COMPANY REGISTRATION NUMBER 07496976

RARE MINERALS PLC

Annual Report

For the year ended 31 DECEMBER 2012

RARE MINERALS PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

RARE MINERALS PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	N Nelson S Moloney A Evans
Company secretary	International Registrars Limited
Registered office	30 Coleman Street London EC2R 5AL
Auditor	Jeffreys Henry LLP Chartered Accountants & Statutory Auditor Finsgate 5-7 Cranwood Street London EC1V 9EE

RARE MINERALS PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

We started 2012 with a number of investment candidates under consideration and one opportunity in particular appeared to deliver the qualities we felt that we could take to shareholders and new investors. It concerned coal exploration licenses in southern Nigeria, strongly supported by evidence of high quality thermal coal and a ready potential demand given Nigeria's current industrial growth and need for coal powered electricity generation.

Over the course of the year we visited Nigeria on multiple occasions and formed strong alliances in the Ministry of Mines & Steel Development and amongst the geological community and providers of supporting services. With great optimism we engaged professional advisers to an AIM flotation with a view to raising sufficient money to 'prove up' enough coal for the needs of multiple power stations and had taken steps towards preliminary off take discussions.

Unfortunately as we approached completion and the submission of our AIM application last January, conflict in Mali erupted and with this, tension across West Africa with specific threats to Nigeria. The Board took the tough decision to postpone the AIM Admission to observe and react to changing events.

It appears to us that the enlarged threat of violence has diminished and we refuse to let the Nigerian opportunity escape. In the third week of April 2013, Alyn Evans and I undertook a field trip to three exploration sites located in the Abia State, South East Nigeria and have since mobilised the services of a geological services and drilling contractor to embark on a geoelectric survey across part of a licenced site. Indeed, our geologists share our view that following a low cost exploration exercise we can demonstrate, via a JORC Resource estimate, the availability of a considerable quantity of economically viable thermal coal.

We have sufficient funds to deliver something of substantial value to shareholders and will be securing certain licenses at the most appropriate time. We shall keep shareholders informed as we proceed with our acquisition, exploration and expansion plans throughout 2013.

Nicholas Nelson

N C P Nelson
Chairman

RARE MINERALS PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

INTRODUCTION

The Board is pleased to present the results for the Company for the year ended 31 December 2012. The company was originally incorporated in the United Kingdom.

PRINCIPAL ACTIVITIES

Rare Minerals plc is an investment vehicle, admitted to trading on ISDX. Since admission, the board has been evaluating a number of acquisition possibilities.

BUSINESS REVIEW

In the Admission Document issued on 28 April 2011, the Company's stated investment criteria were summarised as follows:

— the target acquisition or investment will be in the prospecting or mining of valuable minerals;

— the target acquisition or investment should be profitable or have a significant asset value and may have opportunities for consolidation or further development. The Directors will, on an exceptional basis, also consider loss-making targets where, in the Directors' opinion, there is clear opportunity to develop a profitable and attractive business; and

— the owners of the target acquisition or investment should accept part of the consideration for any acquisition in new ordinary shares or other securities to be issued by the Company.

Since our admission, and as made clear in subsequent announcements, we have widened our search for the optimal investment beyond rare earth metals into the full range of precious and industrial metals, and other natural resources such as fossil fuels. In the period under review we have moved closer to identifying an investment for the Company which I believe will be transformational.

In the meantime, the Company has maintained its ISDX listing on minimal overhead and, as at the period end, the cash balance was over £599,000.

I look forward to keeping shareholders informed of developments and express my gratitude for their patience to date.

RESULTS AND DIVIDENDS

The Company produced an operating loss of £403,000 for the year before the write off of exceptional costs related to an abortive acquisition of £229,000. Interest income was £4,000 resulting in a loss for the year before and after tax of £628,000.

The directors do not recommend the payment of a dividend for the period.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business at this time, the Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business. The Directors will look to introduce suitable KPIs following any acquisition.

