

Ebullio Return Special Purpose Vehicle Limited

Financial Statements

Period from 28 March 2012 (date of incorporation) to 30 April 2013



Ebullio Return Special Purpose Vehicle Limited

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Ebullio Return Special Purpose Vehicle Limited

Directors and General Information

Directors

Lars Steffensen
David Sutcliffe
Joseph Crawley

Registered Office

Ebullio House
33 Clarence Street
Southend-On-Sea
Essex
SS1 1BH
United Kingdom

Investment Manager

Ebullio Capital Management LLP
Ebullio House
33 Clarence Street
Southend-On-Sea SS1 1BD
United Kingdom

Independent Auditor

Kinetic Partners Audit LLP
Level 10
1 London Wall
London
EC2Y 5HB

Registered number

08010205

Ebullio Return Special Purpose Vehicle Limited

Directors' Report

Directors' Report

The Directors present their report and the audited financial statements of Ebullio Return Special Purpose Vehicle Limited ("the Company") for the period from incorporation on 28 March 2012 to 30 April 2013

Principal activity and review of the business

The principal activity of the Company in the period under review was that of generating long-term positive capital appreciation for investors primarily through investments in entities directly or indirectly holding mining assets. The Company's investment strategy is speculative and entails substantial risks. There can be no assurance that the Company will achieve its investment objective.

The Directors do not foresee any change in the nature of the Company's activity going forward.

Results and dividends

The profit for the period, after taxation, was £5,809,678. No dividends were proposed during the period.

Directors

The Directors during the year under review and up to the date of this report were

Lars Steffensen (appointed 28 March 2012)
David Sutcliffe (appointed 28 March 2012)
Joseph Crawley (appointed 28 March 2012)

Key performance indicators ("KPIs")

The key performance indicators are the level of capital appreciation of the investment in Ebullio Commodities Limited.

Principal risks and uncertainties

The principal risks affecting the Company are market (including potential lower prices for mining production), credit, liquidity and operational risks associated with the trading and investment activities of Ebullio Commodities Limited. Market, credit and liquidity risks are discussed in detail in note 7 to these financial statements.

Going concern

The Company has sufficient liquid resources and access to funding from its ultimate controlling party should this be required, to enable it to meet its liabilities as they fall due for at least twelve months from the date of the approval of these financial statements. It is envisaged that income will exceed costs during the next twelve months. Hence the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing the financial statements.

Ebullio Return Special Purpose Vehicle Limited

Directors' Report

Directors' Report (continued)

Directors' statement as to disclosure of information to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information (as defined by section 418 of the (Companies Act 2006) of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Kinetic Partners Audit LLP, have indicated their willingness to continue in office. A resolution concerning their reappointment will be put to the directors at the board meeting approving these financial statements.

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) issued by the International Accounting Standards Board (IASB). 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 of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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 company will continue in business.

Ebullio Return Special Purpose Vehicle Limited

Directors' Report

Directors' Report (continued)

Statement of directors' responsibilities (continued)

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

On behalf of the board



Lars Steffensen

Director

10 January 2014

Independent auditor's report to the Shareholders of Ebullio Return Special Purpose Vehicle Limited

We have audited the accompanying financial statements of Ebullio Return Special Purpose Vehicle Limited (the "Company") for the period from 28 March 2012 (date of incorporation) to 30 April 2013, which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

The Company's principal asset is an investment in a UK private company. As there is no active market for this investment, measurement of its fair value has been made by the Directors using inputs that are not based on observable market data. Accordingly, we were unable to obtain sufficient appropriate audit evidence regarding the value of the Company's holding in financial assets held at fair value through profit or loss of £37,136,480 and the related unrealised gain of £6,011,480 shown in the statement of comprehensive income.

