Leed Resources plc

Annual report and accounts

For the year ended 30 June 2015

Registered number: 06034226

Leed Resources plc

Contents of the financial statements

Leed Resources plc

Company information

Directors
Ian Gibbs (Chairman)
Charles Grundy
Charles Zorab

Secretary
R C Porter

Registered number
06034226

Registered office
55 Gower Street
London
WC1E 6HQ

Bankers
MetroBank plc
One Southampton Row
London
WC1B 5HA

Solicitors to the Company
Ronaldsons LLP
55 Gower Street
London
WC1E 6HQ

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

Nominated Adviser
S P Angel Corporate Finance LLP
35-39 Maddox Street
London
W1S 2PP

Broker
S P Angel Corporate Finance LLP
35-39 Maddox Street
London
W1S 2PP

Independent Auditor
Welbeck Associates
Statutory Auditor
30 Percy Street
London
W1T 2DB

Chairman's report

for the year ended 30 June 2015

In the 2014 Chairman's Statement, my predecessor Jinesh Patel, set out clear objectives to continue focussing on cost control whilst executing on an investment that the Board believed would provide for a positive long term future of the Company. I am therefore pleased to report that 2015 was a year in which we were able to achieve those objectives and would like to thank Jinesh for his contribution to the Company during his tenure as Chairman. At the same time we welcomed Charles Grundy to the Board. Charles has extensive experience in corporate finance in Asia and in particular is a non-executive director of Battalion International Ltd. (Battalion") in which we have made an investment.

COST CONTROL

Following a 35% reduction in G&A expenses in 2014, this trend continued with a further 18% reduction in 2015 as G&A costs totalled approximately £201,000. The £55,000 increase in the operating loss for the year is a result of non-cash items of £129,000 (relating to FX movements impacting on the Sterling value of our investments and share based payments), being partially offset by the lower G&A costs and the investment income received during the year. The Board will continue to prudently monitor the cost structure and ensure that it remains appropriate for the level of activities within the Company.

HIGH MANNOR

In January 2015, we announced a A$1.2 million investment in a convertible loan note issue by Battalion, a company with a controlling interest in High Mannor Pty Ltd ("High Mannor"), as part of a A$3.25 million note issue. High Mannor is an integrated limestone quarrying business which extracts limestone from a quarry just north of Perth in Western Australia. The limestone is then crushed and processed into reconstituted limestone blocks which are used in the construction industry. The rationale behind the investment was that High Mannor had developed a process to produce reconstituted limestone wall panels where each wall panel will be the "equivalent" of between 34-51 standard sized reconstituted limestone blocks. The principal advantages of panels are significantly reduced labour costs, increased speed of laying retaining walls and a superior stronger end product. The prototypes had already been accepted by some of the leading construction companies in Western Australia and patents have been registered to provide some commercial protection to High Mannor.

Subsequent to the initial investment, Leed announced a further A$480,000 investment as part of a A$1.3 million increase in the loan notes in July and the Company has now invested a total of A$1,680,000 into Battalion, which together with expenses (that have been capitalised as part the investment) is carried at £684,000 on our balance sheet, and which on conversion would result in Leed owning 18.4% of Battalion. This additional investment has enabled High Mannor to undertake certain operational and capital improvements, including some remediation work that was required on the moulds and bases received from China to improve the quality of the wall panels.

I am pleased to update shareholders that the production facilities at the High Mannor quarry are now consistently producing wall panels to a high specification. Whilst it is acknowledged that the commencement of panel deliveries has taken longer than initially envisaged, the management of High Mannor are now confident of being able to produce and deliver into the market high quality products. High Mannor is thus poised to transform its business from a low-margin producer of a commodity product to a market leader with its innovative wall panels. Your board is therefore optimistic that this will lead to a positive outcome for shareholders.

MANAS

It is disappointing to report a lack of progress with respect to Manas Coal LLC ("Manas"). At the interim stage we advised that the main shareholders of Manas were attempting to resolve their disputes with the most important aspect being how to raise funds for the project. However due to the very poor market conditions for coal projects worldwide, it does not appear that the parties have been able to raise sufficient funds to move the project forward. Given that the licence expires at the end of November, it is now highly unlikely that any progress can be made in which case the licence will lapse. Leed maintains a 17% holding in Manas, which owns significant technical data on the resource that will likely be of value to any future party interested in the project. However, the ability of Manas to realise value and the timing of any realisation is highly uncertain and as such the investment will continue to be held at zero value unless and until there is any clarity on realisable value. Whilst the progress with Manas has been extremely disappointing, since the decision to fully impair this investment the Board has continued to work to create shareholder value through making further investments, such as our holding in Battalion

Chairman's report
for the year ended 30 June 2015

LOOKING AHEAD

We are therefore pleased to report that the investment in Battalion positions us well to see substantial growth in shareholder value during the next fiscal year and your Board will continue to consider further investments, including in Battalion. Finally I would like to thank shareholders for their continued patience during what has been a challenging period for Leed and look forward to reporting on the more positive progress that I believe lies ahead for the Company.

Ian Gibbs
Chairman

19 November 2015

Leed Resources plc

Strategic report

for the year ended 30 June 2015

The Directors present their Strategic Report on Leed Resources plc (the "Company") for the year ended 30 June 2015.

