2,299        | 2,299        |
| Share premium reserve                                       | 14          | 13,459       | 13,459       |
| Investment in own shares                                    | 15          | (26)         | -            |
| Share based payments reserve                                |             | 39           | 131          |
| Retained earnings   |             | (12,302)     | (9,968)      |
| <b>Total equity</b>   |             | <b>3,851</b> | <b>6,303</b> |

The financial statements were approved and authorised for issue by the Board of Directors on 5 December 2022 and were signed on its behalf by:

  
**Hamish Harris**  
Chairman

  
**Donald Strang**  
Director

Company number: 05656604

The notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022**

|  | Share<br>capital<br>£000 | Deferred<br>Share<br>capital<br>£ 000 | Share<br>premium<br>reserve<br>£000 | Investment<br>in own<br>shares<br>£000 | Share-based<br>payments<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>£000  |
|--|--------------------------|---------------------------------------|-------------------------------------|--|--|------------------------------|----------------|
| <b>At 31 July 2020</b>                                 | <b>216</b>               | <b>2,299</b>                          | <b>11,828</b>                       | <b>-</b>                               | <b>192</b>                                 | <b>(12,065)</b>              | <b>2,470</b>   |
| Profit for the year                                    | -                        | -                                     | -                                   | -                                      | -  | 2,012                        | 2,012          |
| <b>Total comprehensive<br/>income for the period</b>   | <b>-</b>                 | <b>-</b>                              | <b>-</b>                            | <b>-</b>                               | <b>-</b>                                   | <b>2,012</b>                 | <b>2,012</b>   |
| <i>Transactions with owners:</i>                       |                          |                                       |                                     |  |  |                              |                |
| Issue of share capital                                 | 166                      | -                                     | 1,690                               | -                                      | -  | -                            | 1,856          |
| Share issue costs                                      | -                        | -                                     | (59)                                | -                                      | -  | -                            | (59)           |
| Share options issued                                   | -                        | -                                     | -                                   | -                                      | 24   | -                            | 24             |
| Share options lapsed                                   | -                        | -                                     | -                                   | -                                      | (84)                                       | 84                           | -              |
| Transfer within Equity<br>on lapse of share<br>options | -                        | -                                     | -                                   | -                                      | (1)  | 1                            | -              |
| <b>At 31 July 2021</b>                                 | <b>382</b>               | <b>2,299</b>                          | <b>13,459</b>                       | <b>-</b>                               | <b>131</b>                                 | <b>(9,968)</b>               | <b>6,303</b>   |
| Loss for the year                                      | -                        | -                                     | -                                   | -                                      | -  | (2,426)                      | (2,426)        |
| <b>Total comprehensive<br/>Loss for the period</b>     | <b>-</b>                 | <b>-</b>                              | <b>-</b>                            | <b>-</b>                               | <b>-</b>                                   | <b>(2,426)</b>               | <b>(2,426)</b> |
| <i>Transactions with owners:</i>                       |                          |                                       |                                     |  |  |                              |                |
| Adjustment for shares<br>held in Trust                 | -                        | -                                     | -                                   | (26)                                   | -  | -                            | (26)           |
| Transfer within Equity<br>on lapse of share<br>options | -                        | -                                     | -                                   | -                                      | (92)                                       | 92                           | -              |
| <b>At 31 July 2022</b>                                 | <b>382</b>               | <b>2,299</b>                          | <b>13,459</b>                       | <b>(26)</b>                            | <b>39</b>                                  | <b>(12,302)</b>              | <b>3,851</b>   |

Details of the nature of each component of equity are set out in Note 15.

The notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2022**

|  |             | <b>2022</b>  | <b>2021</b>    |
|--|-------------|--------------|----------------|
|  | <b>Note</b> | <b>£000</b>  | <b>£000</b>    |
| <b>Cash flow from operating activities</b>                     |             |              |                |
| (Loss)/Profit after tax  |             | (2,426)      | 2,012          |
| Tax on losses  |             | -            | -              |
| Finance income net of finance costs                            |             | (10)         | (58)           |
| Unrealised loss/(gain) on revaluation of financial investments |             | 2,168        | (2,371)        |
| Realised (gain) on sale of financial investments               |             | (221)        | (236)          |
| Share based payment  |             | -            | 24             |
| Write down of convertible loan notes                           |             | -            | 2              |
| Impairment provision   |             | -            | 130            |
| Adjustment for issue of own shares                             |             | (26)         | -              |
| Foreign exchange movements                                     |             | 1            | 3              |
| Changes in working capital:                                    |             |              |                |
| Decrease in trade and other receivables                        |             | 11           | 7              |
| Increase/(decrease) in trade and other payables                |             | 14           | (32)           |
| Cash outflow from operations                                   |             | <b>(489)</b> | <b>(519)</b>   |
| Taxation received  |             | -            | -              |
| <b>Net cash outflow from operating activities</b>              |             | <b>(489)</b> | <b>(519)</b>   |
| <b>Cash flow from investing activities</b>                     |             |              |                |
| Payments for financial investments                             | 11          | (158)        | (2,143)        |
| Disposal proceeds from sale of financial investments           | 11          | 400          | 1,042          |
| Repayment of loans to investee company                         |             | -            | 62             |
| Unsecured loans to investee company                            |             | -            | (6)            |
| <b>Net cash inflow/(outflow) from investing activities</b>     |             | <b>242</b>   | <b>(1,045)</b> |
| <b>Cash flows from financing activities</b>                    |             |              |                |
| Proceeds on issuing of ordinary shares                         | 14          | -            | 1,856          |
| Cost of issue of ordinary shares                               |             | -            | (59)           |
| <b>Net cash inflow from financing activities</b>               |             | <b>-</b>     | <b>1,797</b>   |
| <br>Net increase in cash and cash equivalents                  | 17          | <br>(247)    | <br>233        |
| Cash and cash equivalents at the beginning of the year         |             | 1,071        | 838            |
| <b>Cash and cash equivalents at the end of the year</b>        | 18          | <b>824</b>   | <b>1,071</b>   |

The notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Presentation of the financial statements

#### Description of business & Investing Policy

Gunsynd plc is public limited company domiciled in the United Kingdom. The Company's registered office is 78 Pall Mall, London SW1Y 5ES.

The Company's Investing Policy is to invest in and/or acquire companies and/or projects within the natural resources sector, life sciences sector (concentrating on but not being limited to, plant-based nutrition and environmentally friendly alternatives to food sources) and the alcohol beverage sector, (concentrating on but not being limited to, ingredients used within the production of such beverages including sugar cane, agave, and molasses) which the Board considers, in its opinion, have potential for growth. The Company will consider opportunities in all sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographic focus will primarily be Europe, Australia, the US and the Caribbean, however investments may also be considered in other regions to the extent the Board considers that potential value can be achieved.

Where appropriate, the Board may seek to invest in businesses where it may influence the business at a board level, add their expertise to the management of the business, and utilise their industry relationships and access to finance.

The Company's interests in an investment and/or acquisition may range from a minority position to full ownership and may comprise one investment or multiple investments. The investments may be in either quoted or unquoted companies; be made by direct acquisitions or farm-ins; and may be in companies, partnerships, earn-in joint ventures, debt or other loan structures, joint ventures or direct or indirect interests in assets or projects. The Board may focus on investments where intrinsic value may be achieved from the restructuring of investments or merger of complementary businesses.

The Board expects that investments will typically be held for the medium to long term, although short term disposal of assets cannot be ruled out if there is an opportunity to generate a return for Shareholders. The Board will place no minimum or maximum limit on the length of time that any investment may be held. The Company may be both an active and a passive investor depending on the nature of the individual investment. There is no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover under the AIM Rules. The Board intends to mitigate risk by appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholder approval. The Board considers that, as investments are made and new investment opportunities arise, further funding of the Company may also be required.

Where the Company builds a portfolio of related assets, it is possible that there may be cross holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate. Investments in early stage assets are expected to be mainly in the form of equity, with debt potentially being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing. The Board may also offer New Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including, for example, delays in collecting accounts receivable, unexpected changes in the economic environment and operational problems.

Investments may be made in all types of assets and there will be no investment restrictions on the type of investment that the Company might make or the type of opportunity that may be considered. The Company may consider possible opportunities anywhere in the world.

The Board will conduct initial due diligence appraisals of potential business or projects and, where they believe further investigation is warranted, intend to appoint appropriately qualified persons to assist. The Board believes its expertise will enable it to determine quickly which opportunities could be viable and so progress quickly to formal due diligence. The Company will not have a separate investment manager.

#### Compliance with applicable law and IAS

The financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS) in conformity with the provisions of the Companies Act 2006.

#### Composition of the financial statements

The Company financial statements are drawn up in Sterling, the functional currency of Gunsynd plc and in accordance with IFRS accounting presentation. The level of rounding for financial information is the nearest thousand pounds.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Presentation of the financial statements continued

#### Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

#### Basis of preparation – Going concern

The financial statements have been prepared on a going concern basis. This basis assumes that the company will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Company made a loss for the year of £2,426,000 (2021: profit £2,012,000) after taxation. The Company had net assets of £3,851,000 (2021: £6,303,000) and cash balances of £824,000 (2021: £1,071,000) at 31 July 2022. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved to 31 December 2023. These forecasts show that the Company expects to have sufficient financial resources to continue to operate as a going concern.

