

COMPANY REGISTRATION NUMBER 07496976

**EQUATORIAL MINING AND EXPLORATION PLC
(FORMERLY KNOWN AS RARE MINERALS PLC)**

Annual Report

For the year ended 31 DECEMBER 2013



EQUATORIAL MINING AND EXPLORATION PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS	PAGE
Officers and professional advisers	1
Chairman's statement	2
Strategic Report	3
The Directors' report	5
Corporate governance report	8
Independent auditor's report to the shareholders	10
Income statement	12
Statement of comprehensive income	13
Statement of changes in equity	14
Statement of financial position	15
Statement of cash flows	16
Notes to the financial statements	17

EQUATORIAL MINING AND EXPLORATION PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	N Nelson S Moloney A Evans
Company secretary	International Registrars Limited
Registered office	10 Orange Street Haymarket London WC2H 7DQ
Auditor	Jeffreys Henry LLP Chartered Accountants & Statutory Auditor Finsgate 5-7 Cranwood Street London EC1V 9EE

EQUATORIAL MINING AND EXPLORATION PLC

CHAIRMAN'S STATEMENT


FOR THE YEAR ENDED 31 DECEMBER 2013

I have pleasure in reporting our final results and we have posted the Report and Accounts to shareholders today

In our December year end update we reported on the culmination of an excellent year's progress for the Company. Last February Behre Dolbear sent us the draft Competent Persons Report (CPR) which recommended a continuation of our programme to develop the 600 sq km tenements (nine exploration licences) under our control in order to establish the existence of, what they and we believe to be, substantial deposits of coal and other hydrocarbon based minerals.

Indeed, this is our plan but to proceed we require additional funding in order to cover the continuing geological programme. To this end, we are shortly to engage advisers to the outright acquisition of the Nigerian company which owns the 9 licences which we have been funding, and a significant fund raising. Shareholders can expect to hear more on this in the next four weeks.

Until then, we continue to run the company on a shoestring with a monthly cash burn (including board fees) of approximately £11,000. If the forthcoming fund raise is not completed to our satisfaction, the Directors will suspend certain payments to safeguard operating cashflows.



N C P Nelson
Chairman

EQUATORIAL MINING AND EXPLORATION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

PRINCIPAL ACTIVITIES

Equatorial Mining and Exploration Plc is an investment vehicle, admitted to trading on ISDX. Since admission, the board has been evaluating a number of acquisition possibilities.

On 26 June 2013 the company changed its name from Rare Minerals Plc to Equatorial Mining and Exploration Plc.

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.

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.

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.

EQUATORIAL MINING AND EXPLORATION PLC

STRATEGIC REPORT (*Continued*)

FOR THE YEAR ENDED 31 DECEMBER 2013

In the meantime, the Company has maintained its ISDX listing on minimal overhead and, as at the period end, the cash balance was over £93,000

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 £200,691 for the year before the write off of exceptional costs related to an abortive acquisition of £305,496. Interest income was £1,675 resulting in a loss for the year before and after tax of £504,512

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

FUTURE DEVELOPMENTS

In the financial year to 31 December 2014, the company will engage the services of a mining geological contractor to conduct exploration studies on part of the Company's tenement in Nigeria. These studies will be overseen by the Board and will lead to an expert report into the existence and commercial viability of hydrocarbon minerals

If this report suggests hydrocarbon minerals do exist in commercial quantities, the Company will endeavour to source additional funding to increase the scale of the exploration leading to the eventual production of a JORC Inferred Resource Estimate. The Resource Estimate will provide the Company with the means to generate income via an outright sale of the tenement or a move into production

EQUATORIAL MINING AND EXPLORATION PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

The Board is pleased to present the results for the Company for the year ended 31 December 2013. The company is incorporated in the United Kingdom.

SUBSTANTIAL INTERESTS

On 6 May 2014, 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

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

	31 December 2013
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 14.

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 Equatorial Mining and Exploration 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.

EQUATORIAL MINING AND EXPLORATION PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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.

EQUATORIAL MINING AND EXPLORATION PLC

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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,
- state that the Company has complied with IFRS, 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.

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 27 May 2014 and signed on its behalf by



N C P Nelson
Director

EQUATORIAL MINING AND EXPLORATION PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013.

EQUATORIAL MINING AND EXPLORATION PLC

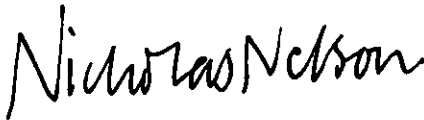
CORPORATE GOVERNANCE REPORT *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2013

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.