RARE MINERALS PLC

THE DIRECTORS' REPORT *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2012

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Company is at an early stage of development and is dependent upon the continuing ability of the Directors to identify suitable investment or acquisition opportunities and implement the Company's strategy. During the identification process the Company's resources may be extended without return on investigative effort and due diligence. The Company may face competition to acquire particular companies or investments. Competing acquirers may have greater financial resources than the Company.

The Company may need to raise further funds in the future, either to complete a proposed acquisition or investment, or to raise additional working capital for such an acquisition or investment. There can be no guarantee that additional funds can be raised when necessary. In these circumstances the Company would need to secure additional funding from other sources and/or scale back its future plans.

SUBSTANTIAL INTERESTS

On 18 March 2013, the following parties had notified the Company of a beneficial interest that represents 3% or more of the Company's issued ordinary share capital at that date

	No. of shares	% held
Pershing Nominees Ltd	875,000,003	40.86
Cantor Fitzgerald Europe	700,000,000	32.68
XCAP Nominees Ltd	179,166,667	8.37
Chase Nominees Ltd	134,000,000	6.26
N C P Nelson	75,000,000	3.5
S G Moloney	75,000,000	3.5

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served in office since the beginning of the financial period are shown below:

S G Moloney
N C P Nelson
A Evans (appointed 12 June 2012)

The interests of the directors in 0.0001p ordinary shares of the company were as follows

	31 December 2012
S G Moloney	75,000,000
N C P Nelson	75,000,000
A Evans	-

Directors interests in share options and warrants are disclosed in note 12.

EXECUTIVE DIRECTORS

Nicholas Nelson has worked in corporate communications providing services to smaller quoted PLCs over a thirteen year period and prior to this, he spent twelve years in both market making and stockbroking. Nicholas recently stepped out of employed life to commit more time to Rare Minerals Plc and a small number of other corporate projects.

Shane Moloney is a partner at Shipleys LLP, a firm of accountants specialising in corporate finance and undertaking strategic business planning and capital markets advice for entrepreneurial high growth enterprises, often preparing for listing on junior and main markets. He trained with Arthur Andersen, joined Shipleys in 1988, and became a partner in 1992. He is an Irish Chartered Accountant and member of the Corporate Finance Faculty of the Institute of Chartered Accountants in England & Wales.

Alyn Evans was appointed a director during 2012. Prior to his appointment, Alyn was Manager of Underground Operations at Echelon Mining Services based in Australia. He has over 30 years experience in the mining sector and in senior management roles. He has held various positions including: Government appointed Inspector of Mines in Queensland, Australia; Principal Mining Engineer at AMC Consultants; Chief Inspector of Mines for Papua New Guinea; and Senior Technical Assistant at Anglo American (Coal Division). Of particular relevance is his role as mine manager for a Nigerian coal mine which was operational until the early 1990s.

FINANCIAL RISK MANAGEMENT POLICES AND OBJECTIVES

The Company's financial instruments comprise cash and various items, such as trade payables that arise directly from its operations. The Company's exposure to its financial instruments are not material and therefore derivative financial instruments are not used to manage them.

The main risks arising from the Company's financial instruments can be analysed as follows.

Credit Risk
The Company's credit risk is minimised by maintaining cash and treasury balances with reputable financial institutions.

Foreign currency risk
The Company has no significant transactions or balances denominated in foreign currencies, and holds all cash balances in sterling. The Directors do not consider the Company to be subject to currency risk.

Liquidity Risk
The Company has sufficient cash resources available to meet its short term liabilities.

Cash flow interest rate risk
The Company has no borrowings and on cash balances receives variable rate interest based on UK bank base rates.

PAYMENTS TO SUPPLIERS

The Company does not follow any code or standard on payment practice as the terms and conditions for its business transactions are agreed with individual suppliers. Payment is then made in accordance with those terms, subject to other terms and conditions being met by the supplier.

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 Practice (IFRSs). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Jeffreys Henry LLP has confirmed that it is willing to continue in office, and a resolution to reappoint it as the auditor will be proposed at the forthcoming Annual General Meeting.