The Strategic Report is a statutory requirement under section 414A of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair, balanced and understandable information that enables the Directors to be satisfied that they have complied with section 172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

Investing policy

The Company is an investing company quoted on AIM, focused on opportunities in the natural resources and building materials sectors, with an emphasis mainly but not exclusively on the mining sector. In line with this policy, investments made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in natural resource projects. Target investments will generally be involved in projects in the exploration and/or development stage. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent ownership. The Directors will initially focus on projects located in Asia but will also consider investments in other geographical regions. It is possible that the Company's financial resources will be invested in a small number of projects or potentially in just one investment which may be deemed to be a reverse takeover under the AIM Rules. The Directors have not, however, excluded the possibility of building a broader portfolio of investment assets. The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends.

Business and operational review

During the prior year the Board carried out a comprehensive review of the business, addressing certain core issues:

- The operating budget
- The screening and execution of potential transactions
- The composition of the Board

Following the review, cost savings have resulted in an 18% reduction in administrative expenses for the year compared to 2014. Outside consultants have been retained to assist in the review and execution of potential transactions and since the end of 2014 discussions regarding a particular transaction reached an advanced stage and an initial investment was made in an integrated reconstituted limestone business.
With respect to the Board composition, Jinesh Patel retired from the board on 28 May 2015 and was replaced by Charles Grundy as a non-executive director. At the same time Ian Gibbs became Chairman.

Financial review

The Company recorded a loss after taxation of £291,000 for the period ended 30 June 2015, as compared to the loss of £236,000 for the prior year.

As at 30 June 2015 the Company held approximately £663,000 in cash, £nil in quoted investments, and a £684,000 investment in a convertible loan note.

Post year end events

Since the end of the financial year, the Company has made a further investment of A$480,000 (approx. £230,000) in Battalion International.

Key performance indicators

The Company's chief measurements of performance are the net asset value per share, share price and market capitalisation.

	2015	2014
Net asset value – fully diluted per share	**0.038p**	0.054p
Closing share price	**0.05p**	0.06p
Market capitalisation	**£1,552,000**	£1,863,000
Net Asset Value	**£1,300,000**	£1,524,000

Strategic report

for the year ended 30 June 2015

Principal risks and uncertainties

The principal risk of the Company is that investments in the resources sector are by nature inherently risky. Other financial risks are set out in note 4.

Going Concern

The financial statements have been prepared on a going concern basis because, as set out in Note 2.2 (Going Concern), the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future.

Robert Porter
Company Secretary

19 November 2015

Leed Resources plc

Report of the directors

for the year ended 30 June 2015

The Directors of Leed Resources plc ("Leed" or the "Company") present to shareholders this report and the audited financial statements for the year ended 30 June 2015. The year ended 30 June 2014 is also presented for comparative purposes. The Company is quoted on the AIM market of the London Stock Exchange ("AIM") and trades under the symbol LDP.

Principal activity

The principal activity of the Company is investment and management services focused on the natural resources sector.

Substantial interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of 0.1 pence each of the Company as at 8th November 2015:

Shareholder	Number of ordinary shares	Percentage of ordinary share capital
Lynchwood Nominees Limited	739,059,916	23.80%
TD Direct Investing Nominees (Europe) Limited	471,993,690	15.20%
HSDL Nominees Limited	468,420,513	15.09%
Barclayshare Nominees Limited	303,471,860	9.77%
Investor Nominees Limited	192,141,377	6.19%
Hargreaves Lansdown (Nominees) Limited	145,585,593	4.69%
HSBC Client Holdings Nominee (UK) Limited	136,374,099	4.39%

The Company has also been informed that Uhuru Investments Limited has a beneficial interest in 481,000,000 shares (15.49%) and that Casop Holdings has a beneficial interest in 257,589,694 shares (8.30%). These beneficial interests are included in the above shareholding of Lynchwood Nominees Ltd.

Other matters

Financial instruments

The Company's financial instruments at 30 June 2015 include investments, cash balances, trade receivables and payables. Financial risk management is more fully discussed in Note 4 "*Financial risk management*" of the financial statements.

Management

The company currently has no other employees however the Directors' performance is aligned to Company goals through an annual performance review process that is administered by the Board and that is tied in part to the Company's performance. No performance bonuses were paid to management during the financial year ended 30 June 2015. See notes 18 and 19 for details about the share options issued to the Directors in April 2015.

Dividends

The Company does not have plans to pay dividends at this time.

Donations

The Company made £nil charitable contributions in the year ended 30 June 2015 and £nil in the year ended 30 June 2014.

Supplier payment policy

It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

Report of the directors
for the year ended 30 June 2015

Directors
The Directors of the Company during the year are set out below:

Director	
Ian Gibbs	
Jinesh Patel	(resigned 28 May 2015)
Charles Zorab	
Charles Grundy	(appointed 28 May 2015)

At 30 June 2015 the interest of the Directors in Company shares was:

Director holdings	Ordinary Shares of 0.1 pence each	Share options**
Ian Gibbs*	20,000,000	80,000,000
Charles Grundy	—	-
Charles Zorab	3,268,294	80,000,000

*The shares and share options attributed to Ian Gibbs are owned by Bromius Capital Limited, a company in which he has an interest as a director and shareholder.

** Details of share options are provided in Notes 18 and 19.

Additional information regarding director compensation is contained in the Directors' Remuneration Report on page 10.

Directors Indemnities
The Company has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Disclosure of information to auditor
At the date of making this report each of the Company's Directors, who are identified above in this report, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditor in connection with preparing their report of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Corporate Governance
The Company is not required to comply with the Corporate Governance Code or QCA Code. However, the Directors recognise the importance of sound corporate governance. The Board intends, so far as is practicable for a company of its size, to implement certain corporate governance recommendations.

The Board meets regularly and is responsible for formulating, reviewing and approving the Company's strategy, budgets, performance, major capital expenditure and corporate actions. The Company has in place an audit committee, a remuneration committee and an AIM Rules Compliance Committee with formally delegated rules and responsibilities.

