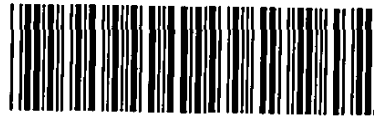


Registration number 07220790 (England and Wales)

**KODAL MINERALS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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## KODAL MINERALS LIMITED

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**KODAL MINERALS LIMITED**

**DIRECTORS, SECRETARY AND ADVISORS**

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**DIRECTORS**

Emin Eyi  
Robert Wooldridge  
Luke Bryan

**SECRETARY:**

Weaver Financial Limited

**COUNTRY OF INCORPORATION:**

England and Wales

**REGISTERED NUMBER:**

07220790

**REGISTERED OFFICE:**

Prince Frederick House  
35-39 Maddox Street  
London W1S 2PP

**SOLICITORS:**

Thomas Eggar LLP  
14 New Street  
London EC2M 4HE

**FINANCIAL ADVISER:**

SP Angel Corporate Finance LLP  
4th Floor  
Prince Frederick House  
35-39 Maddox Street  
London W1S 2PP

## **KODAL MINERALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

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The directors of the Company ("Directors") present their report, together with the unaudited financial statements for Kodal Minerals Limited ('the Company') for the year ended 31 March 2013

The Company is registered in England and Wales, having been incorporated on 13 April 2010 under the Companies Act with registration number 07220790 as a private company limited by shares. On 8 April 2013 the company changed its name to Kodal Minerals Limited from Clearphos Limited

#### **Principal Activity, Business Review and Future Development**

The Company was incorporated for the purposes of acquiring or discovering and developing mineral assets

On 12 October 2012, the Company entered into an agreement (the "Acquisition Agreement") with Tetra Minerals Oy ("Tetra Minerals") a company registered in Finland pursuant to which the Company was granted the right to acquire the entire issued share capital of Kodal Phosphate AS (a Tetra Minerals subsidiary), subject to certain conditions. Kodal Phosphate AS is a Norwegian company which owns certain extraction licences over a phosphate and titanomagnetite deposit which is located in the Vestfold County of Norway in the Lagen valley, approximately 20 km north of Larvik (the "Kodal Project"). The consideration to be paid under the Acquisition Agreement is €100,000 in cash plus the issue of ordinary shares in the Company to a value of £1,750,000 valued at the price at which the Company's ordinary shares are admitted to trading on AIM (the "Admission Price")

Completion of the acquisition is conditional, inter alia, upon admission of the Company's shares to trading on the AIM market ("Admission") by 31 December 2013

In addition, on completion of the acquisition, the Company will enter into a (i) royalty agreement with Tetra Minerals under which it will contract to pay Tetra Minerals a royalty of 1.5% of the gross revenues derived from the Kodal Project, and (ii) an option agreement under which it grants to Tetra Minerals options over such number of ordinary shares that would be issued for a total of £5,000,000 at the Admission Price. These options are exercisable if certain thresholds are met for the levels of JORC indicated mineral resources of phosphate from the Kodal Project. The options have an exercise price of 10 pence per ordinary share

Since October 2012, the Company has undertaken and financed a number of work programmes on the Kodal Project with the intention of validating available historical data on the project and establishing a resource estimation for the deposit. The Company intends to complete its Admission to AIM before 31 December 2013

During the year to 31 March 2013 the Company held a 74% shareholding in a South African subsidiary, Clear Phosphate Minerals (Pty) Limited ("CPM"). CPM was established to explore for phosphate in South Africa and all of its funding was provided by the Company. CPM incurred costs as a result of legal and consultancy work to secure an exploration licence, which was not subsequently granted. In May 2013 the Directors decided to close CPM. All balances due from CPM to the Company were written off as incurred and as at 31 March 2013 a £5,000 provision was made by the Company for closure costs

The Board intends to continue to review other potential projects if opportunities arise

#### **Financial results**

During the year, the Company was focussed on developing the Kodal Project. The cost of this development £355,014 (2012 £12,707) has been capitalised as an intangible asset. If the Company is not able to exercise its option to acquire Kodal Phosphate AS (which owns the extraction licences relating to the Kodal Project) then the Company may need to write down the value of this asset

The Company's loss for the year ended 31 March 2013 was £24,671 (2012 £36,749)

Cash balances at the period end were £19,605 (2012 £3,736)

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## KODAL MINERALS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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#### Principal risks and uncertainties facing the Company

The Company is in the business of exploring for minerals. Accordingly the principal operational risks and uncertainties facing the Company include, but are not limited to, the time and monetary costs associated with unsuccessful exploration efforts, mechanical or technical problems encountered during exploration, failure to define economic mineral resources, inability to establish an economic processing method for any mineral deposit discovered, deterioration in commodity prices or economic conditions.