Independent auditor's report to the shareholders of Ebullio Return Special Purpose Vehicle Limited (continued)

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 April 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 Directors' report for the financial period for which financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

In respect of the limitation on our work relating to the investment described above, in our opinion we have not obtained all the information and explanations that we consider necessary for the purpose of our report. In all other respects, in our opinion, we have obtained all the information and explanations that we consider necessary for the purpose of our report

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, 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

Kinetic Partners Audit LLP

Deborah Weston (Senior statutory auditor)

for and on behalf of Kinetic Partners Audit LLP, Statutory Auditor

One London Wall, Level 10

London

EC2Y 5HB

10 January 2014



Ebullio Return Special Purpose Vehicle Limited
Statement of Comprehensive Income
For the period from 28 March 2012 (date of incorporation) to 30 April 2013

Registered number 08010205

| | Notes | 2013 £ |
|--|-------|------------------|
| Gain in financial asset at fair value through profit or loss | 3 | 6,011,480 |
| Expenses | | (201,802) |
| Operating profit | 4 | 5,809,678 |
| Taxation | 6 | - |
| Retained profit for the period | | 5,809,678 |

The activities of the Company relate entirely to continuing operations

The accompanying notes on pages 12 to 27 are an integral part of these financial statements

Ebullio Return Special Purpose Vehicle Limited
Statement of Financial Position
As at 30 April 2013

Registered number 08010205

| | Notes | 2013 £ |
|---|-------|---------------------|
| Assets | | |
| Financial assets at fair value through profit or loss | 9 | 37,136,480 |
| Cash and cash equivalents | | 9,991 |
| Total assets | | 37,146,471 |
| Equity and liabilities | | |
| <i>Capital and Reserves</i> | | |
| Issued capital | 13 | (31,125,000) |
| Retained earnings | | (5,809,678) |
| Total equity | | (36,934,678) |
| <i>Liabilities</i> | | |
| Trade and other payables | 11 | (211,793) |
| Total liabilities | | (211,793) |
| Total equity and liabilities | | (37,146,471) |

The financial statements were approved and authorised for issue in accordance with a resolution of the Directors on 10 January 2014

On behalf of the Board

Director

The accompanying notes on pages 12 to 27 are an integral part of these financial statements

Ebullio Return Special Purpose Vehicle Limited

Statement of Changes in Equity

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

| | Share capital | Retained earnings | Total |
|----------------------------|--------------------------|------------------------------|-------------------|
| | £ | £ | £ |
| On incorporation | - | - | - |
| Issue of ordinary shares | 31,125,000 | - | 31,125,000 |
| Profit for the period | - | 5,809,678 | 5,809,678 |
| As at 30 April 2013 | 31,125,000 | 5,809,678 | 36,934,678 |

The accompanying notes on pages 12 to 27 are an integral part of these financial statements

Ebullio Return Special Purpose Vehicle Limited

Statement of Cash Flows

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

| | Notes | 2013 £ |
|--|--------------|---------------------|
| Cash flows from operating activities | | |
| Cash used in operations | 14 | 9,991 |
| Net cash from operating activities | | <u>9,991</u> |
| Net increase in cash and cash equivalents | | 9,991 |
| Cash and cash equivalents on incorporation | | - |
| Cash and cash equivalents as at 30 April 2013 | | <u>9,991</u> |

Non-cash transaction

The issue of share capital of £31,125,000 was settled by way of an in specie transfer of investments, as described in note 13

The accompanying notes on pages 12 to 27 are an integral part of these financial statements

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

1. General information

Ebullio Return Special Purpose Vehicle Limited (the “Company”) is a private company limited by shares incorporated under the Companies Act 2006 on 28 March 2012

2. Significant accounting policies

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, as they apply to the financial statements of the Company. The significant accounting policies adopted in the preparation of these financial statements are set out below

(a) Basis of preparation

The financial statements are presented in GBP (“the functional currency”) and are rounded to the nearest pound. These financial statements are prepared on a fair value basis with financial assets and financial liabilities held for trading (including derivative financial instruments) at fair value through profit or loss. Other financial assets and financial liabilities are stated at amortised cost.

(b) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the 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 judgments about carrying values of assets and liabilities that are not readily apparent from independent sources. Actual results may differ from these estimates. The principal area that estimates have been used is in relation to the valuation of the investment in a UK private company.

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 affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Adoption of new and revised standards

Standards and amendments to existing standards effective or early adopted during the financial reporting period

There are no new standards or amendments to existing standards which are mandatorily effective during the financial reporting period which have had a material impact on the Company.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

2. Significant accounting policies (continued)

(c) Adoption of new and revised standards (continued)

IFRS 13, 'Fair Value Measurement', effective for annual periods beginning on or after 1 January 2013, has been early adopted voluntarily. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

New standards, amendments and interpretations not yet effective nor early adopted

A number of standards, amendments to standards and interpretations are effective for future accounting periods, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, however, IFRS 9 is summarised below as it is considered to have the most relevance to the Company out of all the new standards.