Report of the directors
for the year ended 30 June 2015

Board of Directors

The Board is responsible for strategy and performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. All Directors have access to the advice and services of the Company's advisers, together with the Company Secretary, who is responsible for ensuring the Board procedures are followed and that to which applicable rules and regulations are complied.

Auditor

Welbeck Associates has expressed a willingness to continue in office as auditor of the Company. In accordance with section 489(4) of the Companies Act 2006, a resolution to re-appoint Welbeck Associates as auditor of the Company will be proposed at the next Annual General Meeting of the Company.

Robert Porter
Company Secretary

19 November 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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.

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

By order of the Board:

Charles Zorab
Director

19 November 2015

Directors Remuneration Report

Remuneration policy for the non-executive directors

The remuneration of the non-executive Directors is by way of fees and salary.

Non-Executive Directors are entitled to accept appointments outside the Company providing that the Remuneration Committee's permission is sought.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration for the year to 30 June 2015 were as follows:

	Salaries and fees £'000	**Bonuses £'000**	**2015 Total £'000**	2014 Total £'000
Peter Redmond	-	**-**	**-**	50
Ian Gibbs *Non-Executive Chairman*	**26**	**-**	**26**	24
Jinesh Patel *Non-Executive Chairman*	**22**	**-**	**22**	25
Charles Zorab *Non-Executive Director*	**28**	**-**	**28**	14
Charles Grundy *Non-Executive Director*	**2**	**-**	**2**	-
Total compensation	**78**	**-**	**78**	113

The fees in respect of Ian Gibbs were paid to Bromius Capital Limited, a company of which he is a director and shareholder.

The fees in respect of Charles Zorab were paid to Charles Zorab Associates, a partnership in which he is a partner.

SARS

All outstanding SARs were waived by Mr Gibbs on 3 March 2014.

Share Options

Note 19 "*Share-based payments*" provides details of the incentive schemes; during the period, there were no sales of shares under the incentive schemes.

There were no other undertakings with the Directors.

Pension Scheme

The Company does not provide a pension scheme for employees or Directors and does not contribute to plans established by them.

Approval

This report was approved by the Board of Directors on 19 November 2015 and signed on its behalf by:

Charles Zorab
Director

Report of the independent auditor to the members of Leed Resources plc

Independent auditors' report to the members of Leed Resources plc

We have audited the financial statements of Leed Resources plc for the year ended 30 June 2015 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements 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 directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 9, 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 annual 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.

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements 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 strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Jonathan Bradley-Hoare (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor

30 Percy Street
London
W1T 2DB

19 November 2015

Leed Resources plc

Statement of comprehensive income

for the year ended 30 June 2015

	Note	**2015** £'000	2014 £'000
Continuing operations			
Net (loss) / gain on investments	6	**(62)**	4
Investment income	7	**39**	5
Total income		**(23)**	9
Administrative expenses	8	**(201)**	(245)
Share based payment expense	19	**(67)**	-
Loss before tax from continuing operations		**(291)**	(236)
Income tax	11	**-**	-
Loss for the year and total comprehensive income		**(291)**	(236)
Loss per share (pence)	12		
Basic and fully diluted		**(0.01)p**	(0.01)p

The accompanying accounting policies and notes form an integral part of these financial statements.

Leed Resources plc

Statement of changes in equity

for the year ended 30 June 2015

	Share capital	Share premium	Option & warrant reserve	Retained earnings	Total
	£000	£000	£000	£000	£000
Total owners' equity at 30 June 2013	**36,838**	**77,101**	**3,756**	**(115,935)**	**1,760**
Transactions with owners:					
Transfer of share option reserve	-	-	(3,756)	3,756	-
Total transactions with owners	-	-	(3,756)	3,756	-
Comprehensive loss for the year:	-	-	-	(236)	(236)
Total comprehensive loss for the year	-	-	-	(236)	(236)
Total owners' equity at 30 June 2014	**36,838**	**77,101**	**-**	**(112,415)**	**1,524**
Transactions with owners:					
- Share based payment expense	**-**	**-**	**67**	**-**	**67**
Total transactions with owners	**-**	**-**	**67**	**-**	**67**
Comprehensive loss for the year:	**-**	**-**	**-**	**(291)**	**(291)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(291)**	**(291)**
Total owners' equity at 30 June 2015	**36,838**	**77,101**	**67**	**(112,706)**	**1,300**

The accompanying accounting policies and notes form an integral part of these financial statements.

Leed Resources plc

Statement of Financial Position

for the year ended 30 June 2015

	Note	2015 £000	2014 £000
Assets			
Non-current assets			
Investments held at fair value through profit or loss	13	**684**	-
		684	-
Current assets			
Trade and other receivables	14	**46**	14
Cash and cash equivalents	15	**663**	1,545
		709	1,559
Liabilities			
Current liabilities			
Trade and other payables	16	**93**	35
		93	35
Net current assets		**616**	1,524
Net assets		**1,300**	1,524
Owners' equity			
Share Capital	18	**36,838**	36,838
Share premium	18	**77,101**	77,101
Other reserves		**67**	-
Retained earnings		**(112,706)**	(112,415)
Total owners' equity		**1,300**	1,524

The financial statements and related notes were authorised and approved by the Board of Directors and were signed on 19 November 2015 on its behalf by:

Charles Zorab,
Director

Company number: 06034226

The accompanying accounting policies and notes form an integral part of these financial statements.