Under the Acquisition Agreement, the Company needs to complete its admission to AIM by 31 December 2013. The Company is well advanced in the process of becoming admitted; it can offer no certainty that the admission will be completed. Accordingly, the Company may not be able to exercise its option to acquire Kodal Phosphate AS which owns the extraction licences relating to the Kodal Project.

#### Financial instruments and financial risk management

The Company's financial instruments and financial risk management disclosures have been made in Note 11 of the financial statements.

#### Directors

The following Directors held office during the year and remain in office as at the date of this report unless stated otherwise.

Emin Eyi	
John Mackay	Resigned on 21 November 2013
Robert Wooldridge	
Luke Bryan	Appointed 8 April 2013

#### Directors' interests

The beneficial and non-beneficial interests in the Company's shares and share options of the current Directors and their families, as at 31 March 2013 are as follows:

Directors	Ordinary shares	Ordinary shares	Notes
	31 March 2013	31 March 2012	
Emin Eyi	31,232,000	1,000	1
John Mackay	30,451,200	975	1
Robert Wooldridge	30,451,200	975	1
Luke Bryan	5,000,000	-	2

Note 1 In July 2012 the Company performed a bonus issue of 975 ordinary shares of £0.01 for each share held and following the bonus issue there was a share split in which each ordinary share of £0.01 was split into 32 new ordinary shares of £0.0003125 each.

Note 2 Under the agreement that existed between the Company and Novoco Mine Engineering Limited (of which Luke Bryan is the only shareholder) from 1 March 2013, Novoco was entitled to receive 5,000,000 ordinary shares. These shares were actually issued on 8 April 2013.

## KODAL MINERALS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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#### Directors' remuneration and service contracts

The remuneration paid to the Directors and / or entities related to Directors during the year to 31 March 2013 was as follows

Directors	Directors' salary year to 31 March 13	Directors' fees year to 31 March 13	Total year to 31 March 13	Fees and salaries year to 31 March 12	Notes
Emin Eyi	-	-	-	-	1
John Mackay	-	-	-	-	1
Robert Wooldridge	-	-	-	-	1
	-	-	-	-	

The directors were not in receipt of any salary and fees for the year to 31 March 2013 and 31 March 2012

#### Pensions

The Company does not operate a pension scheme for Directors or employees

#### Suppliers' payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with

#### Going concern

The Company is currently dependent upon the financial support received from its shareholders until revenues from its primary business activities are sufficient to satisfy its obligations and fully finance its exploration and development programme. The Company is well advanced in its process of being admitted to the AIM market as part of which it intends to complete a fundraising to cover the costs of the admission and to provide working capital for the next 12 months. On this basis, the Directors believe that the Company has sufficient funds for it to comply with its foreseeable commitments and, accordingly, are satisfied that the going concern basis remains appropriate for the preparation of these financial statements

#### Internal controls

The Board is responsible for identifying and evaluating the major business risks faced by the Company and for determining and monitoring the appropriate course of action to manage these risks

#### Audit committees

The Company does not have an Audit Committee but intends to establish one on admission to AIM

#### Remuneration committee

The Company does not have a Remuneration Committee but intends to establish one on admission to AIM

#### Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the

## KODAL MINERALS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Parent Company, and the profit and loss of the Company for that period

In preparing these financial statements, the Directors are required to

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

#### Audit

For the year ending 31 March 2013, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The Directors and shareholders have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

By order of the Board



Robert Wooldridge  
Director  
19 December 2013

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## KODAL MINERALS LIMITED

### DIRECTORS BIOGRAPHIES AS AT 31 MARCH 2013

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#### *Directors*

##### **Ismail Emin Eyi, aged 46**

Emin is currently managing director of Tri-Star Resources plc, an AIM listed integrated antimony development company. Prior to his current role, Emin was a partner of SP Angel Corporate Finance LLP where he conducted investment and advisory work for clients. He has particular experience of the mining and resource industry and is familiar with those who provide financing and who are active in the investment market for mining and resource companies. Mr Eyi has 20 years' investment banking experience in the natural resource sector at a number of firms including Cazenove & Co, Barings, HSBC and Goldman Sachs. He is a graduate of Imperial College in London, with a Masters degree in Mining Engineering, and is a Fellow of the Geological Society.

##### **Luke Robert Bryan, aged 46**

Luke is a mining engineer with over 20 years of international experience. Most recently he was chief executive officer of North River Resources, an AIM quoted mineral exploration company and prior to that he worked as an independent consultant. Luke has worked in Africa, Australia, the Former Soviet Union and Europe. He holds degrees in Mining Engineering and Economics from Auckland University. Luke is based in London and is a Fellow of the Geological Society.