The corporate governance report was approved and authorised by the Board on 27 May 2014 and signed on its behalf by

A handwritten signature in black ink that reads "Nicholas Nelson". The signature is written in a cursive, slightly slanted style.

N C P Nelson
Director

EQUATORIAL MINING AND EXPLORATION PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EQUATORIAL MINING AND EXPLORATION PLC

FOR THE YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Equatorial Mining and Exploration Plc for the year ended 31 December 2013 which comprise the Strategic Report, 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 in the Chairman's statement, Strategic Report and the Directors Report, 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 2013 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.

EQUATORIAL MINING AND EXPLORATION PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EQUATORIAL MINING AND EXPLORATION PLC *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2013

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 Pamar (Senior Statutory Auditor)

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

29 May 2014

EQUATORIAL MINING AND EXPLORATION PLC

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 Dec 2013 £'000	Year ended 31 Dec 2012 £'000
Administrative expenses		(198)	(242)
Share based payments		(4)	(161)
Exceptional costs		(305)	(229)
OPERATING LOSS FROM OPERATIONS	4	<u>(507)</u>	<u>(632)</u>
Investment income		<u>2</u>	<u>4</u>
Loss before taxation		(505)	(628)
Taxation		-	-
LOSS FROM CONTINUING OPERATIONS		<u>(505)</u>	<u>(628)</u>
Loss per share			
- basic (pence)	7	<u>(0 024)</u>	<u>(0 029)</u>
- diluted (pence)		<u>(0 024)</u>	<u>(0 029)</u>

EQUATORIAL MINING AND EXPLORATION PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Year ended 31 Dec 2013 £'000	Year ended 31 Dec 2012 £'000
Loss for the period	<u>(505)</u>	<u>(628)</u>
Total comprehensive income	<u><u>(505)</u></u>	<u><u>(628)</u></u>

EQUATORIAL MINING AND EXPLORATION PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 Jan 2012	214	926	161	(692)	609
Loss for the year	-	-	-	(505)	(505)
Share-based compensation	-	-	-	-	-
Balance as at 31 Dec 2013	<u>214</u>	<u>926</u>	<u>161</u>	<u>(1,197)</u>	<u>104</u>

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 Jan 2011	214	926	-	(64)	1076
Loss for the year	-	-	-	(628)	(628)
Share-based compensation	-	-	161	-	161
Balance as at 31 Dec 2012	<u>214</u>	<u>926</u>	<u>161</u>	<u>(692)</u>	<u>609</u>

EQUATORIAL MINING AND EXPLORATION PLC

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2013

		As at 31 Dec 2013 £'000	As at 31 Dec 2012 £'000
ASSETS	Note		
CURRENT ASSETS			
Trade and other receivables	8	53	30
Cash and cash equivalents		94	599
TOTAL ASSETS		<u>147</u>	<u>629</u>
EQUITY AND LIABILITIES			
Share capital	12	214	214
Share premium account	13	926	926
Share-based compensation reserve	14	161	161
Retained earnings	15	(1,197)	(692)
TOTAL EQUITY		104	609
CURRENT LIABILITIES			
Trade and other payables	9	43	20
TOTAL EQUITY AND LIABILITIES		<u>147</u>	<u>629</u>

These financial statements were approved for issue by the Board of Directors on 27 May 2014 and were signed on its behalf by

Nicholas Nelson

N C P Nelson
Director

EQUATORIAL MINING AND EXPLORATION PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Year ended 31 Dec 2013 £'000	Year ended 31 Dec 2012 £'000
Loss before income tax	(505)	(628)
Share-based compensation	-	161
Finance income	(2)	(4)
	<hr/>	<hr/>
Operating cash flows before movement in working capital and provisions	(507)	(471)
Increase in trade and other receivables	(23)	(18)
Increase in trade and other payables	23	19
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(507)	(470)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	2	4
	<hr/>	<hr/>
NET CASH GENERATED FROM INVESTING ACTIVITIES	2	4
	<hr/>	<hr/>
Cash flows from financing activities		
Net proceeds from issue of shares	-	-
	<hr/>	<hr/>
NET CASH GENERATED FROM FINANCING ACTIVITIES	-	-
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(505)	(466)
Net cash and cash equivalents at beginning of period	599	1,065
	<hr/>	<hr/>
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	94	599
	<hr/>	<hr/>

EQUATORIAL MINING AND EXPLORATION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 General information

Equatorial Mining and Exploration 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 10 Orange Street, London, WC2H 7DQ

The registered number of the company is 07496976

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The functional and presentational currency for the financial statements is sterling.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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 company.