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the profit or loss, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

(d) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

2. Significant accounting policies (continued)

(d) Foreign currency translation (continued)

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign exchange gains or losses"

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in financial assets and financial liabilities at fair value through profit or loss'

(e) Financial instruments

(i) Classification

The Company has classified financial assets and financial liabilities into the following categories

Financial assets and financial liabilities at fair value through profit or loss

- Financial instruments designated at fair value through profit or loss upon initial recognition - these are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's investment strategy. They comprise investments in private limited companies. The Company's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Financial assets and financial liabilities at amortised cost (as a close approximation of fair value)

- Loans and receivables - these include amount receivables
- Other liabilities - these include amount payable to related parties and other accrued expenses

(ii) Recognition

The Company recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

The Company accounts for the regular purchases and sales of investments using trade date accounting. From this date, any gains and losses arising from changes in fair value of the investments are recognised in the statement of comprehensive income.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Measurement

Financial assets and financial liabilities are initially measured at fair value and, in the case of financial assets and financial liabilities not measured at fair value through profit or loss, including transaction costs. Transaction costs on financial assets and financial liabilities that are measured at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of the investments are recognised in the statement of comprehensive income in the period in which they arise.

Financial assets and financial liabilities, other than those at fair value through profit or loss, are valued at amortised cost, which the Directors and Investment Manager believe to be a fair approximation of fair value given their short-term nature and no overall indication of impairment.

(iv) Fair value measurement principles

Fair value is the price that would be received in selling an asset, or paid in transferring a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

Investments in private corporations are recorded at fair value as reported by the their respective administrators after consultation with the Investment Manager.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39, 'Financial Instruments Recognition and Measurement'.

Financial assets at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the counterparty for the payment are recognised as of the date the Company commits to the sale of the asset. The Company uses the "first in-first-out" basis to determine the gains or losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(vi) Impairment

Financial assets which are stated at amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(vii) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(g) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(h) Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

2. Significant accounting policies (continued)

(i) Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Deferred tax is not provided on taxable temporary differences associated with investments in subsidiaries and associates where the investor is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the rate of tax expected to apply when the asset or liability crystallise and are not discounted.

3. Income

**From date of
incorporation on
28 March 2012 to
30 April 2013
£**

| | |
|--|------------------|
| Gain in the fair value of financial assets and liabilities | <u>6,011,480</u> |
|--|------------------|

The gain in the fair value of financial assets relates to the Company's investment in Ebullio Commodities Limited, a company registered in the United Kingdom. See also note 8.

4. Operating profit

The audit fee is £6,000.

5. Staff costs

The Company did not employ any staff during the period from incorporation on 28 March 2012 to 30 April 2013.

The directors have not received any remuneration from the Company during the period from incorporation on 28 March 2012 to 30 April 2013.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

6. Taxation

(a) Tax on profit on ordinary activities

| | From date of incorporation on 28 March 2012 to 30 April 2013 £ |
|--------------------|--|
| Current tax | |
| UK corporation tax | - |
| Total tax charge | - |

(b) Factors affecting the tax charge for the year

The tax assessed on profit on ordinary activities for the period differs from the standard UK corporation tax rate, prorated for the period, of 24 2%. The differences are reconciled below

| | From date of incorporation on 28 March 2012 to 30 April 2013 £ |
|---------------------------------------|--|
| Operating profit before taxation | 5,809,678 |
| Tax at 24 2% | 1,405,942 |
| Effect of | |
| Income not subject to corporation tax | (1,454,778) |
| Taxable losses carried forward | 48,835 |
| | - |

(c) Deferred tax

Deferred tax has not been provided on the gain in the fair value of Company's investment in Ebullio Commodities Limited as the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

A deferred tax asset of £48,835, in relation to taxable losses, has not been recognised, as the director considers that there is an element of uncertainty that the losses will be able to be offset against future taxable profits

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

7. Financial instruments and associated risks

The Company's investing activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk (comprising price risk, interest rate risk and currency risk), credit risk and liquidity risk, as well as risks associated with specific financial instruments.