##### **Robert Ian Wooldridge, aged 49**

Robert is currently a partner at SP Angel Corporate Finance LLP. After graduating with a degree in Natural Sciences from Cambridge University, he spent eight years at PricewaterhouseCoopers International Limited, qualifying as a chartered accountant in 1989. He left in 1994 to join the international equity capital markets division of HSBC Investment Bank where he spent a further eight years and was responsible for completing a number of landmark equity transactions across Europe, India and the Middle East & Africa. In 2003 he joined an investment banking boutique, to head up its corporate finance and securities operation and was then one of the founding partners of SP Angel in 2006. SP Angel is an independent corporate finance and broking operation which focuses on advising small and mid cap companies in the mining, oil and gas and technology sectors.

##### **John Mackay, aged 58**

John is currently a partner at SP Angel Corporate Finance LLP. After obtaining an MBA at INSEAD in 1986, he worked at Merrill Lynch for 10 years. John then spent 5 years at HSBC departing as Deputy CEO of the Investment Banking Division to become Chief Executive of Seymour Pierce, during which time Seymour Pierce acted as Nomad and Broker for over 100 AIM admissions. John specialises in equity capital markets, having begun his banking career as an institutional salesman.



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**KODAL MINERALS LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2013**

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		<b>Year ended 31 March 2012 £</b>	<b>Year ended 31 March 2013 £</b>
Revenue		-	-
Administrative expenses	<b>4</b>	(36,749)	(24,671)
<b>OPERATING LOSS</b>		(36,749)	(24,671)
Finance charges		-	(69)
<b>LOSS BEFORE TAX</b>		(36,749)	(24,740)
Taxation	<b>9</b>	-	-
<b>LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS</b>		(36,749)	(24,740)

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**KODAL MINERALS LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

	Note	31 March 2012 £	31 March 2013 £
<b>INTANGIBLE ASSETS</b>		<u>12,707</u>	<u>355,014</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	5	15,000	5,476
Cash and cash equivalents	6	<u>3,736</u>	<u>19,605</u>
		18,736	25,081
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	<u>18,149</u>	<u>136,955</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>587</u>	<u>(111,874)</u>
<b>NET ASSETS</b>		<u>13,294</u>	<u>243,140</u>
<b>EQUITY</b>			
Called up share capital	8	48	54,804
Share premium account	8	49,995	249,825
Retained deficit		<u>(36,749)</u>	<u>(61,489)</u>
<b>TOTAL EQUITY</b>		<u>13,294</u>	<u>243,140</u>

For the year ending 31 March 2013, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime



Robert Wooldridge  
Director  
19 December 2013

**KODAL MINERALS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2013**

	Note	Issued capital £	Share premium £	Retained losses £	Total £
<b>At 31 March 2011</b>		10	-	-	10
<b>Comprehensive income</b>					
Loss for the year		-	-	(36,749)	(36,749)
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the year</b>		-	-	(36,749)	(36,749)
Proceeds from shares issued	8	38	49 995	-	50,033
<b>At 31 March 2012</b>		48	49,995	(36,749)	13,294
<b>Comprehensive income</b>					
Loss for the year		-	-	(24,740)	(24,740)
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the year</b>		-	-	(24,740)	(24,740)
Proceeds from shares issued	8	7,813	242,188	-	250 001
Bonus issue of shares	8	46,800	(46,800)	-	-
Shares in settlement of services		143	4,442		4,585
<b>At 31 March 2013</b>		54,804	249,825	(61,489)	243,140

**KODAL MINERALS IMITED**

**STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2013**

		<b>31 March 2012 £</b>	<b>31 March 2013 £</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Operating loss	4	(36,749)	(24,671)
Adjustments for non-cash items			
- Equity settled transaction			4,585
Operating cash flow before movements in working capital		(36,749)	(20 086)
<b>Movement in working capital</b>			
Increase / (decrease) in debtors		(14,990)	9,524
(Decrease) / increase in creditors		18,149	118,806
Net movements in working capital		3,159	128 330
Net cash outflow from operating activities		(33,590)	(108,245)
<b>Cash flows from investing activities</b>			
Investment in intangibles		(12,707)	(342 307)
<b>Cash flow from financing activities</b>			
Issued shares	8	50,033	250,001
Interest paid		-	(69)
Net cash inflow from financing activities		50,033	249,932
<b>Increase in cash and cash equivalents</b>	6	3,736	15,869
<b>Cash and cash equivalents at beginning of the year</b>		-	3 736
<b>Cash and cash equivalents at end of the year</b>		3,736	19 605

Cash and cash equivalents comprise cash on hand and bank balances

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## KODAL MINERALS LIMITED

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

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#### 1. PRINCIPAL ACTIVITIES

Kodal Minerals Limited ("the Company") is registered in England and Wales, having been incorporated on 13 April 2010 under the Companies Act 2006 with registration number 07220790 as a private company limited by shares. The registered office of the company is Prince Frederick House, 35-39 Maddox Street, London W1S 2PP, United Kingdom.

On 8 July 2013 the Company changed its name from Clearphos Limited to Kodal Minerals Limited.