Leed Resources plc

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 £000	2014 £000
Loss before taxation		**(291)**	(236)
Adjustments for:			
Net loss/(gain) on investments	6	**62**	(4)
Investment income	7	**(39)**	(5)
Share-based payments	19	**67**	-
Operating cash flows before movements in working capital		**(201)**	(245)
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(32)**	6
Increase/(decrease) in payables		**58**	(25)
Net cash flows from operating activities		**(175)**	(264)
Cash flows from investing activities			
Purchase of investments	13	**(746)**	-
Disposal of investments		**-**	37
Investment income	7	**39**	5
Net cash (used in)/cash from investing activities		**(707)**	42
Cash flows from financing activities			
Net cash (used in)/from financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents		**(882)**	(222)
Cash and cash equivalents at beginning of period		**1,545**	1,767
Cash and cash equivalents at end of period	15	**663**	1,545

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2015

1. General information

Leed Resources plc is a publicly quoted company registered in the United Kingdom under the Companies Act 2006. The address of its registered office is 55 Gower Street, London WC1E 6HQ. The Company is an investment and management services company, mainly focused on opportunities in the natural resources and building materials sectors. The Company's operations and its principal activities are set out in the Chairman's Statement, the Strategic Report and the Report of the Directors.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006 that were applicable at 30 June 2015.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

2.2 Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £663,000 and net current assets of £616,000 as at 30 June 2015, and incurred a loss of £291,000 for the twelve months then ended.

The Directors have based their opinions on a cash flow forecast, which assumes that operating costs will be kept to a minimum until adequate revenue streams are secured. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

2. Principal accounting policies (continued)

2.3 Statement of compliance

The financial statements have been prepared and approved by the Directors in accordance with all relevant IFRSs as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee, endorsed by the European Union ("EU").

At the date of authorisation of this document, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 Regulatory Deferral accounts
- IFRS 15 Revenue from Contracts with Customers
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IAS 1 (amendments) Disclosure initiatives
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to IFRSs: 2010-2012 cycle
- Annual Improvements to IFRSs: 2011-2013 cycle
- Annual Improvements to IFRSs: 2012-2014 cycle

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for future reporting periods, although they have yet to complete their full assessment in relation to the impact of IFRS 9 and IFRS 15.

2.4 Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

2.4.1 Current tax

Tax currently payable is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the statement of financial position date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the accounts or because they are never taxable or deductible.

2. Principal accounting policies (continued)

2.4.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recognised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.5 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the statement of financial position date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the Company financial statements, the net assets of the Company are translated into its presentation currency at the rate of exchange at the statement of financial position date. Income and expense items are translated at the date of the transaction. The resulting exchange differences are recognised in equity and included in the Statement of Comprehensive Income.

2.6 Financial instruments

The Company classifies its financial assets, or their component parts, on initial recognition into two categories: a financial asset at fair value through profit or loss, or loans and receivables. Financial liabilities are classified as either a financial liability at fair value through profit or loss, or as another financial liability. Financial assets and financial liabilities are recognised on the Company’s statement of financial position when the Company becomes party to the contractual provisions of the instrument. The particular recognition and measurement methods adopted for trade and other receivables, bank and cash, trade and other payables, borrowings and derivatives are disclosed below:

2. Principal accounting policies (continued)

2.6.1 Investments held at fair value through profit or loss

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

All investments are designated upon initial recognition as held at fair value through profit or loss. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and is therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the statement of comprehensive income as “Net gains on investments”. Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

The Company determines the fair value of its Investments based on the following hierarchy:

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 2 – If there is no active market, fair value is established using observable market data or other valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data including recent arm’s length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

2.6.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.6.3 Trade and other receivables

Trade and other receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with loans and receivables. The receivables do not carry interest; the carrying value of the receivables, as presented, is reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted using the effective interest rate method. Impairment losses are recognised in profit and loss.

2.6.4 Trade and other payables

Trade and other payables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with other financial liabilities.

2. Principal accounting policies (continued)

2.6.5 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recorded at the amount of proceeds received, net of direct issue costs.

The share capital account represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share option reserve represents the fair value, calculated at the date of grant, of options unexercised at the balance sheet date.

2.6.6 Impairment of financial assets

Assets that have an indefinite useful life are not subject to any depreciation or amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Finance costs

Borrowing and finance charges, including any premiums payable on settlement or redemption and direct issue costs, are generally recognised in profit and loss as incurred.

2.8 Earnings per share

Under IAS 33 the Company is required to disclose the basic and diluted earnings per share ("EPS") for profit and loss from continuing operations attributable to the ordinary equity holders of the Company. If basic and diluted EPS is equal, then dual presentation is allowed, under a single line on the income statement.

2.9 Segmental Analysis

In accordance with IFRS 8, the accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors. In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment.

2. Principal accounting policies (continued)

2.10 Share-based payments

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to the retained earning reserve in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements in applying the Company's accounting policies

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

The estimates and underlying assumptions are reviewed on an 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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below

3.2.1 Share based payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. Details of these assumptions are set out in note 19.

3.2.2 Fair value of financial instruments

The Company holds investments that have been designated as held for trading on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

4. Financial risk management

The Company's finance function monitors and manages the financial risks relating to the operations of the Company. These risks include credit risk, liquidity risk and cash flow interest rate risk.