The following summary is not intended to be a comprehensive outline of all risks.

(a) Market risk

The investments of the Company are subject to normal market fluctuations and the risks inherent in investing in securities. There can be no assurance of appreciation or effective loss mitigation. Market risk embodies the potential for both gains and losses including price risk, interest rate risk and currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's strategy for the management of market risk is driven by the Company's investment objective, as described in the Directors' report. The Company's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

(i) Price risk

Price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Company is exposed to significant equity securities price risk. The majority of the Company's assets are invested in a single private corporation resulting in high concentration risk. Private equity securities prices can be influenced by, among other things, leadership of the management, trade, fiscal, monetary, and exchange control programs and policies of governments, political and economic events and policies, changes in national and international interest rates and rates of inflation, currency devaluations and revaluations, supply and demand of the underlying commodities or financial instruments traded, and emotions of the marketplace.

An analysis of the Company's exposure by class of investment for financial assets measured at fair value through profit or loss as at 30 April 2013 is shown below.

| | Fair value £ | % of net assets |
|---|-----------------|--------------------|
| Financial assets designated at fair value through profit or loss | | |
| Investment in a private limited company | 37,136,480 | 100.55% |

If the value of the investment in a private limited company at 30 April 2013 had increased or decreased by 5% with all other variables held constant, this would have increased or decreased respectively net assets attributable to ordinary shareholders by £1,856,824.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

7. Financial instruments and associated risks (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Company is not exposed to interest rate risk as it has no financial asset or liability that is interest-bearing.

(iii) Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than GBP, its functional currency. Consequently, the Company is exposed to the risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Company's financial assets or liabilities in currencies other than the functional currency.

The Company's policy with respect to managing its currency risk is that it will seek, to the extent possible, to minimise any currency exchange exposure and costs by investing mainly in instruments denominated in the functional currency.

During the period from 28 March 2012 (date of incorporation) to 30 April 2013, the Company did not enter into any transaction denominated in other than its functional currency.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, whether due to insolvency, bankruptcy or other causes.

The Company manages its exposure to credit risk by closely monitoring the investment activity and other activities of Ebullio Commodities Limited ("ECL").

As at 30 April 2013, all of the Company's financial assets potentially exposed it to credit risk. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying amounts as follows:

| | Carrying amount £ | % of total assets |
|---|-------------------------|----------------------|
| Financial assets at fair value through profit or loss | 37,136,480 | 99.97% |
| Cash and cash equivalents | 9,991 | 0.03% |
| | 37,146,471 | 100.00% |

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

7. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

The main concentration to which the Company is exposed arises from investment in Ebullio Commodities Limited ("ECL"), a private company limited by shares incorporated under the Companies Act 2006, which in turn has invested its assets primarily in a mining holding company registered in Germany

The exposure to ECL, which represented 99.97% of the total assets of the Company as at 30 April 2013, is by way of holding 49.75% of the equity share capital of ECL. The performance of ECL will impact directly the Company's performance. The Company manages its exposure to credit risk by closely monitoring the investment and other activities of ECL.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is exposed to liquidity risk that arises from amount payable to various related parties which represented 87.29% of the total liabilities of the Company as at 30 April 2013. The liquidity risk is not significant as the related parties, under the management of common Directors as the Company, will not demand for payments from the Company until it has sufficient funds.

The Company has policy in place to hold a minimum amount of cash to meet its operating expenses as and when they fall due.

All financial liabilities have a contractual maturity of less than 1 month. This is the basis of their earliest possible contractual maturity.

8. Fair value measurement

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

8. Fair value measurement (continued)

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Directors, who consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. Fair values of financial instruments not traded in active markets may be determined using valuation techniques. The carrying amounts of other financial assets and liabilities including other receivables and payables approximate their fair values due to the immediate or short-term nature of these financial instruments.

The following table analyses within the fair value hierarchy by level of the Company's financial assets and financial liabilities held for trading at fair value through profit or loss measured at fair value as at 30 April 2013.

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|--------------|--------------|-------------------|-------------------|
| Financial assets designated at fair value through profit or loss | | | | |
| Investment in private company | - | - | 37,136,480 | 37,136,480 |
| | - | - | 37,136,480 | 37,136,480 |

The level 3 investment represents the Company's investment in Ebullio Commodities Limited ("ECL"). Related parties, Ebullio Invest Limited and Ebullio Partnership LLP, also hold investments in Ebullio Commodities Limited.