The report of the Directors was approved and authorised by the Board on 29 May 2013 and signed on its behalf by

Nicholas Nelson

N C P Nelson
Director

RARE MINERALS PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

As a Company quoted on ISDX, the Company is not required to comply with the provisions of the 2006 Financial Reporting Council's revised Combined Code. However, the Board is committed to ensuring that proper standards of corporate governance operate and has therefore followed the principles of the Code so far as practicable and appropriate to the nature and size of the Company. A statement of the directors' responsibilities in respect of the financial statements is contained within the Report of the Directors above. The statement below describes the role of the Board and its committees, followed by a statement regarding the Company's system of internal controls.

THE BOARD

The activities of the Company are ultimately controlled by the Board of Directors. Biographical details of all Directors are to be found within the Report of the Directors above. All Directors are equally accountable under law of the proper stewardship of the Company's affairs.

The Board meets on a regular basis throughout the year to consider the Company's strategy and review investment opportunities.

Details of services supplied by and payments made to the Directors and to parties connected with the Directors are disclosed in note 11.

NOMINATIONS, REMUNERATION AND AUDIT COMMITTEES

The appointment, remuneration of Directors and audit management is a matter for the Board as a whole and therefore separate committees are not considered necessary given the present number of board members.

SHAREHOLDER RELATIONS

The Board has a policy of providing any reasonably requested historical information and explanations to shareholders on request. The Company's Interim and Annual Reports are sent to all shareholders. All shareholders are encouraged to participate in the Company's Annual General Meeting, which is attended by the Directors.

INTERNAL CONTROL AND FINANCIAL REPORTING

The Board is responsible for ensuring that there is a system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an organisational structure with clearly defined levels of responsibility and delegation of authority. Control procedures include annual budget approval and monitoring of actual performance. The Board approves all investment and acquisition projects for all major acquisitions and major capital expenditure.

The Directors believe that, taken as a whole, the systems of internal control are appropriate to the business for the year ended 31 December 2012.

GOING CONCERN

Having reviewed the future plans and projections for the business, the Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

RARE MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RARE MINERALS PLC

FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Rare Minerals Plc for the year ended 31 December 2012 which comprise the Income Statement, 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 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year 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 the financial statements are prepared is consistent with the financial statements.

RARE MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RARE MINERALS PLC *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2012

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, 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.

Sanjay Parmar (Senior Statutory Auditor)

for and on behalf of
Jeffreys Henry LLP, Statutory Auditor
Finsgate
5-7 Cranwood Street
London EC1V 9EE

29 May 2013

RARE MINERALS PLC

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Year ended 31 Dec 2012 £'000	Period from 18 January 2011 to 31 Dec 2011 £'000
Administrative expenses		(242)	(66)
Share based payments		(161)	-
Exceptional costs - abortive acquisition expenses		(229)	-
OPERATING LOSS FROM OPERATIONS	**4**	(632)	(66)
Investment income		4	2
Loss before taxation		(628)	(64)
Taxation		-	-
LOSS FROM CONTINUING OPERATIONS		(628)	(64)
Loss per share			
- basic (pence)	**7**	(0.029)	(0.0030)
- diluted (pence)		(0.029)	(0.0030)

RARE MINERALS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Year ended 31 Dec 12 £'000	Period from 18 January 2011 to 31 Dec 2011 £'000
Loss for the period	(628)	(64)
Total comprehensive income	(628)	(64)

RARE MINERALS PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £'000	Share premium £'000	Share-based compen-sation reserve £'000	Retained earnings £'000	Total £'000
Balance as at 18 Jan 2011	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	(64)	(64)
Issue of share capital	214	926	-	-	1,140
Balance as at 1 Jan 2012	214	926	-	(64)	1,076
Total recognised income and expense for the year	-	-	-	(628)	(628)
Share-based compensation	-	-	161	-	161
Balance as at 31 Dec 2012	214	926	161	(692)	609

