
GRAIL RESOURCES PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

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GRAIL RESOURCES PLC

COMPANY INFORMATION

Directors	B Sumner (resigned 26 November 2013) D Faktor (appointed 21 November 2013) K Harris (appointed 21 November 2013) A MacKenzie (appointed 22 November 2013) C Hall (appointed 22 November 2013 & resigned 26 September 2014)
Company secretary	B Sumner
Registered number	07736688
Registered office	106 Mount Street London W1K 2TW
Independent auditors	Nyman Libson Paul Chartered Accountants & Registered Auditors Regina House 124 Finchley Road London NW3 5JS

GRAIL RESOURCES PLC

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GRAIL RESOURCES PLC

GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 30 JUNE 2014

Introduction

The directors present their strategic report for the period ended 30 June 2014.

Business review

The principal activity of the group is that of a management company.

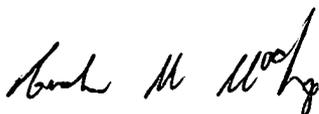
The results for the period show a loss of £28,451 (2013: £Nil). The group has not made any sales during this period.

On 3 December 2013 the group acquired the share capital of Phoenix Opportunities Limited. Details of the acquisition are given in note 16 to the financial statements.

During the financial period the board determined that, with its members having a wealth of experience in extraction and mining businesses, the Company was best placed to position its future activities in mining and extraction management.

To this end the Company has identified a small number of overseas mining and extraction projects where its directors and senior management has the requisite extensive management experience to manage and deliver the project for the project's local owners. The first of these projects has commenced since the financial period ended 30 June 2014.

This report was approved by the board on 30 December 2014 and signed on its behalf.



A MacKenzie
Director

GRAIL RESOURCES PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2014

The directors present their report and the financial statements for the period ended 30 June 2014.

Results

The loss for the period, after taxation, amounted to £28,451 (2013 - profit £NIL).

Directors

The directors who served during the period were:

B Sumner (resigned 26 November 2013)
D Faktor (appointed 21 November 2013)
K Harris (appointed 21 November 2013)
A MacKenzie (appointed 22 November 2013)
C Hall (appointed 22 November 2013 & resigned 26 September 2014)

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

GRAIL RESOURCES PLC

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2014

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 30 December 2014 and signed on its behalf.



A MacKenzie
Director

GRAIL RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAIL RESOURCES PLC

We have audited the financial statements of Grail Resources PLC for the period ended 30 June 2014, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2014 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the group strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

GRAIL RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAIL RESOURCES PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Paul (senior statutory auditor)

for and on behalf of
Nyman Libson Paul

Chartered Accountants
Registered Auditors

Regina House
124 Finchley Road
London
NW3 5JS

Date: 30 DECEMBER 2014

GRAIL RESOURCES PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2014**

	Note	2014 £	2013 £
Administrative expenses		(43,170)	-
OPERATING LOSS	2	(43,170)	-
Interest receivable and similar income		16,019	-
Amounts written off investments		(1,300)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(28,451)	-
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL PERIOD	14	(28,451)	-

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 10 to 18 form part of these financial statements.

GRAIL RESOURCES PLC
REGISTERED NUMBER: 07736688

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£	30 June 2014 £	£	31 August 2013 £
FIXED ASSETS					
Intangible assets	6		313,097		-
CURRENT ASSETS					
Debtors	9	258,139		-	
Investments	10	700		-	
Cash at bank		146,989		-	
		<u>405,828</u>		<u>-</u>	
CREDITORS: amounts falling due within one year	11	(269,100)		-	
NET CURRENT ASSETS			136,728		-
NET ASSETS			<u>449,825</u>		<u>-</u>
CAPITAL AND RESERVES					
Called up share capital	13		478,276		-
Profit and loss account	14		(28,451)		-
SHAREHOLDERS' FUNDS	15		<u>449,825</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2014.



A MacKenzie
Director

The notes on pages 10 to 18 form part of these financial statements.