In forming the conclusion that it is appropriate to prepare the financial statements on a going concern basis the Directors have made the following assumptions that are relevant to the next twelve months:

- In the event that the Company's investments require further funding, sufficient funding can be obtained; and
- In the event that operating expenditure increases significantly as a result of successful progress with regards to the Company's investments, sufficient funding can be obtained.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. As a junior investment company, the Directors are aware that the Company must go to the marketplace to raise cash to meet its investment plans, and/or consider liquidation of its investments and/or assets as is deemed appropriate. The Company has previously constantly demonstrated its ability to raise further cash by way of completing placings during the prior years, and are confident of further equity fund raising should the company require such cash injection. Therefore, they are confident that existing cash balances, along with the any new funding would be adequate to ensure that costs can be covered.

Consequently, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

#### Financial period

These financial statements cover the financial year from 1 August 2021 to 31 July 2022, with comparative figures for the financial year from 1 August 2020 to 31 July 2021.

#### Accounting principles and policies

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board and signed on their behalf by Hamish Harris and Donald Strang, and described in Note 2, 'Accounting principles and policies'. Information on the application of these accounting policies, including areas of estimation and judgement is given in Note 3, 'Key accounting judgements and estimates. Where appropriate, comparative figures are reclassified to ensure a consistent presentation with current year information.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2 Accounting principles and policies

#### Revenue and other income

Revenue is recognised when persuasive evidence of an arrangement exists, profit has been derived from investments or services have been rendered, prices are fixed or determinable and there is a probability that economic benefits will flow to the Company. Realised profits or losses are recognised at the time in which a contract is entered into to sell and investment. Unrealised profits or losses are recognised when the fair value of financial investments is measured at each period end. Other income relates to services provided and is recognised at the time the service is delivered.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. Further details are set out in Note 5.

#### Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary and deferred shares are classified as equity instruments. The deferred shares have no voting rights and are not eligible for dividends.

#### Share-based payments

Where equity settled 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 balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. 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.

#### Foreign exchange

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.

#### Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

#### Financial instruments

##### *Financial assets*

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

##### *Fair Value through Profit or Loss (FVTPL)*

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments, which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2 Accounting principles and policies continued

#### Financial instruments

##### *Financial assets*

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

##### *Fair Value through Profit or Loss (FVTPL)*

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments, which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

##### *Amortised Cost*

These assets comprise the types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For the receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset, based on analysis of internal or external information. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

##### *Financial investments*

Non-derivative financial assets comprising the Company's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Listed investments are valued at closing bid price on 31 July 2022. Unlisted investments that are not publicly traded and whose fair value cannot be measured reliably, are measured at fair value through profit and loss, less impairment

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2 Accounting principles and policies continued

#### ***Fair Value Measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### ***Convertible Loans***

Convertible Loans made to companies are classified as financial assets. The embedded derivative asset, relating to a convertible loan where the carrying asset converts into a variable number of shares, is held at "fair value through profit or loss". The carrying value of the loan is measured at fair value through profit and loss.

#### ***Trade and other receivables***

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are accounted for at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account the age of the debt, historical experience and general economic conditions. If a trade debt is determined to be uncollectable, it is written off, firstly against any provisions already held and then to the statement of comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss in accordance with the expected credit loss model under IFRS 9. For trade and other receivables which do not contain a significant financing component, the Company applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses. For other debt financial assets, the Company applies the general approach to providing for expected credit losses as prescribed by IFRS 9, which permits for the recognition of an allowance for the estimated expected loss resulting from default in the subsequent 12-month period. Exposure to credit loss is monitored on a continual basis and, where material, the allowance for expected credit losses is adjusted to reflect the risk of default during the lifetime of the financial asset should a significant change in credit risk be identified.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2 Accounting principles and policies continued

The majority of the Company's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Company's clients and the nature of its activities. The outlook for the natural resources industry is not expected to result in a significant change in the Company's exposure to credit losses. As lifetime expected credit losses are not expected to be significant the Company has opted not to adopt the practical expedient available under IFRS 9 to utilise a provision matrix for the recognition of lifetime expected credit losses on trade receivables. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

#### *Trade and other payables*

Trade and other payables are held at amortised cost which equates to nominal value.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and liquid investments generally with maturities of 3 months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in values.

#### **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on disallowed expenses, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **Impairment of non-current assets**

The carrying values of all non-current assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged to the statement of comprehensive income in the year concerned.

Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

#### **Employee Benefit Trusts**

Employee Benefit Trusts ("EBTs") are accounted for under IFRS 10 and are consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included on the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from equity. Although shares were issued to the EBT in prior years, the prior year accounts have not been re-stated for the adjustment as the amounts relating to the prior period was not material.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3 Key accounting judgements and estimates

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

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at 31 July 2022 are set out below:

#### *Share Based Payments*

The Company issued Nil options over its unissued share capital to the directors during the year to 31 July 2022. (2021: 19.00 million)

The fair value of share based payments is calculated by reference to Black Scholes model. Inputs into the model are based on management's best estimates of appropriate volatility, dividend yields, discount rate and share price. During the year, the Company incurred £Nil share based payment charge (2021: £24,000 charge).

