**Company Registration No. 05173250**

StratMin
Global Resources Plc

**Annual Report and Accounts**

**31 December 2012**

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## COMPANY INFORMATION

| | |
|---|---|
| DIRECTORS : | Gobind Sahney (Executive Chairman)<br>Jeff Marvin<br>Manoli Yannaghas (Non-Executive)<br>Marius Pienaar (Non-Executive)<br>David Premraj (Non-Executive) |
| SECRETARY : | Gobind Sahney |
| REGISTERED OFFICE : | 31 Harley Street<br>London<br>W1G 9QS |
| COMPANY REGISTRATION NUMBER : | 05173250 |
| REGISTRAR AND TRANSFER OFFICE : | Capita Registrars Limited<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU |
| SOLICITORS : | Speechly Bircham LLP<br>6 New Street Square<br>London<br>EC4A 3LX |
| AUDITORS : | Welbeck Associates<br>Registered Auditors<br>Chartered Accountants<br>31 Harley Street<br>London<br>W1G 9QS |
| NOMINATED ADVISER: | Libertas Capital Corporate Finance Limited<br>17c Curzon Street<br>London<br>W1J 5HU |
| JOINT BROKER: | Optiva Securities Limited<br>2 Mill Street<br>London<br>W1S 2AT |
| JOINT BROKER: | Peterhouse Corporate Finance Ltd<br>31 Lombard Street<br>London<br>EC3V 7BQ |

## CHAIRMAN'S STATEMENT
### YEAR TO 31 DECEMBER 2012

**Introduction**

I am pleased to present to shareholders the results for the year ended 31 December 2012. The year marked my first complete year as Chairman of the Company.

**Summary and Current Activities**

To briefly summarise 2012, we completed a strategic review and with the help of new board member Jeff Marvin and former member Martin Kiersnowski (Chairman 2010/2011), we put forward for shareholder approval, at the March 1, 2012 general meeting, proposals to broaden the investment policy of the Company, update the Articles of Association of the Company to conform with the 2006 Companies Act, and change the name to StratMin Global Resources Plc, each of which were subsequently approved by shareholders. At the same time we were also able to announce that we had invested $1.275m in Graphmada, a non-listed graphite mining company in Madagascar.

As a result of the strategic review, your board identified graphite as a strategic mineral and Graphmada as a company with significant growth potential. In accordance with our business objectives we continued to nurture and provide strategic advice to Graphmada. We welcomed Manoli Yannaghas as a non-executive Director with substantial natural resource and mining experience.

Throughout the year we progressed our plans to reverse Graphmada into the Company and completed this transaction in January 2013. Since then we have been operating as a mining company with a focus on Graphite. With the reverse takeover, we welcomed two new Directors to our board, Mr. David Premraj and Mr. Marius Pienaar who represent the interests of the Graphmada shareholders. To provide you with further information on our progress since January, I refer shareholders to our operational update announced on 26 June 2013.

Your board continues to seek opportunities and strategies to enhance shareholder value.

I look forward to providing further news as appropriate in the near future.

Thank you for your continued support.

Gobind Sahney

**Chairman**

25 June 2013

## DIRECTORS' REPORT
### YEAR TO 31 DECEMBER 2012

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2012.

The Company changed its name from Woodburne Square Ag plc to StratMin Global Resources Plc on 14 March 2012.

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW
Since the year end the Company's objective has changed from making investments in meaningful ownership positions of operating companies and assets that have potential for significant value growth in the natural resource and extractive industries, to that of a graphite production and exploration company.

The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements of this business review can be found in the Chairman's statement on page 2, which is incorporated in this report by reference.

### KEY PERFORMANCE INDICATORS
The key performance indicators are set out below.

| COMPANY STATISTICS | 2012 | 2011 | Change % |
|---|---|---|---|
| Net asset value | £1,074,000 | £865,000 | +24% |
| Net asset value per share | 1.19p | 1.35p | -12% |
| Closing share price | 4.8p | 5.0p | -4% |
| Share price premium to net asset value | 303% | 270% | +12% |
| Market capitalisation | £4,332,000 | £3,195,000 | +36% |

### RESULTS AND DIVIDENDS
In 2012, the Group's loss after taxation from continuing operations was £1,244,000 (2011: £234,000 loss). The Directors do not recommend the payment of a dividend (2011: £nil).

### DIRECTORS
The Board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise beside their name:

| Name | Position | |
|---|---|---|
| Gobind Sahney | Executive Chairman | |
| Jeff Marvin | Director | |
| Manoli Yannaghas | Non-Executive Director | (appointed 20 August 2012) |
| Martin Kiersnowski | Director | (resigned 2 March 2012) |

On 10 April 2013 David Premraj and Marius Pienaar were appointed Non-Executive directors.