On 12 October 2012, the Company entered into an agreement (the 'Acquisition Agreement') with Tetra Minerals Oy ("Tetra Minerals") a company registered in Finland pursuant to which the Company was granted the right to acquire the entire issued share capital of Kodal Phosphate AS (a Tetra Minerals subsidiary), subject to certain conditions. Kodal Phosphate AS is a Norwegian company which owns certain extraction licences over a phosphate and titanomagnetite deposit which is located in the Vestfold County of Norway in the Lagen valley, approximately 20 km north of Larvik (the "Kodal Project"). The consideration to be paid under the Acquisition Agreement is €100,000 in cash plus the issue of ordinary shares in the Company to a value of £1,750,000 valued at the price at which the Company's ordinary shares are admitted to trading on AIM (the "Admission Price").

Completion of the acquisition is conditional, inter alia, upon admission of the Company's shares to trading on the AIM market ("Admission") by 31 December 2013.

In addition, on completion of the acquisition, the Company will enter into a (i) royalty agreement with Tetra Minerals under which it will contract to pay Tetra Minerals a royalty of 1.5% of the gross revenues derived from the Kodal Project, and (ii) an option agreement under which it grants to Tetra Minerals options over such number of ordinary shares that would be issued for a total of £5,000,000 at the Admission Price. These options are exercisable if certain thresholds are met for the levels of JORC indicated mineral resources of phosphate from the Kodal Project. The options have an exercise price of 10 pence per ordinary share.

The Company is in the business of exploring for minerals. Accordingly the principal operational risks and uncertainties facing the Company include, but are not limited to, the time and monetary costs associated with unsuccessful exploration efforts, mechanical or technical problems encountered during exploration, failure to define economic mineral resources, inability to establish an economic processing method for any mineral deposit discovered, deterioration in commodity prices or economic conditions.

#### 2. ACCOUNTING POLICIES

The Company has adopted the accounting policies set out below in preparation of the historical financial information. All of these policies have been applied consistently throughout the period unless otherwise stated.

##### **Basis of preparation**

The historical financial information is prepared in accordance with the historical cost convention and in accordance with the International Financial Reporting Standards ("IFRSs"), including IFRS 6 *Exploration for and Evaluation of Mineral Resources*, as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 2006, except as described below.

The Company held a 74% shareholding in a South African subsidiary, Clear Phosphate Minerals (Pty) Limited ("CPM") during the period ended 31 March 2011 and the years ended 31 March 2012 and 31 March 2013. CPM was established to explore for phosphate in South Africa and all of its funding has been provided by the Company. CPM incurred costs as a result of legal and consultancy work to secure an exploration licence, which was not subsequently granted. In May 2013 the directors of the Company ("Directors") decided to close CPM. All balances due from CPM to the Company were written off as incurred and as at 31 March 2013 a £5,000 provision was made by the Company for closure costs.

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**KODAL MINERALS LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2013**

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As CPM will not form part of the strategic direction of the Company, the historical financial information presented is for the Company only and therefore consolidated historical financial information for the Company and CPM has not been presented. Such consolidated historical financial information would be required by IAS 27 Consolidated and Separate Financial Statements, in all other respects, the historical financial information has been prepared in accordance with IFRS as adopted by the EU.

**Going concern**

The Company is currently dependent upon the financial support received from its shareholders until revenues from its primary business activities are sufficient to satisfy its obligations and fully finance its exploration and development programme. The Company is well advanced in its process of being admitted to the AIM market as part of which it intends to complete a fundraising to cover the costs of the admission and to provide working capital for the next 12 months. On this basis, the Directors believe that the Company has sufficient funds for it to comply with its foreseeable commitments and, accordingly, are satisfied that the going concern basis remains appropriate for the preparation of these financial statements.

**Exploration and evaluation expenditure**

In accordance with IFRS 6, exploration and evaluation costs incurred before the Company obtains legal rights to explore in a specific area (a "project area") are taken to profit or loss.

Upon obtaining legal rights to explore in a project area, the fair value of the consideration paid for acquiring those rights and subsequent exploration and evaluation costs are capitalised as exploration and evaluation assets ("exploration and evaluation assets"). The costs of exploring for and evaluating mineral resources are accumulated with reference to appropriate cost centres being project areas or groups of project areas.

Upon the technical feasibility and commercial viability of extracting the relevant mineral resources becoming demonstrable, the Company ceases further capitalisation of costs under IFRS 6.

Exploration and evaluation assets are not amortised prior to the conclusion of appraisal activities, but are carried at cost less impairment, where the impairment tests are detailed below.

Exploration and evaluation assets are carried forward until the existence (or otherwise) of commercial reserves is determined.

- where commercial reserves have been discovered, the carrying value of the exploration and evaluation assets are reclassified as development and production assets and amortised on an expected unit production basis, or
- where a project area is abandoned or a decision is made to perform no further work, the exploration and evaluation assets are written off in full to profit or loss.

**Exploration and evaluation - impairment**

Project areas, or groups of project areas, are determined to be cash generating units for the purposes of assessment of impairment.