RARE MINERALS PLC

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	As at 31 Dec 2012 £'000	As at 31 Dec 2011 £'000
ASSETS			
CURRENT ASSETS			
Trade and other receivables	8	30	12
Cash and cash equivalents		599	1,065
TOTAL ASSETS		629	1,077
EQUITY AND LIABILITIES			
Share capital	12	214	214
Share premium account	13	926	926
Share-based compensation reserve	14	161	-
Retained earnings	15	(692)	(64)
TOTAL EQUITY		609	1,076
CURRENT LIABILITIES			
Trade and other payables	9	20	1
TOTAL EQUITY AND LIABILITIES		629	1,077

These financial statements were approved for issue by the Board of Directors on 29 May 2013 and were signed on its behalf by:

Nicholas Nelson

N C P Nelson
Director

RARE MINERALS PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Year ended 31 Dec 2012 £'000	Period from 18 January 2011 to 31 Dec 2011 £'000
Loss before income tax	(628)	(66)
Share-based compensation	161	-
Finance income	(4)	-
Operating cash flows before movement in working capital and provisions	(471)	(66)
Increase in trade and other receivables	(18)	(12)
Increase in trade and other payables	19	1
NET CASH USED IN OPERATING ACTIVITIES	(470)	(77)
Cash flows from investing activities		
Interest received	4	2
NET CASH GENERATED FROM INVESTING ACTIVITIES	4	2
Cash flows from financing activities		
Net proceeds from issue of shares	-	1,140
NET CASH GENERATED FROM FINANCING ACTIVITIES	-	1,140
Net (decrease)/increase in cash and cash equivalents	(466)	1,065
Net cash and cash equivalents at beginning of period	1,065	-
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	599	1,065

RARE MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1. General information

Rare Minerals plc ("the Company") is an investment vehicle, established to invest in or acquire businesses or assets in the mining sector

The Company is a public limited company which is quoted on ISDX and is incorporated and domiciled in the UK. The address of its registered office is 30 Coleman Street, London, EC2R 5AL.

The registered number of the company is 07496976.

2. Adoption of International Financial Reporting Standards

The financial information in this annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") for the first time.

The results, assets and liabilities of the Company for the year ended 31 December 2011 together with the opening position of the Company at incorporation on 18 January 2011, the date of transition to IFRS, have been restated in accordance with IFRS. The statutory financial statements for the period ended 31 December 2011 were originally prepared in accordance with UK Generally Accepted Accounting Practice.

IFRS 1 'First time Adoption of IFRS' permits companies to take advantage of certain exemptions from full retrospective adoption. The Company has not needed to adjust any balances for the income statement for the period ended 31 December 2011 or the statement of financial position as at 31 December 2011 under IFRS.

Issued International Financial Reporting Standards (IFRS's) and interpretations (IFRICS) relevant to company operations

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Group.

Standards, interpretations and amendments to published standards that are not yet effective

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

3. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the accounting for financial instruments at fair value.

The Directors are of the opinion that the financial information should be prepared on a going concern basis, in the light of the Company's financial resources.

3. Accounting Policies *(continued)*

Share options

When shares, share options and warrants are granted to employees and investors, a charge is made to the profit and loss account and a reserve created in capital and reserves to record the fair value of the awards at the date of grant in accordance with IFRS 2 (share based payments). This charge is spread over the vesting period. When shares and share options are granted to employees of subsidiary companies, the fair value of the awards is treated as a capital contribution and spread over the period of performance relating to the grant. The corresponding entry is made in reserves.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In the opinion of the Directors, in year ended 31 December 2012, the Company does not have any separate business or geographical segments.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

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

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all temporary differences, except where the deferred income tax liability from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and liabilities are offset against each other only when the Company has a legally enforceable right to do so.

3. Accounting policies *(continued)*

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

Use of assumptions and estimates

The Company makes judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. 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 effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Given the level of the Company's activities, the Directors do not consider estimates and assumptions to have a material effect on the amounts recognised in the financial statements.

Reserves

Reserve	Description and purpose
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based compensation reserve	Cumulative fair value of share options granted and recognised as an expense in the Income Statement.
Retained earnings	Cumulative net gains and losses recognised in the company's financial statements.