### DIRECTORS' INTERESTS
The Directors' interests in the share capital of the Company at 22 May 2013, held either directly or through related parties, were as follows:

| Name of director | Number of ordinary shares 2012 | % of ordinary share capital and Voting Rights 2012 |
|---|---|---|
| Manoli Yannaghas | 37,500 | 0.06 |
| David Premraj | 16,507,763 | 27.27 |
| Marius Pienaar | 19,050,000 | 31.48 |

## DIRECTORS' REPORT
### YEAR TO 31 DECEMBER 2012 (continued)

Details of the options granted to or held by the Directors are as follows:

| Name of director or former director | At 1 January 2012 or date of appointment if later | Options granted | Options lapsed | At 31 December 2012 or date of cessation if earlier | Exercise price | Earliest date of exercise | Date of expiry |
|---|---|---|---|---|---|---|---|
| Gobind Sahney | - | 4,790,403 | - | 4,790,403 | 2.25p | 2/03/2012 | 1/03/2022 |
| Jeff Marvin | - | 4,790,403 | - | 4,790,403 | 2.25p | 2/03/2012 | 1/03/2022 |

The options granted to Gobind Sahney and Jeff Marvin are exercisable at any time from the earliest date of exercise to the expiry date.

The Company has made qualifying third party indemnity provisions for the benefit of the Directors in the form of Directors' and Officers' Liability insurance during the year which remain in force at the date of this report.

### DONATIONS
The Group did not make any political or charitable donations during the year (2011: £nil).

### SUPPLIER PAYMENT POLICY
The Group's policy is to abide by the terms of payment agreed with its suppliers. It does not follow any specific code or standard on payment practice. At 31 December 2012, the number of supplier days outstanding was 43 days (2011: 36 days).

### EMPLOYEE CONSULTATION
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, age, colour, race, religion or ethnic origin.

### SUBSTANTIAL SHAREHOLDINGS
On 22 May 2013 the Company had been notified in accordance with chapter 5 of the Disclosure and Transparency Rules, or made enquiries which revealed that, the following were interested in 3% or more of the Company's share capital (including Directors, whose interests are also shown above):

| Name of shareholder | **Number of ordinary shares | % of ordinary share capital and voting rights |
|---|---|---|
| Caralapati Raghairah Premraj | 16,507,763 | 27.3 |
| Marthinus (Marius) Johannes Hendrik Pienaar | 12,150,000 | 20.1 |
| Mrs Kesava Padmavathi | 8,100,000 | 13.4 |
| Mrs Caryl Melissa Jane Pienaar | 6,900,000 | 11.4 |
| Ghanshyam Champakal | 5,405,556 | 8.9 |
| Srirekam Kesava Pourushotham | 2,700,000 | 4.5 |
| JIM Nominees Ltd | 1,885,418 | 3.1 |

** The number of shares shown under substantial shareholdings refer to the new ordinary shares resulting from the 1 for 10 share consolidation on 28 January 2013. Except where stated to the contrary all other shares referred to in these financial statements are the ordinary shares prior to the share consolidation.

## DIRECTORS' REPORT
### YEAR TO 31 DECEMBER 2012 (continued)

### POST YEAR END EVENTS

On 28 January 2013 the following events took place:

- The shareholders approved the consolidation of the Company's shares on the basis of one new ordinary share of 4p for every ten existing ordinary shares of 0.4p.
- The Company completed the acquisition of Graphmada Equity Pte Limited, a graphite mining business, based in Madagascar. The consideration for the acquisition was £25.5 million satisfied through the issue of 51,000,000 new ordinary shares.
- The Company completed the placing of 30,060,000 convertible loan notes of 5p each, raising a total of approximately £1.5 million.

On 25 February 2013, the Company issued 216,000 new ordinary shares of 4p each to satisfy certain existing commitments.

On 7 March 2013, the Company issued 102,500 new ordinary shares of 4p each following the exercise of warrants.

On 16 April 2013, the Company issued 17,499 new ordinary shares of 4p each following the exercise of warrants.

On 16 June 2013, the Company issued 126,620 new ordinary shares of 4p each to satisfy certain existing commitments.

### KEY RISKS AND UNCERTAINTIES

Currently the principal risk is that the investments made by the Company suffer a fall in value and thus do not provide sufficient gains to enable the business to continue to operate.

Early stage investments in the natural resources sector carry a high level of risk and uncertainty, although the rewards can be outstanding. At this stage there can be no certainty of outcome and, in addition, there is often a lack of liquidity in the Company's investments, in that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company.

Details of other financial risks and their management are given in Note 20 to the financial statements.

### GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future thus we continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 3 of the financial statements.

### DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### AUDITOR

Welbeck Associates have expressed their willingness to continue in office as auditor and it is expected that a resolution to reappoint them will be proposed at the next annual general meeting.