With reference to a project area or group of project areas, the exploration and evaluation assets (along with associated production and development assets) are assessed for impairment when such facts and circumstances suggest that the carrying amount of the assets may exceed the recoverable amount.

Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 and include the point at which a determination is made as to whether or not commercial reserves exist.

The aggregate carrying value is compared against the expected recoverable amount, generally by reference to the present value of the future net cash flows expected to be derived from production of the commercial reserves.

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**KODAL MINERALS LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2013**

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**Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable from the sale of goods and services from the Company's ordinary business activities. Revenue is stated net of discounts, sales and other taxes. There was no revenue received in any of the reported periods.

**Foreign currency translation**

Items included in the Company's historical financial information are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The historical financial information is presented in pounds sterling ("£"), which is the functional and presentational currency of the Company.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**Deferred taxation**

Deferred 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 historical financial information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

**Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the Statement of Comprehensive Income.

**Trade and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

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## **KODAL MINERALS LIMITED**

### **NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013**

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#### **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss

#### **Equity settled transactions**

The Company has applied the requirements of IFRS 2 Share-Based Payments for all grants of equity instruments. The Company has entered into equity settled share based payments as consideration for services received. Equity settled share based payments are measured at fair value at the date of issue.

The Company has measured the fair value by reference to the fair value of the services received.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

#### **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, which has been identified as the Chief Operating Decision Maker. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments in line with the strategic direction of the company.

#### **Financial instruments**

IFRS 7 requires information to be disclosed about the impact of financial instruments on the Company's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

The Company's policies include that no trading in derivative financial instruments shall be undertaken.

The required disclosures have been made in Note 10 to the accounts.

#### **Critical accounting judgements and estimates**

The preparation of historical financial information in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the historical financial information and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRSs also require management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are as follows:



## KODAL MINERALS LIMITED

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

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#### *Exploration and evaluation expenditure*

The Company has capitalised all expenditure incurred in relation to exploration and evaluation of the Kodal Project, a phosphate and titanomagnetite deposit in southern Norway which the Company is treating as a project area, in each period presented in the historical financial information. The Company signed binding heads of terms in January 2012 to secure the option to acquire the legal and beneficial ownership to licences which grant the right to explore and evaluate mineral resources relating to the Kodal Project and in October 2012 signed the Acquisition Agreement. The Company intends to exercise its option under the Acquisition Agreement to complete the licence acquisition on completion of Admission. The Directors consider it appropriate to capitalise costs directly attributable to exploration and evaluation activities on the Kodal Project from January 2012 in accordance with the accounting policy for these costs.

#### **New standards and interpretations not applied**

At the date of authorisation of these historical financial information, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the company's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Company's historical financial information.

<b>Standard</b>	<b>Details of amendment</b>	<b>Annual periods beginning on or after</b>
IFRS 7 Financial Instruments Disclosures	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
IFRS 9 Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2015
IFRS 10 Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2014
IFRS 11 Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.	1 January 2014

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**KODAL MINERALS LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
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IFRS 13 Fair Value Measurement	New guidance on fair value measurement and disclosure requirements	1 January 2013
IAS 19 Employee Benefits	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans	1 January 2013
IAS 27 Consolidated and Separate Financial Statements	Consequential amendments resulting from the issue of IFRS 10, 11 and 12	1 January 2014
IAS 28 Investments in Associates	Consequential amendments resulting from the issue of IFRS 10, 11 and 12	1 January 2014
IAS 32 Financial Instruments Presentation	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.	1 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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**KODAL MINERALS LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
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**3. SEGMENTAL REPORTING**

It is the opinion of the Directors that the operations of the Company represent one segment, and are treated as such when evaluating its performance

**4. OPERATING LOSS**

The operating loss before tax is stated after charging

	Year ended 31 March 12	Year ended 31 March 13
	£	£
Depreciation and amortisation	-	-
Auditor's remuneration	-	-
Legal fees	15,730	1,003
Consultants	1,751	-
Travel expenses	3,359	14,364
Other professional fees	59	874
Exploration and other costs of CPM	25,633	6,075
Sundry	2,924	2,355
	<u>(36,749)</u>	<u>(24,671)</u>

The expenses shown above incurred in relation to the Company's CPM subsidiary were as a result of legal and consultancy work commissioned to secure an exploration licence in South Africa, which was not subsequently granted. In May 2013 the Directors decided to close CPM. All balances due from CPM to the Company were written off as incurred and as at 31 March 2013 a provision of £5,000 was made by the Company for closure costs.