4. Operating loss

Operating loss is stated after charging:

	Year ended 31 December 2012	Period from 18 January 2011 to 31 Dec 2011
	£'000	£'000
Directors' remuneration	74	11
Auditor's remuneration	5	-
Non-audit services	15	-

5. Employees

The company has no employees other than the three directors.

6. Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax expense	-	-
Deferred tax expense	-	-
	-	-

Reconciliation of effective tax rates	£	£
(Loss) before tax	(628)	(64)
Tax using domestic rates of corporation tax of 20.00% (2011: 20%)	(127)	(13)
Effect of:		
Expenses not deductible for tax purposes	79	-
Losses carried forward	48	13
	-	-

The company has estimated losses of £240,000 (2011 - £9,000) available to carry forward against future trading profits.

7. Loss per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The company had three classes of dilutive potential shares, being those share warrants and share options detailed within note 12.

The diluted loss per share is the same as the basic loss per share as the loss for the year has an antidilutive effect.

7. Loss per share *(continued)*

The calculation of basic and diluted earnings per share is based on the following figures:

	Year ended 31 December 2012 £'000	Period from 18 January 2011 to 31 Dec 2011 £'000
Total loss for the period	(628)	(64)
Weighted average number of shares – basic	2,141,666,667	2,141,666,667
Diluting effect of warrants in issue	-	-
Weighted average number or shares – diluted	2,141,666,667	2,141,666,667
Basic loss per share	(0.029) p	(0.0030) p
Diluted loss per share	(0.029) p	(0.0030) p

8. Trade and other receivables

	31 Dec 2012 £'000	31 Dec 2011 £'000
VAT	30	12
	30	12

9. Trade and other payables

	31 Dec 2012 £'000	31 Dec 2011 £'000
Trade payables	15	1
Other Creditors	5	-
	20	1

10. Financial instruments

The Company's financial instruments comprise cash and various items, such as trade payables that arise directly from its operations. The main risks arising from, and impacted by, the financial assets and liabilities of the Company are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below.

The Company does not hold any derivative financial instruments. The market value of the Company's financial assets and liabilities does not differ materially from the carrying value.

Financial Assets

The only significant asset of the Company is cash at bank and on deposit. Cash is held in Sterling only.

Cash at bank attracts interest at floating rates that vary with UK bank base rates. Cash on short-term deposits attracts fixed rates which are agreed at the commencement of the term of the deposit.

Financial Liabilities

The Company does not have any financial liabilities other than the trade and other payables arising from its operations. No interest is payable in respect of any of these liabilities.

The Company does not have any undrawn borrowing facilities.

Cash flow interest rate risk

The Company is cash positive and places its balances on short-term deposits with National Westminster Bank plc. Due to the short-term nature of these deposits, the interest receivable by the Company will be affected by changes in the UK bank base rate. No interest is received on any of the Company's other assets or receivables. The Company does not have any loans, bank borrowings or other interest bearing payables.

Liquidity Risk

It is the Company's policy to maintain sufficient cash resources to meet its short-term liabilities.

11. Related Parties

During the period, an amount of £57,517 (2011 - £8,125) was charged to the Company by Shipleys LLP, a partnership in which S. G. Moloney is a member. The charges related to £11,000 (2011 - £nil) of Director's fees, £35,350 (2011 - £8,125) of provision of accounting services and £11,167 (2011 - £nil) of travel expenditure.

During the period, an amount of £1,612 (2011 - £7,222) was charged to the company by Hansard Communications Limited, a Company in which N. Nelson was a Director. The charges related to £1,612 (2011 - £7,222) of public relations services. Additionally, an amount of £37,528 (2011 - £nil) was charged to the Company by Cubitt Consulting, a Company in which N. Nelson was an employee. The charges related to £24,528 (2011 - £nil) of public relation services, £3,000 (2011 - £nil) of registrar costs and £10,000 (2011 - £nil) of project work expenditure.