## DIRECTORS' REPORT
**YEAR TO 31 DECEMBER 2012 (continued)**

### CORPORATE GOVERNANCE

The requirements of the Combined Code of Corporate Governance are not mandatory for companies traded on AIM. However, the Directors recognise the importance of sound corporate governance and have adopted corporate governance principles which the Directors consider are appropriate for a company of its size.

### BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All Directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing Directors as necessary.

The Board consists of two Executive directors, the Chairman, Gobind Sahney and Jeff Marvin, and three Non-Executive directors, Manoli Yannaghas, David Premraj and Marius Pienaar.

Matters which would normally be referred to appointed committees, such as the Audit and Remuneration committees, are dealt with by the full Board.

### COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Executive Chairman and other members of the Board at the Annual General Meeting.

### INTERNAL CONTROL

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

### AUDITORS

The Board as a whole considers the appointment of external auditors, including their independence, specifically including the nature and scope of non-audit services provided.

### REMUNERATION

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in Note 8 to the financial statements and details of the directors' share options are set out in the Directors' Report.

**By order of the Board**

**Gobind Sahney**
Chairman

25 June 2013

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 are required to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. Under company law the directors must not approve the accounts 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 the Group and Parent Company financial statements, under International Accounting Standard 1, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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 each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

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.

**Responsibility statement**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**By order of the Board**

Chairman

**Gobind Sahney**

25 June 2013

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRATMIN GLOBAL RESOURCES PLC

We have audited the financial statements of StratMin Global Resources plc for the year ended 31 December 2012 which comprise the group income statement, the group statement of comprehensive income, the group and parent company statements of changes in equity, the group and parent company statements of financial position, the group and parent company statements of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the group and parent company 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 7, 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

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 Group's and of the parent company's affairs as at 31 December 2012 and of the Group's loss for the year then ended;
- the Group and parent company 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified, we draw your attention to the disclosures made in note 4 to the financial statements concerning the Company's ability to continue as a going concern. The Group's activities are not currently generating any revenue, it incurred a loss of £1,244,000 during the year (2011: £234,000 loss), had a cash balance of £185,000 as at 31 December 2012 and as at the date of signing these financial statements, was yet to reach a level of production at the mine-site that would generate a positive cash flow.

These conditions, along with other matters explained in note 4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. The directors have plans to manage the cash flows of the Company to enable it to continue as a going concern. These plans include the necessary additional fundraising required to provide the working capital requirement for the next 12 months. The Company financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

**Jonathan Bradley Hoare** (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London, United Kingdom

25 June 2013

# GROUP INCOME STATEMENT

**YEAR TO 31 DECEMBER 2012**

| | Notes | **2012 £'000** | 2011 £'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Administrative expenses | | (847) | (301) |
| Other operating income | 9 | (389) | 212 |
| Other operating expenses | 10 | - | (146) |
| **Operating loss** | 6 | (1,236) | (235) |
| Investment income | 11 | - | 1 |
| Finance costs | 12 | (8) | - |
| **Loss before tax** | | (1,244) | (234) |
| Tax | 13 | - | - |
| **Loss for the period** | | (1,244) | (234) |
| **Loss attributable to equity holders of the parent** | | (1,244) | (234) |
| **Loss per share** | 14 | | |
| From continuing operations | | | |
| Basic and diluted(pence) | 14 | (1.6) | (0.4) |

The accounting policies and notes are an integral part of these financial statements

StratMin
Global Resources Plc

# GROUP STATEMENT OF COMPREHENSIVE INCOME

**YEAR TO 31 DECEMBER 2012**

| | Notes | **2012 £'000** | 2011 £'000 |
|---|---|---|---|
| Loss for the year | | **(1,244)** | (234) |
| Other comprehensive income: | | | |
| Exchange differences on translation of foreign operations | | **-** | (4) |
| Market value adjustment to investments | 16 | **189** | (856) |
| Other comprehensive income/(expense) for the period | | **189** | (860) |
| Total comprehensive loss for the year attributable to equity holders of the parent | | **(1,055)** | (1,094) |

The accounting policies and notes are an integral part of these financial statements