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 2013, 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 affects 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 2013 £'000	Year ended 31 December 2012 £'000
Directors' remuneration	103	74
Auditor's remuneration		
- Audit	5	5
- Non-audit services	15	15

5 Employees

The company has no employees other than the three Directors

6. Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax expense	-	-
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Reconciliation of effective tax rates	£	£
(Loss) before tax	<u>(505)</u>	<u>(628)</u>
Tax using domestic rates of corporation tax of 20.00% (2012 20%)	(101)	(127)
Effect of:		
Expenses not deductible for tax purposes		79
Losses carried forward		48
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The Company has estimated losses of £745,000 (2012 - £240,000) available to carry forward against future trading profits

The Company has not recognised a potential deferred tax asset of £149,000 (2012 £48,000) in respect of these losses due to uncertainty over whether they will be utilised in future periods

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 14.

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 2013 £'000	Year ended 31 December 2012 £'000
Total loss for the period	<u>(505)</u>	<u>(628)</u>
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	<u>2,141,666,667</u>	<u>2,141,666,667</u>
Basic loss per share	<u>(0 024) p</u>	<u>(0 029) p</u>
Diluted loss per share	<u>(0 024) p</u>	<u>(0 029) p</u>

8 Trade and other receivables

	31 Dec 2013 £'000	31 Dec 2012 £'000
VAT	47	30
Other debtors	<u>6</u>	<u>-</u>
	53	30

9 Trade and other payables

	31 Dec 2013 £'000	31 Dec 2012 £'000
Trade payables	42	15
Other Creditors	<u>1</u>	<u>5</u>
	43	20

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 £60,250 (2012 - £57,517) was charged to the Company by Shipleys LLP, a partnership in which S G Moloney is a member. The charges related to £31,000 (2012 - £11,000) of Director's fees, £29,250 (2012 - £35,350) of provision of accounting services and £nil (2012 - £11,167) of travel expenditure.

During the period, an amount of £nil (2012 - £1,612) was charged to the company for public relations services provided by Hansard Communications Limited, a Company in which N Nelson was a Director. Additionally, an amount of £9,720 (2012 - £37,528) was charged to the Company by Cubitt Consulting, a Company in which N Nelson was an employee. The charges related to £6,720 (2012 - £24,528) of public relation services, £3,000 (2012 - £3,000) of registrar costs and £nil (2012 - £10,000) of project work expenditure.

Furthermore, an amount of £36,923 (2012 - £16,115) was charged to the Company by Nexus Financial Ltd, a Company in which N Nelson is a Director. The charges related to £27,000 (2012 - £8,500) of Director's fees and £9,923 (2012 - £7,615) of travel expenditure.

During the period, an amount of £49,779 (2012 - £60,155) was charged to the Company by Alyn Evans Consultancy Services Ltd, a Company in which A Evans is a Director. The charges

11 Related Parties (continued)

related to £44,833 (2012 - £54,167) of Director's fees, £1,198 (2012 £nil) of company formation expenses and £3,748 (2012 - £5,988) of travel expenditure

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 2013 £'000	31 Dec 2012 £'000
Allotted, called up and fully paid		
2,141,666,667 ordinary shares of £0 0001 each	214	214
	<u>214</u>	<u>214</u>

13 Share Premium

	31 Dec 2013 £'000	31 Dec 2012 £'000
Balance brought forward	926	926
	<u>926</u>	<u>926</u>

14 Share Based Payments

Share Warrants

During the year all option and warrant holders waived their rights on the existing options and warrants. At the balance sheet date, none were exercisable.

On 10th February 2014 the company granted 253,240,000 options over the Ordinary shares at a price of £0.0001 per share. The options were granted as follows: 114,490,000 to N Nelson, 88,750,000 to A Evans, 27,500,000 to S Moloney and 22,500,000 to M Nwafor.

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 2013	Year ended 31 December 2012
Outstanding at beginning of period	2,025,000,000	1,650,000,000
Granted during the period	-	375,000,000
Waived during the period	(2,025,000,000)	
Outstanding at end of the period	-	2,025,000,000

All rights to warrants were waived by the warrant holders during the year.

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

15 Retained Earnings

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Opening balance	(692)	(64)
Loss for the period	(505)	(628)
Closing balance	(1,197)	(692)

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

19 Post Balance Sheet Events

The Directors are not aware of any events which have occurred since the balance sheet date which require either a provision or disclosure in the accounts