#### *Unlisted investments*

The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment. Further details relating to management's assessment of the carrying value of unlisted investments can be found in the Chairman's Report (incorporating the Strategic Review).

#### *Recoverability of receivables*

The Company makes assumptions when implementing the forward-looking ECL model under IFRS 9. The model is used to assess material loans receivable for impairment. Estimates are made regarding the credit risk and underlying probability of default in each of the relevant credit loss scenarios. The Directors makes judgements on the expected likelihood and outcome of each of the scenarios and these expected values are applied to the loan balances.

#### *Fair value of convertible loans*

The Company makes assumptions when measuring the fair value of convertible loans. At the year end the Company held a balance on its convertible loan with Rogue Baron plc relating to accrued interest. The Directors expect this balance to be repaid in cash and, having considered the valuation and the value of the derivative option to convert, have concluded that the difference is not material. The fair value of the loan is therefore considered to be the same as the carrying value of the loan.

### 4 New accounting requirements

These financial statements have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 4 New accounting requirements continued

#### Adoption of new and revised standards:

During the financial year, the Company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

| Standard   | Effective date, annual period beginning on or after |
|--|---|
| Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021  |
| Annual Improvements to IFRS Standards 2018-2020 Cycle                        | 1 January 2021                                      |

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

#### Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company and which have not been applied in these financial statements, were in issue but were not yet effective.

| Standard  | Effective date, annual period beginning on or after |
|---|---|
| Amendments to IAS 1: Presentation of Financial Statements: Disclosure of Accounting Policies                              | 1 January 2023                                      |
| Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current        | 1 January 2023                                      |
| Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates | 1 January 2023                                      |
| Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction     | 1 January 2023                                      |
| Amendments to IFRS 17 Insurance: Insurance contracts  | 1 January 2023                                      |

The adoption of these standards is not expected to have any material impact on the financial statements of the Company.

### 5 Segmental analysis

Segmental analysis is not applicable as there is only one operating segment of the continuing business – investment activities. The performance measure of investment activities is considered by the Board to be profitability and is disclosed on the face of the statement of comprehensive Income. The Board will continually review the segmental analysis of the business on an ongoing basis and at each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 6 Information regarding Directors and employees

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| <b>Included within continuing operations</b>                     |              |              |
| Fees and salaries  | 254          | 258          |
| Social security costs  | 29           | 17           |
| Share based payments   | -            | 20           |
| Post- employment payments to defined contribution pension scheme | 17           | 3            |
|  | <b>300</b>   | <b>298</b>   |

|   | 2022<br>Number | 2021<br>Number |
|---|----------------|----------------|
| Average number of persons employed by the Company (including Directors) during the year |                |                |
| Directors   | 3              | 3              |
| Administrative staff  | 1              | 1              |
| Total   | <b>4</b>       | <b>4</b>       |

|  |              |              |
|--|--------------|--------------|
| The compensation of the Directors, in aggregate, was as follows: | 2022<br>£000 | 2021<br>£000 |
| Fees and salaries  | 231          | 235          |
| Social security costs  | 27           | 15           |
| Share based payments   | -            | 20           |
| Post- employment payments to defined contribution pension scheme | 15           | 2            |
|  | <b>273</b>   | <b>272</b>   |

Full details of the remuneration of individual directors, including the highest paid director, are set out below:

|                  | Fees and<br>salaries<br>£000 | Social<br>security costs<br>£000 | Pension<br>contributions<br>£000 | Total<br>2022<br>£000 | Total<br>2021<br>£000 |
|------------------|------------------------------|----------------------------------|----------------------------------|-----------------------|-----------------------|
| <b>Directors</b> |                              |                                  |                                  |                       |                       |
| Mr H Harris      | 94                           | 12                               | 8                                | 114                   | 97                    |
| Mr D Strang      | 91                           | 10                               | 7                                | 108                   | 96                    |
| Mr P Ruse        | 46                           | 5                                | -                                | 51                    | 59                    |
|                  | <b>231</b>                   | <b>27</b>                        | <b>15</b>                        | <b>273</b>            | <b>252</b>            |

No Directors fees have been accrued (2021: £Nil) and £8,269 remain unpaid at 31 July 2022 (2021: £Nil).

### 7 Other income

|                       | 2022<br>£000 | 2021<br>£000 |
|-----------------------|--------------|--------------|
| Other fees & services | 15           | 26           |
| Total other income    | <b>15</b>    | <b>26</b>    |

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 8 Profit/(Loss) for the year

The following items have been included in operating profit/(loss):

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| Fees payable to the Company's auditors:        |              |              |
| <i>Audit and assurance services:</i>           |              |              |
| - Audit of parent Company financial statements | 24           | 18           |
| <b>Total auditor's fees</b>                    | <b>24</b>    | <b>18</b>    |
| Analysis of other costs:                       |              |              |
| Legal and professional fees                    | 8            | 11           |
| Foreign exchange losses                        | 1            | 7            |
| Other general overheads                        | 215          | 227          |
|  | <b>224</b>   | <b>245</b>   |