**KODAL MINERALS LIMITED**

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2013**

**5. INTANGIBLE ASSETS**

	<u>Drilling and testing</u>	<u>Consultants</u>	<u>Legal fees</u>	<u>Other</u>	<u>Total</u>
	£	£	£	£	£
<b>Cost</b>					
<b>As at 31 March 2011</b>	-	-	-	-	-
Additions	-	-	12,707	-	12,707
Disposals	-	-	-	-	-
<b>As at 31 March 2012</b>	-	-	12,707	-	12,707
Additions	107,146	208,608	24,453	2,100	342,307
Disposals	-	-	-	-	-
<b>As at 31 March 2013</b>	<u>107,146</u>	<u>208,608</u>	<u>37,160</u>	<u>2,100</u>	<u>355,014</u>

The additions to intangible assets represent the costs incurred by the Company in relation to the Kodal Project

**6. TRADE AND OTHER RECEIVABLES**

	<b>31 March 12</b>	<b>31 March 13</b>
	£	£
Trade receivables	-	-
Other receivables	<u>15,000</u>	<u>5,476</u>
	<u>15,000</u>	<u>5,476</u>

All receivables at each reporting date are current. No receivables are past due but not impaired. The Directors consider that the carrying amount of the other receivables approximates their fair value.

**7. CASH AND CASH EQUIVALENTS**

	<b>31 March 12</b>	<b>31 March 13</b>
	£	£
Cash at bank and in hand	<u>3,736</u>	<u>19,605</u>
	<u>3,736</u>	<u>19,605</u>

**8. TRADE AND OTHER PAYABLES**

	<b>31 March 12</b>	<b>31 March 13</b>
	£	£
Trade payables	5,442	52,073
Other payables	<u>12,707</u>	<u>84,882</u>
	<u>18,149</u>	<u>136,955</u>

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**KODAL MINERALS LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
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All trade and other payables at each reporting date are current. The Directors consider that the carrying amount of the other payables approximates their fair value.

**9. ORDINARY SHARES****Authorised:**

Class	Nominal value	31 March 12	31 March 13
Ordinary	£0.01	# 4,800	# -
Ordinary	£0.0003125	-	175,372,142

**Allotted, issued and fully paid:**

	Nominal Value	Number of Ordinary Shares	Share Capital £	Share Premium £
<b>At 31 March 2011</b>	<b>£0.01</b>	<b>1,000</b>	<b>10</b>	<b>-</b>
Issue	£0.01	3,300	33	-
Issue	£0.01	500	5	49,995
<b>At 31 March 2012</b>	<b>£0.01</b>	<b>4,800</b>	<b>48</b>	<b>49,995</b>
Bonus Issue (Note 1)		4,680,000	46,800	(46,800)
		4,684,800	46,848	3,195
Share split (Note 2)	£0.0003125	149,913,600	46,848	3,195
Issue	£0.0003125	25,000,000	7,813	242,188
Issue (Note 3)	£0.0003125	458,542	143	4,442
<b>At 31 March 2013</b>	<b>£0.0003125</b>	<b>175,372,142</b>	<b>54,804</b>	<b>249,825</b>

Note 1 On 31 July 2012, there was a bonus issue of 975 ordinary shares of £0.01 each for each ordinary share in issue on 24 July 2012. The bonus issue was funded from the share premium account.

Note 2 On 31 July 2012, each ordinary share of the Company of £0.01 was split into 32 new ordinary shares of £0.0003125 each.

Note 3 On 28 March 2013, 458,542 ordinary shares were issued to a supplier of the Company in settlement of services provided to the Company by that supplier. These shares were issued at £0.01 each.

## KODAL MINERALS LIMITED

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

#### 10. TAXATION

	Year ended 31 March 12 £	Year ended 31 March 13 £
Taxation charge for the year	Nil	Nil
<b>Factors affecting the tax charge for the year</b>		
Loss from continuing operations before income tax expenses	(36,749)	(24,671)
Tax at 20% (2012 20% )	(7,350)	(4,934)
Expenses not deductible	5,156	3,832
Losses carried forward not recognised	2,193	1,117
<b>Income tax expense</b>	-	-

The Company has tax losses of £16,000 which will be available for offset against future income. No deferred tax has been reflected on these assets as the timing of their utilisation is uncertain at this stage.

#### 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

The main purpose of cash and cash equivalents financial instruments is to finance the Company's operations. The Company's other financial assets and liabilities such as other receivables and trade and other payables, arise directly from its operations.

It has been the Company's policy, throughout the periods presented in the historical financial information, that no trading in financial instruments was to be undertaken, and no such instruments were entered in to.

The main risk arising from the Company's financial instruments is market risk. The Directors consider other risks to be more minor, and there are summarised below. The Board reviews and agrees policies for managing each of these risks.