ECL has invested in Pera Maden AG. The Directors have assessed the fair value of the investment in Pera Maden AG (and consequently the fair value of the investment in ECL) based on an initial valuation on an Open Pit basis in February 2012 by Pera Maden AG and on subsequent revaluations, performed by the Company's management, of the mining assets of Pera Maden AG's investee, Pera Maden AS. The Directors applied a one-third discount to the initial valuation to arrive at a conservative valuation. Subsequent valuations reflect observable inputs. The Directors are actively involved in the management of the mining assets and are confident that the investment is included at an appropriate fair value.

There were no transfers between levels during the period from 28 March 2012 (date of incorporation) to 30 April 2013.

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For the period from 28 March 2012 (date of incorporation) to 30 April 2013

9. Financial assets at fair value through profit or loss

The following table shows the financial assets at fair value through profit or loss held by the Company as at 30 April 2013

| | 2013 £ |
|---|--|
| Financial assets designated at fair value through profit or loss | |
| Investment in private company | 37,136,480 |
| | <u>37,136,480</u> |
| | Private limited company £ |
| On incorporation | - |
| Acquired | 31,125,000 |
| Increase in fair value | 6,011,480 |
| As at 30 April 2013 | <u>37,136,480</u> |

10. Financial instruments by category

The following table shows the categorisation of financial assets and financial liabilities held by the Company as at 30 April 2013

| | Designated at fair value through profit or loss £ | Loans and receivables £ | Other financial liabilities £ | Total £ |
|---|---|-------------------------------|--|-------------------|
| Financial assets at fair value through profit or loss | 42,682,169 | - | - | 42,682,169 |
| Cash and cash equivalents | - | 9,991 | - | 9,991 |
| | <u>42,682,169</u> | <u>9,991</u> | <u>-</u> | <u>42,692,160</u> |
| Trade and other payables | - | - | (211,793) | (211,793) |
| | <u>-</u> | <u>-</u> | <u>(211,793)</u> | <u>(211,793)</u> |

11. Trade and other payables

As at 30 April 2013 trade and other payables comprise the following

| | 2013 £ |
|--------------------------------|----------------|
| Accruals | 26,927 |
| Amounts due to related parties | 184,865 |
| | <u>211,793</u> |

Ebullio Return Special Purpose Vehicle Limited

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For the period from 28 March 2012 (date of incorporation) to 30 April 2013

11. Trade and other payables (continued)

As at 30 April 2013 amounts due to related parties comprises the following

| | Notes | 2013 £ |
|--------------------------------|--------|----------------|
| Ebullio Capital Management LLP | 12 (a) | 37,338 |
| Ebullio Commodities Limited | 12 (c) | 144,027 |
| Ebullio Invest Limited | 12 (d) | 3,500 |
| | | <u>184,865</u> |

12. Related party transactions

a) *Ebullio Capital Management LLP ("ECM")*

ECM is related to the Company as Lars Steffensen, a director of the Company, is a designated member of ECM

i) *Management fees and performance fees*

In accordance with the Investment Management Agreement ("IMA") a monthly management fee, equal to 2% per annum of the net asset value of the Company Under the provisions of the IMA, ECM is also entitled to a monthly performance fee of 20% on new net trading profits Both management fee and performance fee are payable to ECM quarterly in arrears ECM had agreed to waive the management fees from 28 March 2012 (date of incorporation) until 30 April 2013 Performance fees will not be charged until after 1 October 2016

ii) *Amount payable*

During the period from 28 March 2012 (date of incorporation) to 30 April 2013, ECM paid expenses on behalf of the Company The Company also borrowed from ECM for working capital purposes The amount owed to ECM as at 30 April 2013 was £37,339

iii) *Shareholding*

The number of ordinary shares purchased by ECM during the period from 28 March 2012 (date of incorporation) to 30 April 2013 was as follows

| | On incorporation | Purchased | Sold | 30 April 2013 |
|-----------------|---------------------|-----------|------|---------------|
| | No. | No. | No. | No. |
| Ordinary shares | - | 750,000 | - | 750,000 |