The Company seeks to minimise the effects of these risks, in accordance with the Company's policies determined by the Board of Directors, which provide guidance on interest rate risk, credit risk and the investment of excess liquidity. The Company does not currently enter into or trade financial instruments, including derivative financial instruments, for any purpose.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Board of Directors' policy with regards to capital maintenance includes an objective to maintain a strong capital base to sustain future development of the business, while maximising shareholder value. The Board of Directors directs and monitors the allocation of cash resources against investments to maximise the return on asset value within the Company. Periodically, the Board of Directors will consider raising additional equity when the Company has access to opportunities, which in the opinion of the Board of Directors will increase shareholder value if acted upon. The Board of Directors' also determines the timing and level of dividends to ordinary shareholders with the objective of maximising shareholder value.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash inflows from disposals and outflows from operating expenditure, projected capital expenditures and projected strategic investment opportunities. The capital structure consists of capital and reserves for capital management purposes.

Interest rate risk

The Company's exposure to interest rate risk is limited given there are currently no short or long term borrowings.

Credit risk

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 principal financial assets are bank balances and cash and other receivables. The Company's maximum exposure to credit risk is £1,393,000 at 30 June 2015, comprising cash and cash equivalents and trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

In keeping with similar investment companies, the Company's continued future operations depend on the ability to identify profitable investments and manage the operating expenditure in line with the returns on those investments. The Directors are confident that adequate funding is already in place with which to finance operations and that sufficient controls over expenditure are in place which are managing to mitigate risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

5. Segmental information

The business consists of a single activity being the investment in the natural resources and building materials sectors. For the purposes of IFRS 8, the chief operating decision maker ("CODM") is the Board of Directors. Although the Company holds overseas investments, the income derived will materialise in the United Kingdom. As a result the financial information of the segment is the same as that set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows.

6. Net gain on investments

	2015	2014
	£000	£000
Net realised losses on disposal of investments	**-**	(5)
Unrealised gains/losses on investments:		
Gains at beginning of year	**-**	9
(Losses) at end of year due to foreign exchange revaluation	**(62)**	-
Net (losses) / gains on investments	**(62)**	4

7. Investment income

The Company's interest income on bank and other deposits, and loan notes during the years ended 30 June 2015 and 2014, respectively, were as follows:

	2015	2014
	£'000	£'000
Interest income on bank and other deposits	**4**	5
Interest Income on convertible loan note	**35**	**-**
	39	5

8. Loss for the period

The loss for the year has been arrived at after charging:

	2015	2014
	£'000	£'000
Share based payment expense	**67**	-
Auditors remuneration	**13**	13
Foreign exchange losses	**62**	-

9. Auditors Remuneration

Auditors remuneration	2015 £'000	2014 £'000
Fees payable to the auditors for the audit of the financial statements	**10**	10
Fees payable to the Company's auditors related to taxation	**2**	2
Fees payable to the Company's auditors related to all other services	**1**	1
	13	13

10. Employees and Directors costs

A summary of total employee and director costs is as follows:

Employee and Director costs	2015 £'000	2014 £'000
Salaries, fees and bonuses	**79**	113
Social security costs	**-**	1
	79	114
Share-based payments	**59**	-
	138	114

The average number of personnel (including Directors) was as follows:

Average number of personnel	2015	2014
Average number of Directors and employees	**3**	3

There were no employees or key management during the period other than the Board of Directors, so for the purposes of IAS 24 disclosure requirements together with the additional AIM and Companies Act requirements the above table on remuneration applies to all the Key Management and employees.

11. Taxation

A summary of taxation charges, and components thereof, incurred during the years ended 30 June 2015 and 2014, respectively, are set out in the tables below:

Taxation for period	2015 £'000	2014 £'000
Current tax:		
Continuing operations	-	-
	-	-

Taxation components		
Loss on ordinary activities before tax		
– Continuing operations	(291)	(236)
Tax effects		
Loss on ordinary activities multiplied by rate of corporation tax of 20% (2014: 20%) in the UK	(58)	(47)
Expenses not deductible for tax purposes	14	3
Unutilised tax losses carried forward	44	44
Total tax	-	-

Estimated unrelieved tax losses of £3,417,000 (2014: £3,373,000) remain available to offset against future taxable profits. A potential deferred tax asset of £683,000 (2014: £674,000) has not been recognised in respect of the losses as recoverability is uncertain.

12. Loss per Ordinary Share

A recap of the loss per ordinary share and weighted average shares outstanding for the years ended 30 June 2015 and 2014, respectively, follows:

Loss	2015 £'000	2014 £'000
Loss attributable to Ordinary Shareholders from continuing operations	(291)	(236)
Total loss attributable to Ordinary Shareholders	(291)	(236)

Weighted average shares outstanding		
Weighted average number of shares for the period	3,105,177,765	3,105,177,765
Effect of share options in issue	68,000,000	—
Weighted average number of shares for the period for diluted loss per share	3,173,177,765	3,105,177,765

	2015 pence	2014 pence
Loss per share		
Basic and diluted (pence per share)	(0.01)	(0.01)

13. Investments

The Company operates as an investment company in the natural resources industry.

	2015	2014
	£000	£000
Investments at fair value brought forward	**-**	32
Cost of investments	**746**	-
Proceeds of disposals	**-**	(36)
Net gain on disposal	**-**	4
Unrealised (loss) on investments due to foreign exchange revaluation	**(62)**	-
Investments at fair value carried forward	**684**	-
Categorised as:		
LEVEL 2	**684**	-
LEVEL 3	**-**	-
	684	-

LEVEL 2 – Valuations in this level are those valued using observable inputs other than quoted prices included within Level 1.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

The full definition of the levels of investments is included in note 2.6.1.

The Level 2 investment relates to an initial investment of A$1,200,000, plus certain expenses incurred in concluding the initial investment, in Battalion International Ltd. ("Battalion") in January 2015. Battalion is the holding company of High Mannor Pty, a producer of reconstituted limestone blocks in Western Australia. The investment has been made via a convertible loan note yielding 12% initially up to end 2016, thereafter to yield 14%. Coupons are paid quarterly.