### 9 Taxation

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| <b>Taxation charge based on profit/losses for the year</b> |              |              |
| UK Corporation tax   | -            | -            |
| Deferred taxation  | -            | -            |
| <b>Total tax expense</b>                                   | <b>-</b>     | <b>-</b>     |

#### Factors affecting the tax charge for the year:

|   |          |          |
|---|----------|----------|
| (Loss)/profit on ordinary activities before taxation                                    | (2,426)  | 2,012    |
| (Loss)/profit on ordinary activities at the average UK standard rate of 19% (2021: 19%) | (461)    | 382      |
| Effect of:  |          |          |
| Deferred tax (asset)/liability not recognised   | (678)    | (616)    |
| Expenses not deductible for tax purposes  | 372      | 85       |
| Chargeable gains/(losses)   | 42       | -        |
| Remeasurement of deferred tax for changes in tax rates                                  | (14)     | -        |
| Movement in deferred tax not recognised   | 62       | (467)    |
| <b>Current tax charge</b>   | <b>-</b> | <b>-</b> |

As set out in Note 2, the Company has not recognised a deferred tax asset in the financial statements as there is no certainty that taxable profits will be available against which these assets could be utilised.

### 10 Earnings per share

| (Loss)/profit attributable to ordinary shareholders | 2022 | 2021 |
|---|------|------|
|---|------|------|

The calculation of (loss)/profit per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:

|                                      |                |              |
|--------------------------------------|----------------|--------------|
| (Loss)/profit from operations (£000) | (2,426)        | 2,012        |
| <b>Total (£000)</b>                  | <b>(2,426)</b> | <b>2,012</b> |

#### Number of shares

|   |         |        |
|---|---------|--------|
| Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share (millions)   | 449.80  | 362.57 |
| Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share (millions) | 533.84  | 470.73 |
| Basic (loss)/profit per share (expressed in pence)  | (0.540) | 0.558  |
| Diluted (loss)/profit per share (expressed in pence)  | n/a     | 0.428  |

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 11 Financial investments

| Financial assets at fair value through profit or loss: | £000         | £000     | £000         | £000         |
|--|--------------|----------|--------------|--------------|
|  | Level 1      | Level 2  | Level 3      | Total        |
| <b>Fair Value at 31 July 2020</b>                      | <b>340</b>   | <b>-</b> | <b>1,153</b> | <b>1,493</b> |
| Additions  | 1,752        | -        | 504          | 2,256        |
| Fair value changes                                     | 1,468        | -        | 903          | 2,371        |
| Gains/(loss) on disposals                              | 352          | -        | (116)        | 236          |
| Transfer to level 1                                    | 1,542        | -        | (1,542)      | -            |
| Disposal   | (1,041)      | -        | (59)         | (1,100)      |
| Impairment provision                                   | -            | -        | (132)        | (132)        |
| Foreign Exchange                                       | -            | -        | -            | -            |
| <b>Fair Value at 31 July 2021</b>                      | <b>4,413</b> | <b>-</b> | <b>711</b>   | <b>5,124</b> |
| Additions  | 114          | -        | 54           | 168          |
| Fair value changes                                     | (2,168)      | -        | -            | (2,168)      |
| Gains/(loss) on disposals                              | 220          | -        | -            | 220          |
| Transfer to level 1                                    | 125          | -        | (125)        | -            |
| Disposal   | (400)        | -        | -            | (400)        |
| Impairment provision                                   | -            | -        | -            | -            |
| Foreign Exchange                                       | -            | -        | -            | -            |
| <b>Fair Value at 31 July 2021</b>                      | <b>2,304</b> | <b>-</b> | <b>640</b>   | <b>2,944</b> |

**The financial assets splits are as below:**

|  |              |          |            |              |
|--|--------------|----------|------------|--------------|
| Non-current assets – listed                      | 2,304        | -        | -          | 2,304        |
| Non-current assets – unlisted                    | -            | -        | 454        | 454          |
| Non-current assets – unlisted convertible loans* | -            | -        | 186        | 186          |
| <b>Total</b>                                     | <b>2,304</b> | <b>-</b> | <b>640</b> | <b>2,944</b> |

\*£111,000 of the convertible loans is an unlisted convertible loan held in a listed security.

**Gains on investments held at fair value through profit or loss**

|  |                |          |          |                |
|--|----------------|----------|----------|----------------|
| Fair value gain on investments   | (2,168)        | -        | -        | (2,168)        |
| Realised gain on disposal of investments                                 | 221            | -        | -        | 221            |
| <b>Net gain on investments held at fair value through profit or loss</b> | <b>(1,947)</b> | <b>-</b> | <b>-</b> | <b>(1,947)</b> |

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs, which are not based on observable market data.

The Directors carried out an impairment review as at 31 July 2022 and determined a further impairment charge of £Nil (2021: £130,000) was required.