Furthermore, an amount of £16,115 (2011 - £nil) was charged to the Company by Nexus Financial Ltd, a Company in which N. Nelson is a Director. The charges related to £8,500 (2011 - £nil) of Director's fees and £7,615 (2011 - £nil) of travel expenditure.

During the period, an amount of £60,155 (2011 - £nil) was charged to the Company by Alyn Evans Consultancy Services Ltd, a Company in which A. Evans is a Director. The charges related to £54,167 (2011 - £nil) of Director's fees and £5,988 (2011 - £nil) of travel expenditure.

11. Related Parties *(continued)*

All the services provided are considered to have been made on an arms length basis.

Other than disclosed above, there were no other related party transactions that require disclosure during the current period.

12. Share Capital

	31 Dec 2012 £'000	31 Dec 2011 £'000
Allotted, called up and fully paid:		
2,141,666,667 ordinary shares of £0.0001 each	214	214
	214	214

Share Warrants

The company has the following share warrants and options outstanding

	Number	Price	Period of exercise	Exercisable at 31 December 2012
Warrants	1,650,000,000	0.01p	February 2011 - March 2016	1,650,000,000
Options	150,000,000	0.40p	June 2013 - June 2020	-
Options	225,000,000	0.60p	June 2013 - June 2020	-

On 10 February 2011 the Company granted warrants to Grandinex International Corp (up to 800,000,000 Ordinary shares) Cantor Fitzgerald Europe (up to 700,000,000 Ordinary shares) N C P Nelson (up to 75,000,000 Ordinary shares) and S G Moloney (up to 75,000,000 Ordinary shares) at an exercise price of 0.01p per share, exercisable at any time up to 31 March 2016.

On 1 and 13 June 2012, the Company granted to each of N C P Nelson, S G Moloney, and A Evans and subject to certain vesting conditions, the options to subscribe for 50,000,000 Ordinary shares at 0.4p per share and 75,000,000 Ordinary shares at 0.6p per share between June 2013 and June 2020.

13. Share Premium

	31 Dec 2012 £'000	31 Dec 2011 £'000
Balance brought forward	926	-
Premium on shares issued in the period	-	926
	926	926

14. Share Based Payments

Equity settled share-option plan

The Company plan provides for a grant price equal to the average quoted market price of the Company's shares on the date of grant. The warrants will not normally be exercisable during a closed period, and furthermore can only be exercisable if the performance conditions are satisfied.

Warrants which have vested immediately before either the death of a participant or his ceasing to be eligible employee by reason of injury, disability, redundancy, retirement or dismissal (otherwise than for a good cause) shall remain, exercisable (to the extent vested) for 12 months after such cessation, and all non-vested options shall lapse.

The details of the warrants are as follows

	Year ended 31 December 2012	Period from 18 January 2011 to 31 Dec 2011
Outstanding at beginning of period	1,650,000,000	-
Granted during the period	375,000,000	1,650,000,000
Exercised during the period	-	-
Outstanding at end of the period	2,025,000,000	1,650,000,000

The fair values of the options granted have been calculated using Black-Scholes model assuming the inputs shown below:

Grant date	February 2011	June 2012	June 2012
Number of warrants granted	1,650,000,000	150,000,000	225,000,000
Share price at grant date	0.01p	0.40p	0.40p
Exercise price at grant date	0.01p	0.40p	0.60p
Option life	5 years	8 years	8 years
Risk free rate	4.43%	1.65%	1.65%
Expected volatility	20%	20%	20%
Expected dividend yield	0%	0%	0%
Fair value of option	0p	0.11p	0.05p

An expense of £161,000 has been recognised in the year (2011: nil) in respect of a share-based payment charge for the outstanding share options issued during 2012.

15. Retained Earnings

	Year ended 31 December 2012 £'000	Period from 18 January 2011 to 31 Dec 2011 £'000
Opening balance	(64)	-
Profit for the period	(628)	(64)
Closing balance	(692)	(64)

16. Capital Commitments

The Company has no capital commitments at the year end.

17. Future Operating Lease Commitments

There are no material operating lease commitments at the statement of financial position date.

18. Control

In the opinion of the directors, there is no one controlling party.