##### Market risk

Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the entity's income or the value of its assets and liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

##### Interest rate risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Company to interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

In regard to its interest rate risk, the Company periodically analyses its exposure. Within this analysis consideration is given to alternative investments and the mix of fixed and variable interest rates. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

**KODAL MINERALS LIMITED**

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2013**

**FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate

	Weighted average effective interest rate	Floating interest rate maturing in 1 year or less	Non-interest bearing	Total
	%	£	£	£
<b>31 March 2013</b>				
<b>Financial instruments</b>				
<b>Financial assets</b>				
Trade and other receivables	0.00	-	5,476	5,476
Cash on deposit	0.00	19,605	-	19,605
<b>Total financial assets</b>		<b>19,605</b>	<b>5,476</b>	<b>25,081</b>
<b>Financial liabilities</b>				
Trade and other payables	0.00	-	136,955	136,955
<b>Total financial liabilities</b>		<b>-</b>	<b>136,955</b>	<b>136,955</b>
<b>31 March 2012</b>	%			
<b>Financial instruments</b>				
<b>Financial assets</b>				
Trade and other receivables	0.00	-	15,000	15,000
Cash on deposit	0.00	3,736	-	3,736
<b>Total financial assets</b>		<b>3,736</b>	<b>15,000</b>	<b>18,736</b>
<b>Financial liabilities</b>				
Trade and other payables	0.00	-	18,149	18,149
<b>Total financial liabilities</b>		<b>-</b>	<b>18,149</b>	<b>18,149</b>

**Foreign exchange risk**

Throughout periods presented in the historical financial information, the functional currency for the Company's operating activities has been UK Sterling

The Company incurs certain exploration costs in Norwegian Kronor on the Kodal Project, and has exposure to foreign exchange rates prevailing at the dates when Sterling funds are transferred into Norwegian Kronor. The Company has not hedged against this foreign exchange risk as the Directors do not consider that the level of exposure poses a significant risk.

The Company continues to keep the matter under review as further exploration and evaluation work is performed on the Kodal Project, and will develop currency risk mitigation procedures if the significance of this risk materially increases.

**FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due

The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions

The entity has established policies and processes to manage liquidity risk. These include

- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows,
- Monitoring liquidity ratios (working capital), and
- Capital management procedures, as defined below

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company

The Company's main counterparties are the operators of the respective projects. Funds are normally only remitted on a prepayment basis a short period before the expected commencement of exploration activities. The Company has adopted a policy of only dealing with counterparties that the Directors consider to be creditworthy.

The Company's exposure to, and the credit ratings of, its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Other receivables at 31 March 2012 and 31 March 2013 consist primarily of prepayments and other sundry receivables. Periodic evaluation is performed on the financial condition of accounts receivable.

**Capital management**

The Company's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, whilst in the meantime safeguarding the Company's ability to continue as a going concern. This is to enable the Company, once projects become commercially and technically viable, to provide appropriate returns for shareholders and benefits for other stakeholders.

Throughout the periods presented in the historical financial information, the Company has relied on equity to finance its growth and exploration activity, raised through private placings. In future after admission to the AIM market of the London Stock Exchange plc, the Board will utilise financing sources, be that debt or equity, that best suits the company's working capital requirements and market conditions.

**Fair value**

The fair value of the financial assets and financial liabilities of the Company, at each reporting date, approximates to their carrying amount as disclosed in the Statement of Financial Position and in the related notes.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The cash and cash equivalents, other receivables, trade payables and other current liabilities approximate their carrying value amounts largely due to the short-term maturities of these instruments.



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## KODAL MINERALS LIMITED

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

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#### 12. RELATED PARTY TRANSACTIONS

##### **Directors' shareholdings**

During the year ended 31 March 2012 the three directors of the Company, being Emin Eyi, Robert Wooldridge and John Mackay, subscribed for a total of 2,950 ordinary shares in the Company for an aggregate consideration of £28 50, fully paid up in cash

During the year ended 31 March 2013 these same directors received a total of 2,876,259 new ordinary shares through a bonus issue (Note 8) No consideration was due or paid

The total of the ordinary shares subscribed for by the Directors and bonus shares issued to the Directors, as disclosed above totals 2,879,200 shares which, after the share split on 24 July 2012, equates to a new total of 92,134,400 ordinary shares held by the Directors as at 31 March 2013

##### **Transactions with subsidiary company**

During the two years ended 31 March 2013, £26,708 (year to March 2012 £25,633, year to March 2013, £1,075) of cash was advanced to the Company's subsidiary, CPM, to fund legal fees for the acquisition of an exploration licence in South Africa, which was not subsequently granted The balance due from CPM was impaired as incurred

##### **Transactions with Directors**

Three of the Directors of the Company are also partners/members of SP Angel Corporate Finance LLP which acts as Financial Adviser to the Company and is also a shareholder of the Company SP Angel Corporate Finance LLP has been reimbursed by the Company for travel expenses incurred by two of the Directors on behalf of the Company in the year to 31 March 2012 £3,360 and in the year to 31 March 2013 £2,493 respectively

Furthermore in the years to 31 March 2012 and 31 March 2013 SP Angel Corporate Finance LLP was reimbursed by the Company £nil, £3,375 and £69,845 for expenses paid by it on behalf of the Company