The Level 3 investments include the investment in Manas Coal LLC which during 2013 the fair value was revised to £nil incurring an impairment charge of £957,000.

14. Trade and other receivables

The Directors consider that the carrying amount of trade and other receivables approximates their fair value:

	2015	2014
	£000	£000
Other receivables	**26**	6
Prepayments	**20**	8
	46	14

Other receivables represent the primary exposure to credit risk at the statement of financial position date. The amounts due in respect of these receivables have been received by the Company at the date of signing these accounts. At each statement of financial position date presented there were no material amounts that were provided against for not being past due.

15. Cash and cash equivalents

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value:

	2015	2014
	£'000	£'000
Cash at banks	**663**	1,545
	663	1,545

16. Trade and other payables

The Directors consider that the carrying amount of trade and other payables approximates to their fair value and is generally payable within 30 to 45 days of the relevant period end:

	2015	2014
	£'000	£'000
Trade payables	**22**	17
Accruals and deferred income	**71**	18
	93	35

17. Financial instruments

A summary of financial assets and liabilities by IAS 39 category at 30 June 2015 and 2014, respectively, are as follows:

	2015	2014
Financial instruments measured at fair value	**£'000**	£'000
Investments held at fair value through profit or loss	-	-
Loans and receivables:		
Trade and other receivables	**46**	6
Cash and cash equivalents	**663**	1,545
Investments – Loan note	**684**	-
	1,393	1,551
Financial liabilities at fair value		
Other financial liabilities:		
Trade and other payables	**93**	17
	93	17

18. Share capital

The share capital is as follows:

Issued and fully paid	Number of shares	Nominal value £000	Share premium £000
At 30 June 2014 and 30 June 2015			
Ordinary shares of 0.1 pence each	**3,105,177,765**	3,105	
Deferred shares of 49.9 pence each	**67,602,008**	33,733	
		36,838	77,101

The deferred shares have restricted rights such that they have no economic value.

Warrants

The warrants outstanding, which are exercisable at any time prior to 14 December 2014, are summarised as follows:

Warrants	**Weighted average exercise price for the year ended 30 June 2015 pence**	**Number of shares to be issued in respect of exercise price for the year ended 30 June 2015**	Weighted average exercise price for the year ended 30 June 2014 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2014
Outstanding, beginning of period	**0.15**	**166,666,667**	0.15	166,666,667
Expired during the period	**-**	**(166,666,667)**	-	-
Outstanding, end of period	**-**	**-**	0.15	166,666,667
Exercisable, end of period	**-**	**-**	0.15	166,666,667

No charge was released or recognised during the period in respect of the warrants outstanding at the beginning of the year.

Share Options

A summary of options outstanding during the period is as follows:

Share options	**Weighted average exercise price for the year ended 30 June 2015 pence**	**Number of shares to be issued in respect of exercise price for the year ended 30 June 2015**	Weighted average exercise price for the year ended 30 June 2014 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2014
Outstanding, beginning of period	**-**	**-**	0.257p	345,019,752
Granted during the period	**0.001p**	**272,000,000**	-	-
Cancelled during the period	**-**	**-**	-	(345,019,752)
Outstanding, end of period	**272,000,000**	**272,000,000**	-	-
Exercisable, end of period	**272,000,000**	**272,000,000**	-	-

19. Share based payment

The Company operates share-based payment arrangements to incentivise directors by the grant of share options. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 2 April 2015 the Board resolved to grant options over up to 272,000,000 new ordinary shares exercisable at £0.001per share and granted 80,000,000 such options each to J. Patel, I. Gibbs and C. Zorab. The options are exercisable at any time up to 2 April 2020. Additionally options over 32,000,000 new ordinary shares were granted to certain advisors to the Company at the same date and on the same terms. All options previously outstanding were cancelled on 3 March 2014.

The significant inputs to the model in respect of the options granted were as follows:

Grant date share price	£0.0007
Exercise share price	£0.001
No. of share options	272,000,000
Risk free rate	2.00%
Expected volatility	50%
Option life	5 years
Calculated fair value per share	£0.00024547

The total share-based payment expense recognised in the income statement for the year ended 30 June 2015 in respect of the share options granted was £67,000 (2014: £nil).

A summary of the options outstanding at the end of the year and those granted or cancelled during the period has been provided in Note 18 above.

20. Related party transactions

Identity of related parties

The Company has a continuing related party relationship with its Directors. Certain fees paid to directors are paid to companies or partnerships in which the director has an interest.

Other related party transactions

Key management and director compensation is disclosed in the Directors' Remuneration Report on page 10.

During the financial year the Company invested in Battalion International Ltd. Charles Grundy, the Director is also a Director of Battalion International Limited.

During the financial year the Company received interest income totalling A$30,378.08 (£equiv15,512.92 from a related party, Battalion International Ltd and had an outstanding balance due from this related party of A$35,901.37 / (£equiv18,181.82) as at 30 June 2015. The Company and Battalion International Ltd are deemed related parties due to Ian Gibbs and Charles Grundy being common directors and in which Charles Grundy is a 7% shareholder of Battalion International Limited.

Notes to the financial statements

for the year ended 30 June 2015

21. Capital management policies and procedures

The Board of Directors' capital management goals and objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by the effective management of the Company's assets.

The Board of Directors directs and monitors the allocation of cash resources against projects to maximise the return on asset value within the Company. Day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may pay dividends to shareholders, return capital to shareholders, buy back shares, issue new shares or sell assets, all of which may be subject to approvals from the Company's shareholders.