Ebullio Return Special Purpose Vehicle Limited

Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

12. Related party transactions (continued)

b) Directors

i) Shareholding

The number of ordinary shares purchased and sold by Lars Steffensen, a Director of the Company, during the period from 28 March 2012 (date of incorporation) to 30 April 2013 was as follows

| | On incorporation | Purchased | Sold | 30 April 2013 |
|-----------------|---------------------|-------------|-------------|---------------|
| | No. | No. | No. | No. |
| Ordinary shares | - | 31,125,0000 | (9,621,466) | 21,503,534 |

c) *Ebullio Commodities Limited ("ECL")*

ECL is a related party as it has Directors in common with the Company and is under common control

i) Amount payable

During the period from 28 March 2012 (date of incorporation) to 30 April 2013, ECL transferred cash to the Company to fund its working capital and paid certain expenses on behalf of the Company. In total the amount due to ECL amounted to £144,027 and remained due to ECL as at 30 April 2013

ii) Investment in private company

ECL is a private company limited by shares incorporated under the Companies Act 2006, which in turn invests its assets primarily in a mining holding company in Starnberg, Germany

During the period from 28 March 2012 (date of incorporation) to 30 April 2013, Lars Steffesen, a Director of the Company was allotted 31,125,000 £1 ordinary shares of the Company following a transfer of ECL shares of equal investment value to the Company

As at 30 April 2013, the Company held 49.75% of the equity shares of ECL which have a value of £37,136,480

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For the period from 28 March 2012 (date of incorporation) to 30 April 2013

12. Related party transactions (continued)

d) *Ebullio Invest Limited ("Ebullio Invest")*

Ebullio Invest is a related party as it has Directors in common with the Company and is under common control

i) *Amount payable*

During the period from 28 March 2012 (date of incorporation) to 30 April 2013, Ebullio Invest transferred £3,500 to the Company to enable it to pay for certain expenses. This amount remained due to Ebullio Invest as at 30 April 2013.

e) *Spearhavoc Limited*

Spearhavoc Limited is a related party as it has a Director in common with the Company and is under common control.

i) *Shareholding*

The number of ordinary shares purchased and sold by Spearhavoc Limited during the period from 28 March 2012 (date of incorporation) to 30 April 2013 was as follows:

| | On incorporation | Purchased | Sold | 30 April 2013 |
|-----------------|---------------------|-----------|-----------|---------------|
| | No. | No. | No. | No. |
| Ordinary shares | - | 181,366 | (181,366) | - |

13. Share capital

| | 2013 £ |
|---------------------------------------|-------------------|
| <i>Allotted and fully paid</i> | |
| 31,125,000 Ordinary shares of £1 each | <u>31,125,000</u> |

The Company has an authorised share capital of £31,125,000, comprising 31,125,000 £1 ordinary shares. These shares have been fully subscribed and fully paid up as at 30 April 2013.

The issued share capital was settled by an investment of 49.75% of the shares in Ebullio Commodities Limited, a company registered in the United Kingdom.

Ordinary shareholders have the right to receive notice of and to attend and vote at general meetings. One share carries one vote. Ordinary shareholders are also entitled to dividends and capital distributions including upon winding up of the Company.

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Notes to The Financial Statements

For the period from 28 March 2012 (date of incorporation) to 30 April 2013

14. Notes to the cash flow statement

Reconciliation of operating profit to net cash flow from operating activities

| | From date of incorporation on 28 March 2012 to 30 April 2013 £ |
|--|---|
| Operating profit | 5,809,678 |
| Gain in the fair value of financial instruments (note 9) | (6,011,480) |
| Increase in trade and other payables | 211,793 |
| Net cash inflow from operating activities | <u>9,991</u> |

As described in note 13, the issued share capital was settled by an investment of 49.75% of the shares in Ebullio Commodities Limited, a company registered in the United Kingdom

15. Financial commitments

Pursuant to the side letter agreements entered into with those shareholders with aggregate shareholding of 17.16% in the Company, these shareholders are entitled to the payment of an amount equal to the nominal value of their investment plus any attributable profits on 1 October 2016, and to an annual return in the period to that date

16. Immediate and ultimate parent undertaking

The immediate and ultimate controlling party of the Company is Lars Steffensen