GRAIL RESOURCES PLC
REGISTERED NUMBER: 07736688

COMPANY BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£	30 June 2014 £	£	31 August 2013 £
FIXED ASSETS					
Investments	7		478,276		-
CURRENT ASSETS					
Debtors	9	24,709		-	
Cash at bank		146,495		-	
		<u>171,204</u>		<u>-</u>	
CREDITORS: amounts falling due within one year	11	<u>(203,400)</u>		<u>-</u>	
NET CURRENT LIABILITIES			<u>(32,196)</u>		<u>-</u>
NET ASSETS			<u>446,080</u>		<u>-</u>
CAPITAL AND RESERVES					
Called up share capital	13		478,276		-
Profit and loss account	14		<u>(32,196)</u>		<u>-</u>
SHAREHOLDERS' FUNDS	15		<u>446,080</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2014.



A MacKenzie
Director

The notes on pages 10 to 18 form part of these financial statements.

GRAIL RESOURCES PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	17	130,887	-
Returns on investments and servicing of finance	18	16,019	-
INCREASE IN CASH IN THE PERIOD		<u>146,906</u>	<u>-</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 30 JUNE 2014

	2014 £	2013 £
Increase in cash in the period	146,906	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	<u>146,906</u>	<u>-</u>
Other non-cash changes	783	-
MOVEMENT IN NET DEBT IN THE PERIOD	<u>147,689</u>	<u>-</u>
NET FUNDS AT 30 JUNE 2014	<u>147,689</u>	<u>-</u>

The notes on pages 10 to 18 form part of these financial statements.

GRAIL RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Grail Resources PLC and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the period are included from the effective date of acquisition. These purchases have been accounted for under the acquisition method of accounting.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 20 years.

1.4 Investments

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

Current asset investments are stated at the lower of cost and net realisable value. Where listed shares are held as a current asset investment the aggregate market value of those investments is disclosed where it differs from the balance sheet amount.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	16,479	-

During the period, no director received any emoluments (2013 - £NIL).

3. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,400	-
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	2,400	-
Taxation compliance services	900	-

4. STAFF COSTS

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

	2014 No.	2013 No.
Directors	4	1

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

5. TAXATION

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(28,451)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	(5,690)	-
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,240	-
Unrelieved tax losses carried forward	4,450	-
Current tax charge for the period/year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

6. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 1 September 2013	-
Additions	329,576
At 30 June 2014	<u>329,576</u>
Amortisation	
At 1 September 2013	-
Charge for the period	16,479
At 30 June 2014	<u>16,479</u>
Net book value	
At 30 June 2014	<u>313,097</u>
At 31 August 2013	<u>-</u>

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

7. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2013	-
Additions	478,276
At 30 June 2014	<u>478,276</u>
Net book value	
At 30 June 2014	<u>478,276</u>
At 31 August 2013	<u>-</u>

Details of the principal subsidiaries can be found under note number 8.

8. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Phoenix Opportunities Limited	England and Wales	100	Investment company

9. DEBTORS

	<u>Group</u>		<u>Company</u>	
	30 June 2014 £	31 August 2013 £	30 June 2014 £	31 August 2013 £
Other debtors	258,139	-	24,709	-

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

10. CURRENT ASSET INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	30 June 2014 £	31 August 2013 £	30 June 2014 £	31 August 2013 £
Listed investments	700	-	-	-

Group listed investments

The market value of the listed investments at 30 June 2014 was £700 (2013 - £NIL).

Company listed investments

The market value of the listed investments at 30 June 2014 was £NIL (2013 - £NIL).

**11. CREDITORS:
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	30 June 2014 £	31 August 2013 £	30 June 2014 £	31 August 2013 £
Trade creditors	17,300	-	-	-
Other creditors	229,000	-	183,000	-
Accruals and deferred income	22,800	-	20,400	-
	<u>269,100</u>	<u>-</u>	<u>203,400</u>	<u>-</u>

12. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	30 June 2014 £	31 August 2013 £	30 June 2014 £	31 August 2013 £
At beginning and end of period/year	-	-	-	-

A deferred tax asset of £4,450 (2013: £Nil) has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that this asset will be recovered. The asset will be recovered if there are sufficient taxable profits arising in future.