Capital pertaining to the Company for the reporting periods under review is summarised as follows:

Capital components	**30 June 2015** **£000**	30 June 2014 £000
Total owners' equity	**1,300**	1,524
Cash and cash equivalents	**(663)**	(1,545)
	(637)	(21)

22. Contingent Liabilities

There were no material commitments or contingent liabilities as at 30 June 2015 (2014: £nil).

23. Post year end events

On 28 July 2015, Leed increased its investment in Battalion by investing A$480,000 (approx. £230,000) in a further loan note issued by Battalion bearing a coupon of 12% until the end of 2016, increasing to 14% thereafter. These are exactly the same terms as the initial investment made in January 2015.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) immediately.

If you have sold or otherwise transferred all your ordinary shares in Leed Resources plc, you should pass this document, together with the accompanying Form of Proxy and Accounts, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

LEED RESOURCES PLC

(Registered in England & Wales with registered number 06034226)

NOTICE OF ANNUAL GENERAL MEETING

Notice of an Annual General Meeting of the Company to be held at the offices of Welbeck Associates, 30 Percy Street, London W1T 2DB on 14 December 2015 at 11.00 am is set out at the end of this document. A Form of Proxy for use at the Annual General Meeting is enclosed with this document. Shareholders are requested to complete and return the Form of Proxy for use at the Annual General Meeting in accordance with the instructions printed thereon whether or not they intend to be present at the meeting. To be valid for use at the meeting the Form of Proxy should be returned so as to be received by the Company's registrars by post to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA as soon as possible but in any event no later than 11.00 am on Thursday 10 December 2015. Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting at the meeting in person.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"**Annual Report and Accounts**"	the audited financial statements of the Company for the year ended 30 June 2015
"**Act**"	the Companies Act 2006
"**Annual General Meeting**" or "**AGM**"	the annual general meeting of the Company convened for 11.00 am on 14 December 2015 pursuant to the Notice of Annual General Meeting which appears at the end of this document
"**Articles**"	the articles of association of the Company in force at the date of this document
"**Board**" or "**Directors**"	the board of directors of the Company
"**Company**" or "**Leed Resources**"	Leed Resources plc
"**Form of Proxy**"	the form of proxy accompanying this document for use at the Annual General Meeting
"**Ordinary Shares**"	ordinary shares of £0.001 each in the capital of the Company
"**Resolutions**"	the resolutions set out in the Notice of Annual General Meeting which appears at the end of this document
"**Shareholders**"	holders of Ordinary Shares

Leed Resources plc

(Registered in England & Wales No. 06034226)

Directors:
Ian Gibbs (Chairman)
Charles Grundy (Non Executive Director)
Charles Zorab (Non Executive Director)

Registered Office:
55 Gower Street
London
WC1E 6HQ

19 November 2015

Dear Shareholder

Introduction

The Annual Report and Accounts of the Company setting out the results for the year ended 30 June 2015 will be posted on the Company's website at www.leedresourcesplc.com. This letter contains the formal Notice of the Annual General Meeting of the Company and provides some additional information on the Resolutions.

Annual General Meeting

You will find set out at the end of this document a Notice convening the Annual General Meeting of the Company for 11.00 am on 14 December 2015, at which resolutions will be proposed:

1. to receive and adopt the Company's Annual Report and Accounts for the financial year ended on 30 June 2015, and the Directors' Report and the Independent Auditors' Report on those accounts;
2. to re-appoint as a Director Charles Grundy who was appointed to the Board since the last annual general meeting and offers himself for reappointment;
3. to reappoint Ian Gibbs who retires by rotation in accordance with the Articles of Association;
4. to re-appoint Welbeck Associates, as the auditors of the Company until the next annual general meeting and to authorise the Directors to determine the remuneration of the auditors;
5. to grant the Directors authority to allot shares in the capital of the Company; and
6. to grant the Directors the power to disapply the statutory pre-emption rights for certain shares.

Resolutions 1 and 4 are self-explanatory. Information on the other Resolutions is provided below. Resolutions 1 – 5 are ordinary resolutions which require to be passed by the approval of a simple majority of Shareholders present and voting in person or by proxy or authorised representative. On a show of hands each Shareholder so present has one vote, but should a poll be demanded each such Shareholder has one vote for each share held by him or her. Resolution 6 is a special resolution that requires to be passed by the approval of 75% of such Shareholders, determined in the same way as for the ordinary resolutions.

Resolution No 2 - confirmation of Charles Grundy as Director

Mr Grundy is required to have his appointment confirmed at the Annual General Meeting because he was appointed to the Board since the last annual general meeting.

Resolution No 3 – re-appointment of Ian Gibbs

Mr Gibbs retires from office in accordance with Article 38 of the Company's Articles of Association and, being eligible, offers himself for re-appointment.

Resolution No 5 – authority to issue shares

At the Annual General Meeting held on 9 December 2014, the Directors were authorised, in accordance with section 551 of the Act, to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £3,105,177.77. This authority expires at the conclusion of this

Annual General Meeting and it is therefore proposed to replace it with a new authority, granted under section 551 of the Act, which will allow the Directors to allot Ordinary Shares and to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £3,105,177.77.

Assuming the passing of the resolution, the new authority will expire fifteen months from the date of the passing of the resolution or until the conclusion of the next annual general meeting, if earlier, and will revoke all previous authorities to the extent that they have not already been utilised.

Resolution No 6 – disapplication of pre-emption rights

Section 561 of the Act contains pre-emption rights that require all equity shares which it is proposed to allot for cash to be offered to existing shareholders in proportion to existing shareholdings, unless a special resolution is passed to disapply such pre-emption rights. Such rights do not apply to an issue otherwise than for cash, such as an issue in consideration of an acquisition. In line with common practice the Directors propose to dis-apply these pre-emption rights, in this case enabling them to allot shares amounting to no more than an aggregate nominal amount of £3,105,177.77 otherwise than on a pre-emptive basis.