Financial investments comprise investments in listed and unlisted Companies, of which the listed investments are traded on stock markets throughout the world, and are held by the Company as a mix of strategic and short-term investments. The listed investments have been valued at bid price, as quoted on their respective Stock Exchanges, at 31 July 2022.

Fair value hierarchy of financial assets at fair value through profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 12 Trade and other receivables

|                       | 2022       | 2021       |
|-----------------------|------------|------------|
|                       | £000       | £000       |
| <b>Current assets</b> |            |            |
| Other receivables     | 131        | 152        |
| Prepayments           | 32         | 22         |
|                       | <b>163</b> | <b>174</b> |

The carrying value of receivables approximates their fair value.

### 13 Trade and other payables

|                                    | 2022      | 2021      |
|------------------------------------|-----------|-----------|
|                                    | £000      | £000      |
| <b>Amounts due within one year</b> |           |           |
| Trade payables                     | 52        | 23        |
| Other creditors                    | 1         | 23        |
| Accruals and deferred income       | 27        | 20        |
|                                    | <b>80</b> | <b>66</b> |

### 14 Share capital and share premium account

|  | Number<br>of shares | Ordinary<br>share<br>capital<br>£000 | Deferred<br>share<br>capital<br>£000 | Share<br>premium<br>£000 |
|--|---------------------|--------------------------------------|--------------------------------------|--------------------------|
| <b>Share capital issued and fully paid</b>       |                     |                                      |                                      |                          |
| <b>At 31 July 2020</b>                           | <b>254,367,047</b>  | <b>216</b>                           | <b>2,299</b>                         | <b>11,828</b>            |
| Issue of new ordinary shares on 19 November 2020 | 56,606,789          | 48                                   | -                                    | 518                      |
| Issue of new ordinary shares on 4 December 2020  | 56,393,211          | 48                                   | -                                    | 516                      |
| Exercise of warrants on 22 December 2020         | 3,589,743           | 3                                    | -                                    | 44                       |
| Exercise of warrants on 26 January 2021          | 15,384,610          | 13                                   | -                                    | 187                      |
| Issue of new ordinary shares on 1 February 2021  | 15,000,000          | 13                                   | -                                    | -                        |
| Exercise of warrants on 22 February 2021         | 2,750,000           | 2                                    | -                                    | 53                       |
| Exercise of warrants on 15 March 2021            | 5,128,176           | 4                                    | -                                    | 62                       |
| Exercise of warrants on 6 May 2021               | 16,492,320          | 14                                   | -                                    | 200                      |
| Issue of new ordinary shares on 3 June 2021      | 15,000,000          | 13                                   | -                                    | -                        |
| Exercise of warrants on 1 July 2021              | 9,084,610           | 8                                    | -                                    | 110                      |
| Less: costs of share placing                     | -                   | -                                    | -                                    | (59)                     |
| <b>At 31 July 2021</b>                           | <b>449,796,506</b>  | <b>382</b>                           | <b>2,299</b>                         | <b>13,459</b>            |
| No Activity                                      | -                   | -                                    | -                                    | -                        |
| <b>At 31 July 2022</b>                           | <b>449,796,506</b>  | <b>382</b>                           | <b>2,299</b>                         | <b>13,459</b>            |

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 15 Movements in equity

Share capital represents the nominal value of the amount subscribed for shares. Share premium represents the amount subscribed for shares in excess of their nominal value less costs of subscription. Ordinary shares carry the rights to one vote per share at general meetings of the Company and the rights to share in any distributions of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The deferred shares have no voting rights and are not eligible for dividends.

The share-based payment reserve represents amounts arising from the requirement to expense the fair value of share-based remuneration in accordance with IFRS 2 'Share-based Payments'.

Investment in Own Shares represents shares held in trust. As at 31 July 2022 the Company held in Trust 30,000,000 (2021: 30,000,000) of its own shares with a nominal value of £25,500 (2020: £25,500). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 31 July was £150,000 (2021: £360,000). In the current period nil were repurchased (2021: nil) and nil were transferred into the Trust (2021: 30,000,000), with nil reissued on award of shares to directors.

The shares held in EBT were incorrectly classified as an expense in prior period. An adjustment has been made in the current period to correct this. The amounts involved are immaterial and therefore no prior year adjustment was considered necessary.

Retained earnings are the cumulative net losses recognised in the income statement and other comprehensive income.

Movements on these reserves are set out in the statement of changes in equity.

### 16 Related party transactions

The Company had the following transactions with related parties:

The Company charged rent of £15,000 to Cadence Minerals Plc, a company of which Don Strang is a director (2021: £9,000).

The Company held a convertible loan of £111,000 with Rogue Baron Plc, a company of which Hamish Harris is a director (2021: £111,000). Additionally, the Company holds 21,543,653 shares in Rogue Baron plc (2021: 21,543,653). There were no transactions with Rogue Baron Plc during the year. In 2021, the Company converted £639,000 of its Convertible Loan to Rogue Baron Plc into 22,033,293 ordinary shares in Rogue Baron Plc.