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

13. SHARE CAPITAL

	30 June 2014 £	31 August 2013 £
Allotted, called up and fully paid		
102,179,051 Ordinary shares of £0.001 each	102,179	-
376,096,737 Deferred shares of £0.001 each	376,097	-
1 Ordinary share of £0.01	-	-
	478,276	-
	478,276	-

At 31 August 2013 the company had 1 ordinary share of £0.01 in issue. On 13 November 2013 a resolution was passed to subdivide this into 10 ordinary shares of £0.001 each.

On 20 December 2013 the company issue a further 102,179,041 ordinary shares of £0.001 each and 376,096,737 deferred shares of £0.001 each as consideration to the ordinary and deferred shareholders of Phoenix Opportunities Limited for the acquisition of their shares in that company.

The holders of the ordinary shares of £0.001 each have full rights with regard to voting, dividends and capital distribution.

The holders of the deferred shares of £0.001 each have no entitlement to any participation in the profits or assets of the company. They also have no entitlement to receive notice of, attend or vote at General Meetings of the company.

14. RESERVES

	Profit and loss account £
Group	
Loss for the financial period	(28,451)
At 30 June 2014	(28,451)
	(28,451)
	Profit and loss account £
Company	
Loss for the financial period	(32,196)
At 30 June 2014	(32,196)
	(32,196)

GRAIL RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 June 2014 £	31 August 2013 £
Group		
Opening shareholders' funds	-	-
(Loss)/profit for the financial period/year	(28,451)	-
Shares issued during the period/year	478,276	-
	<hr/>	<hr/>
Closing shareholders' funds	449,825	-
	<hr/> <hr/>	<hr/> <hr/>
	30 June 2014 £	31 August 2013 £
Company		
Opening shareholders' funds	-	-
(Loss)/profit for the financial period/year	(32,196)	-
Shares issued during the period/year	478,276	-
	<hr/>	<hr/>
Closing shareholders' funds	446,080	-
	<hr/> <hr/>	<hr/> <hr/>

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

The (loss)/profit for the period/year dealt with in the accounts of the company was £32,196 (2013 - £NIL).

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

16. ACQUISITIONS AND DISPOSALS

On 3 December 2013 the company acquired Phoenix Opportunities Limited, a company registered in England and Wales.

Acquisitions

	Vendors' book value £	Fair value to the group £
Assets and liabilities acquired		
Current asset investments	2,000	2,000
Debtors	232,420	232,420
Cash at bank	83	83
Trade creditors	(14,803)	(14,803)
Other creditors and provisions	(71,000)	(71,000)
	<u>148,700</u>	<u>148,700</u>

Satisfied by

Consideration: Issue of shares	<u>478,276</u>
Goodwill arising on consolidation (see note 6)	<u>329,576</u>

Goodwill being amortised (details of amortisation to be provided)

The company has applied merger relief on the acquisition. The fair value of the shares issued is considered to be equal to their nominal value and no merger reserve has therefore been recognised.

The summarised profit and loss account for Phoenix Opportunities Limited for the period from 1 September 2013 to the date of acquisition was as follows:

Operating loss	<u>(80,084)</u>
Loss before tax	<u>(380,084)</u>
Loss after tax	<u>(380,084)</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating (loss)/profit	(43,170)	-
Amortisation of intangible fixed assets	16,479	-
Increase in debtors	(25,719)	-
Increase in creditors	183,297	-
	<u>130,887</u>	<u>-</u>

GRAIL RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014**

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	16,019	-

19. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Acquisition £	Other non-cash changes £	30 June 2014 £
Cash at bank and in hand	-	146,906	83	-	146,989
Liquid resources:					
Current asset investments	-	-	2,000	(1,300)	700
Net funds	-	146,906	2,083	(1,300)	147,689

20. RELATED PARTY TRANSACTIONS

The group has made loans of £242,120 to AGM Opportunities Limited. The director D Faktor is a director and shareholder of AGM Opportunities Limited. Interest receivable of £16,019 on these loans have been recognised in the profit and loss account for the period ended 30 June 2014.

The group has received loans of £58,000 from the director D Faktor.

21. CONTROLLING PARTY

There is no controlling party as none of the shareholders have a large enough individual share in the company.