In addition, it is customary to disapply the statutory pre-emption rights altogether, and substitute similar non-statutory provisions because, for technical reasons, the statutory rights are difficult to apply in certain circumstances. The proposed resolution therefore also provides a pre-emption disapplication in respect of allotments up to an aggregate nominal amount authorised by Resolution 5 in the form of rights issues, open offers, scrip dividend schemes or other pre-emptive issues and free of the statutory constraints. The broadening of the proposed resolution to include pre-emptive issues other than rights issues is a departure from the strict wording of the ABI guidelines which is limited to rights issues, which the Directors regard as too restrictive, especially as AIM companies normally make open offers and not rights issues. The above departures from the strict wording of the ABI guidelines should not be taken to indicate that they are being disregarded, but rather that the proposed resolutions are designed to provide greater flexibility for the Directors to determine the form of any future pre-emptive issues in the light of market conditions and practice, and the views of our major institutional shareholders, at the time such an issue may be proposed.

Action to be Taken

A Form of Proxy for use at the Annual General Meeting is enclosed. If you are a Shareholder you are advised to complete and return the form in accordance with the instructions printed on it so as to arrive at Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, as soon as possible, but in any event no later than 11.00 am on 10 December 2014.

The completion and return of a Form of Proxy does not preclude you from attending and voting at the Annual General Meeting if you so wish.

Recommendation

The Directors consider the Resolutions to be proposed at the Annual General Meeting to be in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of all the Resolutions, as they intend to do in respect of their own beneficial holdings.

Yours faithfully,

Robert Porter
Company Secretary

LEED RESOURCES PLC

(Incorporated in England & Wales with registered number 06034226)

(the "**Company**")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Leed Resources plc will be held at the offices of Welbeck Associates, 30 Percy Street, London W1T 2DB on 14 December 2015 at 11.00 am to consider, and if thought fit, pass the following resolutions of which resolutions 1-5 will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution.

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. to receive and adopt the Company's Annual Report and Accounts for the financial year ended on 30 June 2015, and the Directors' Report and the Independent Auditors' Report on those accounts;

2. to confirm the appointment as a Director of Charles Grundy who was appointed to the Board since the last annual general meeting;

3. to confirm the re-appointment as a Director of Ian Gibbs who retires in accordance with the Articles of Association.

4. to re-appoint Welbeck Associates, as the auditors of the Company until the next annual general meeting and to authorise the Directors to determine the level of the remuneration of the auditors;

SPECIAL BUSINESS

5. That in substitution for all existing authorities for the allotment of shares by the Directors, which are hereby revoked but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors of the Company be and are hereby generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of "relevant securities") up to an aggregate nominal amount of £3,105,177.77 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, provided that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such relevant or equity securities to be allotted after such expiry, variation or revocation and the Directors may allot relevant or equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

SPECIAL RESOLUTION

6. That the Directors are hereby empowered pursuant to section 561 of the Act to, subject to and conditionally upon the passing of resolution No 5, allot equity securities for cash pursuant to the authority conferred by resolution No 5 as if section 561(1) of the Act did not apply to any such allotment and provided that such power:

   (1) shall, subject to the continuance of the authority conferred by resolution No 5, expire fifteen months after the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution, whichever occurs first, but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied; and

   (2) shall be limited to:

      (a) the allotment of equity securities of up to an aggregate nominal amount of £3,105,177.77 pursuant to a rights issue, open offer, scrip dividend scheme or other pre-emptive offer or scheme which is in each case in favour of holders of Ordinary Shares and any other persons who are entitled to participate in such issue, offer or scheme where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held or deemed to be held by them for the purposes of their inclusion in such issue, offer or scheme on the record date applicable thereto, but subject to such exclusions or other arrangements as the Directors may deem fit or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or stock exchange in any territory, shares being represented by depositary receipts, directions from any holders of shares or other persons to deal in some other manner with their respective entitlements or any other matter whatever which the Directors consider to require such exclusions or other arrangements with the ability for the Directors to allot equity securities not taken up to any person as they may think fit; and

      (b) the allotment of equity securities for cash otherwise than pursuant to sub-paragraph (a) up to an aggregate maximum nominal amount of £3,105,177.77.

19 November 2015

By Order of the Board

55 Gower Street
London
WC1E 6HQ
Registered in England & Wales
Company No: 06034226

NOTES

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

   You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Neville Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA.

4. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

5. To appoint a proxy using this form, your proxy form must be:

   - completed and signed;
   - sent or delivered to Neville Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA and received at Neville Registrars Limited no later than 11.00 am on Thursday 10 December 2015.

6. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.

7. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company at 6.00 p.m. on Thursday 10 December 2015 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on Thursday 10 December 2015 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

10. As at 19 November 2015, the Company's issued share capital comprised 3,105,177,765 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 19 November 2015 is 3,105,177,765.

11. Except as provided above, members who have general queries about the Meeting should email the Company Secretary, Robert Porter, at rporter@leedresourcesplc.com (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

12. The following documents will be available for inspection at the offices of the Company's solicitors, Ronaldsons LLP, 55 Gower Street, London, WC1E 6HQ during normal business hours on any week day

(public holidays excepted) from the date of this notice until the date of the Annual General Meeting, and at the place of the meeting for one hour before the meeting and at the meeting itself:

- the constitutional documents of the Company, comprising its current Articles.