### Compensation of key management personnel of the Company

The Company considers the directors to be its key management personnel. Full details of the remuneration of the directors are shown in Note 6.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 17 Reconciliation of net cash flow to movement in net funds

|                                    | 2022<br>£000 | 2021<br>£000 |
|------------------------------------|--------------|--------------|
| Net funds at beginning of the year | 1,071        | 838          |
| (Decrease)/increase in cash        | (247)        | 233          |
| Net funds at end of the year       | 824          | 1,071        |

#### Analysis of changes in net funds

|                           | At 31<br>July<br>2021<br>£000 | Cash<br>Flow<br>£000 | At 31<br>July<br>2022<br>£000 |
|---------------------------|-------------------------------|----------------------|-------------------------------|
| Cash and cash equivalents | 1,071                         | (247)                | 824                           |
| Net funds                 | 1,071                         | (247)                | 824                           |

#### Significant non-cash transactions

During the year the significant non-cash transactions during the year were as follows:

- £2,168,000 of unrealised losses in movement in the market value of the Company's listed financial investments were revalued through the income statement

### 18 Financial instruments and related disclosures

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company reports in Sterling. Internal and external funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Company does not use derivative financial instruments such as forward currency contracts, interest rate and currency swaps or similar instruments. The Company does not issue or use financial instruments of a speculative nature.

#### Capital management

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The capital structure of the Company consists of total shareholders' equity as set out in the 'Statement of changes in equity'. All working capital requirements are financed from existing cash resources.

Capital is managed on a day to day basis to ensure that all entities in the Company are able to operate as a going concern. Operating cash flow is primarily used to cover the overhead costs associated with operating as an AIM and NEX-listed company.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 18 Financial instruments and related disclosures continued

#### Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors consider that there is no significant liquidity risk faced by the Company. The Company maintains sufficient balances in cash to pay accounts payable and accrued expenses.

The Board receives forward looking cash flow projections at periodic intervals during the year as well as information regarding cash balances. At the balance sheet date, the Company had cash balances of £824,000 and the financial forecasts indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to establish overdraft or other borrowing facilities.

#### Interest rate risk

As the Company has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in current, floating rate accounts.

#### Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its financial investment portfolio in the face of market movements, which was a maximum of £2,761,000 (2021: £4,949,000).

The investments in equity of quoted companies that the Company holds are less frequently traded than shares in more widely traded securities. Consequently, the valuations of these investments can be more volatile.

#### Market price risk sensitivity

The table below shows the impact on the return and net assets of the Company if there were to be a 20% movement in overall share prices of the Listed financial investments held at 31 July 2022.

|  | 2022   | 2021   |
|--|--|--|
|  | Other<br>comprehensive<br>income and<br>Net assets | Other<br>comprehensive<br>income and<br>Net assets |
|  | £000   | £000   |
| Decrease if overall share price falls by 20%, with all other variables held constant       | (461)  | (883)  |
| Decrease in other comprehensive earnings and net asset value per Ordinary share (in pence) | (0.001)p   | (0.002)p   |
| Increase if overall share price rises by 20%, with all other variables held constant       | 461  | 883  |
| Increase in other comprehensive earnings and net asset value per Ordinary share (in pence) | 0.001p   | 0.002p   |

The impact of a change of 20% has been selected as this is considered reasonable given the current level of volatility observed and assumes a market value is attainable for the Company's unlisted investments.

#### Currency risk

The Directors consider that there is no significant currency risk faced by the Company. The foreign currency transactions the Company enters into are either denominated in USD, AUD and or CAD. These are all in relation to the Company's investments in Non-Current Assets. These are not considered to hold a separate currency risk as movements in foreign currencies form part of the market price sensitivity risk covered above.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 18 Financial instruments and related disclosures continued

#### Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum exposure to credit risk is:

|                   | 2022<br>£000 | 2021<br>£000 |
|-------------------|--------------|--------------|
| Cash at bank      | 824          | 1,071        |
| Other receivables | 163          | 174          |
|                   | 987          | 1,245        |

The Company's cash balances are held in accounts with Barclays Bank plc, and with its Investment Broker accounts.

#### Fair value of financial assets and liabilities

Financial assets and liabilities are carried in the Statement of Financial Position at either their fair value (financial investments) or at a reasonable approximation of the fair value (trade and other receivables, trade and other payables and cash at bank).

The fair values are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### Trade and other receivables

The following table sets out the fair values of financial assets within Trade and other receivables.

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| <b>Financial assets (Note 12)</b>                  |              |              |
| Trade and other receivables - Non interest earning | 163          | 174          |

There are no financial assets which are past due and for which no provision for bad or doubtful debts has been made.