#### 13. EMPLOYEES' AND DIRECTORS' REMUNERATION

There were no employees in the years to 31 March 2012 and 2013 respectively

During these same periods there were no Directors' emoluments paid

#### 14. CONTROL

No one party is identified as controlling the Company

#### 15. POST BALANCE SHEET EVENTS

Kodal Minerals Ltd held a 74% shareholding in a South African subsidiary, CPM, during the year CPM incurred costs as a result of legal and consultancy work to secure an exploration licence, which was not subsequently granted In May 2013 the directors of the Company decided to close CPM All balances due from CPM to the Company were written off and a provision was made by the Company for closure costs

Clearphos Limited, a 100% subsidiary of the Company was incorporated in England and Wales on 16 April 2013 as Kodal Minerals Limited with company registration number of 08491224, and subsequently changed its name to Clearphos Limited on 8 July 2013

On 8 July 2013 the Company changed its name from Clearphos Limited to Kodal Minerals Limited

Kodal Mining AS, a 100% subsidiary of the Company was incorporated in Norway on 19 August 2013 with the company registration number of 00912258556

## KODAL MINERALS LIMITED

### NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

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Since 31 March 2013 the company has issued 13,071,150 ordinary shares to suppliers of the Company in settlement of services provided. Such shares are fully paid and were issued at prices between £0.007 and £0.0164. Furthermore between April and July 2013, the Company has issued a further 18,654,500 ordinary shares each for cash at a price of £0.0164, raising further capital of £305,934.

On 8 November 2013, the Company entered into a consulting contract with Novoco Mine Engineering Limited ("Novoco") which documented the agreement that existed between the Company and Novoco since 1 March 2013. Under this consultancy agreement Novoco provided services to the Company to progress and develop the Kodal Project and the Company agreed to pay the consultant fees as follows:

- An initial fee of £50,000 which was satisfied by the issue of 5,000,000 Ordinary Shares to the consultant on 8 April 2013, and
- A success fee of £250,000 payable only on Admission to AIM which will be satisfied by the issue of either:
  - i 43,500,000 new Ordinary Shares, or
  - ii such higher number of new Ordinary Shares which at the Placing Price have a value of £250,000, and
- A cash success fee which accrues at the rate of £12,500 per month from 1 September 2013 until the date of Admission and is payable only on Admission.

This agreement will terminate on Admission.

By written resolution passed on 6 December 2013, the shareholders of the Company passed ordinary and special resolutions, to empower the Directors to allot equity securities as if section 561(1) of the Companies Act 2006 (as amended) did not apply to any such allotment provided that this power is limited to:

- up to an aggregate nominal amount of £280,000 in connection with the acquisition of Kodal Phosphate, the fundraising in connection with Admission and the issue of ordinary shares to consultants and advisers to the Company in connection with Admission,
- up to an aggregate nominal amount of £320,000 for the options to be issued to Tetra Minerals Oy, and
- otherwise, up to an aggregate nominal amount of £300,000,

and such authorities shall expire 24 months after the passing of the resolutions or if earlier on the date of the annual general meeting of the Company to be held in 2015, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

The Directors have not to date issued any shares under these powers.

By written resolution passed on 6 December, the shareholders of the Company passed resolutions to allow the Directors to re-register the Company as a public company, change its name to Kodal Minerals Plc and adopt new articles of association subject to certain conditions. The Directors have not to date exercised any of these powers.

Under an agreement dated 26 November 2013 between Octavus Properties LLP and the Company, Octavus Properties LLP advanced £900,000 by way of an unsecured loan to the Company carrying interest at the rate of 5 per cent per annum and an arrangement fee of 0.5 per cent of the principal amount of the loan. The loan was applied by the Company as an investment in Clearphos (a wholly-owned subsidiary of the Company) and the proceeds received by Clearphos were then used to pay the consideration for the acquisition of assets by Clearphos from the Company under the sale agreement referred to below. The amount received by the Company as consideration under this sale agreement has been used to repay the principal amount of the loan which was accordingly discharged on 28 November 2013.

Under an agreement dated 26 November 2013 between Clearphos and the Company, the Company agreed to sell to Clearphos all of the mining information, technical information, proprietary know-how and contracts in relation to the development of the Kodal Project. The consideration for the assets to be sold was the sum of £900,000 that was paid by Clearphos to the Company on 28 November 2013.

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**KODAL MINERALS LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2013**

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Under an agreement dated 26 November 2013 between the Company and Clearphos, the Company is to procure that Kodal Phosphate will grant to Clearphos the right to extract and exploit minerals and ores from the Kodal Project, subject to completion of the transfer of assets to Clearphos under the sale agreement referred to above, the acquisition by the Company of Kodal Phosphate and such approvals as may be required under Norwegian Law or from the Norwegian Directorate of Mining. Clearphos will pay to the Company a royalty of 1.75 per cent of the gross revenues earned by Clearphos from the extraction of minerals and ores from the Kodal Project.