#### Trade and other payables

The following table sets out financial liabilities within Trade and other payables. These financial liabilities are predominantly non-interest bearing. Other liabilities include tax and social security payables and provisions which do not constitute contractual obligations to deliver cash or other financial assets.

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| <b>Financial liabilities (Note 13)</b> |              |              |
| Trade and other payables               | 80           | 66           |

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 19 Share schemes

The Company has a share option scheme for all employees (including Directors). Options are exercisable at a price agreed at the date of grant. The vesting period is usually between zero and five years. The exercise of options is dependent upon eligible employees meeting performance criteria. The options are settled in equity once exercised.

If the options remain unexercised after their expiry date, the options expire. Options lapse if the employee leaves the Company before the options vest.

#### Options issued, cancelled, & outstanding for the year ended 31 July 2022

|   | Number      | Weighted average exercise price |
|---|-------------|---------------------------------|
| At 31 July 2020                             | 10,251,399  | 3.06p                           |
| Issued                                      | 19,000,000  | 1.00p                           |
| Lapsed                                      | (19,046)    | 446.25p                         |
| At 31 July 2021                             | 29,232,353  | 1.43p                           |
| Lapsed                                      | (3,529,412) | 4.25p                           |
| At 31 July 2022                             | 25,702,941  | 1.04p                           |
| Range of exercise prices                    |             | 1.00p – 4.25p                   |
| Weighted average remaining contractual life |             | 1.04 years                      |

#### Options outstanding & exercisable at 31 July 2022

| Date of grant    | Number     | Exercise price (p) | Expiry date |
|------------------|------------|--------------------|-------------|
| 12 February 2018 | 352,941    | 4.25               | 11/02/2023  |
| 29 July 2020     | 6,350,000  | 1.00               | 29/07/2023  |
| 26 August 2020   | 19,000,000 | 1.00               | 26/08/2023  |
| Total            | 25,702,941 |                    |             |

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight-line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk-free rate of interest and the expected level of dividends in future periods.

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

|                | Risk free rate | Share price volatility | Expected life | Share price at date of grant |
|----------------|----------------|------------------------|---------------|------------------------------|
| 26 August 2020 | 1.3%           | 27.52%                 | 3 years       | £0.00875                     |

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model is the term of the options.

#### Charges to the statement of comprehensive income

|                             | 2022<br>£000 | 2021<br>£000 |
|-----------------------------|--------------|--------------|
| Share based payment charges | -            | 24           |

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 19 Share schemes continued

#### Warrants issued, cancelled, & outstanding for the year ended 31 July 2022

|                        | Number            | Weighted average exercise price |
|------------------------|-------------------|---------------------------------|
| <b>At 31 July 2020</b> | <b>62,717,950</b> | <b>1.30p</b>                    |
| Issued                 | 56,500,000        | 2.00p                           |
| Exercised              | (49,679,459)      | 1.30p                           |
| Exercised              | (2,750,000)       | 2.00p                           |
| Lapsed                 | (2,064,103)       | 1.30p                           |
| <b>At 31 July 2021</b> | <b>64,724,388</b> | <b>1.88p</b>                    |
| Lapsed                 | (64,724,388)      | 1.88p                           |
| <b>At 31 July 2022</b> | <b>-</b>          | <b>-</b>                        |

### 20 Commitments and contingencies

The Company announced it has agreed binding heads of terms with Metals One Plc ("Metals One") to farm into the Black Schist Projects in Finland (the "Projects"), containing a nickel-zinc-copper-cobalt deposit proximal, and analogous, to the large Talvivaara mine.

The Company has agreed to provide funding to Metals One of £1 million for the development of the Project (the "Investment"), for which it will be issued such number of shares in the capital of Finnaust Mining Northern OY ("Finnaust", which holds the Projects), which equal 25% of the voting rights in Finnaust (the "Farm-in").

The Investment is conditional upon Metals One's ordinary shares being admitted to trading on the AIM market of the London Stock Exchange ("Admission") and simultaneous acquisition of Finnaust. Gunsynd will provide the £1 million funding and receive the 25% of Finnaust over a period of 18 months in four equal tranches, beginning on Metals One's Admission and thereafter at six-monthly intervals, to be invested in the development of the Projects.

The Company had a rental commitment under a short term lease totalling £23,000 at 31 July 2022, which is due within one year.

### 21 Ultimate controlling party

There is not considered to be an ultimate controlling party of the company.

### 22 Events after the end of the reporting period

On 13 September 2022, the Company announced it had conditionally invested approximately a further £100,000 in one of its investee companies, Rincon Resources Limited ("Rincon"). This further investment was approved at a general meeting of Rincon shareholders on 28 October 2022.

On 20 September 2022, the company announced it had invested a further AUD\$175,000 (approximately £100,000) into Charger Metals NL.

On 25 October 2022, the company announces that it has invested AUD\$90,000 (approximately £50,000) into Omega Oil & Gas Limited, an ASX listed Australian energy and resources company focused on natural gas exploration and oil production.