StratMin Global Resources Plc

# GROUP AND COMPANY STATEMENT OF FINANCIAL POSITIONS

**AS AT 31 DECEMBER 2012**

| | Notes | GROUP 2012 £'000 | GROUP 2011 £'000 | COMPANY 2012 £'000 | COMPANY 2011 £'000 |
|---|---|---|---|---|---|
| **Non-Current assets** | | | | | |
| Investment in subsidiaries | 15 | - | - | 46 | 1,443 |
| Available for sale investments | 16 | 859 | 579 | 859 | 579 |
| Loans to associates | | 118 | - | 118 | - |
| | | 977 | 579 | 1,023 | 2,022 |
| **Current assets** | | | | | |
| Trade and other receivables | 17 | 60 | 35 | 60 | 35 |
| Cash and cash equivalents | 18 | 185 | 336 | 180 | 331 |
| | | 245 | 371 | 240 | 366 |
| **Current liabilities** | | | | | |
| Trade and other payables | 19 | 148 | 85 | 135 | 1,469 |
| | | 148 | 85 | 135 | 1,469 |
| **Net assets/(liabilities)** | | 1,074 | 865 | 1,128 | 919 |
| **Equity** | | | | | |
| Share capital | 22 | 362 | 255 | 362 | 255 |
| Share premium account | | 28,170 | 27,128 | 28,170 | 27,128 |
| Investment reserve | | (667) | (856) | (667) | (856) |
| Other reserves | | 2,372 | 2,372 | - | - |
| Retained earnings | | (29,163) | (28,034) | (26,737) | (25,608) |
| **Total equity** | | 1,074 | 865 | 1,128 | 919 |

These financial statements were approved by the Board of Directors 25 June 2013.

**Signed on behalf of the Board by:**

**Gobind Sahney**
Director

**Manoli Yannaghas**
Director

The accounting policies and notes are an integral part of these financial statements

## GROUP STATEMENT OF CHANGES IN EQUITY

**YEAR TO 31 DECEMBER 2012**

| | Share capital £'000 | Share Premium £'000 | Investment reserve £'000 | Other reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2011** | **202** | **26,680** | **-** | **2,372** | **(27,796)** | **1,458** |
| Loss for the year | - | - | - | - | (234) | **(234)** |
| Other comprehensive loss for the period | - | - | (856) | - | (4) | **(860)** |
| Total comprehensive loss for the year | - | - | (856) | - | (238) | **(1,094)** |
| Net proceeds of share issues | 53 | 448 | - | - | - | **501** |
| **Balance at 31 December 2011** | **255** | **27,128** | **(856)** | **2,372** | **(28,034)** | **865** |
| Loss for the year | - | - | - | - | (1,244) | **(1,244)** |
| Other comprehensive income for the period | - | - | 189 | - | | **189** |
| Total comprehensive income for the year | - | - | 189 | - | (1,244) | **(1,055)** |
| Net proceeds of share issues | 107 | 1,042 | - | - | - | **1,149** |
| Share based payment charge | - | - | - | - | 115 | **115** |
| **Balance at 31 December 2012** | **362** | **28,170** | **(667)** | **2,372** | **(29,163)** | **1,074** |

The Company acquired the entire issued share capital of Direct Excellence Limited (previously known as Interactive Prospect Targeting Limited) pursuant to a share for share exchange on 1 December 2004. The Other reserve reflects the difference between the nominal value of the shares issued to acquire Direct Excellence Limited (previously known as Interactive Prospect Targeting Limited) and the cumulative value of the Company's share capital and share premium account at the date of acquisition.

The accounting policies and notes are an integral part of these financial statements

## COMPANY STATEMENT OF CHANGES IN EQUITY
### YEAR TO 31 DECEMBER 2012

| | Share capital £'000 | Share Premium £'000 | Investment reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2011** | **202** | **26,680** | **-** | **(25,424)** | **1,458** |
| Total comprehensive income for the year | - | - | (856) | (184) | **(1,040)** |
| Net proceeds of share issues | 53 | 448 | - | - | **501** |
| **Balance at 31 December 2011** | **255** | **27,128** | **(856)** | **(25,608)** | **919** |
| Total comprehensive expense for the year | - | - | 189 | (1,244) | **(1,055)** |
| Net proceeds of share issues | 107 | 1,042 | - | - | **1,149** |
| Share based payment charge | - | - | - | 115 | **115** |
| **Balance at 31 December 2012** | **362** | **28,170** | **(667)** | **(26,737)** | **1,128** |

The accounting policies and notes are an integral part of these financial statements

StratMin Global Resources Plc

# GROUP AND COMPANY STATEMENTS OF CASH FLOWS

## YEAR TO 31 DECEMBER 2012

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£'000** | £'000 | **£'000** | £'000 |
| PROFIT FOR THE YEAR | | | | |
| From continuing operations | **(1,244)** | (234) | **(1,244)** | (184) |
| Adjusted for: | | | | |
| Finance expense | **8** | - | **8** | - |
| Investment income | **-** | (1) | **-** | (1) |
| Share based payment charge | **115** | - | **115** | - |
| Shares and loan notes issued in settlement of fees | **57** | 88 | **57** | 88 |
| Gain arising on settlement of loan notes | **-** | (148) | **-** | (148) |
| Loss/(profit) on disposal of investments | **389** | (29) | **389** | (29) |
| Operating cash flows before movements in working capital | **(675)** | (324) | **(675)** | (274) |
| Decrease in trade and other receivables | **(25)** | (11) | **(25)** | (15) |
| Decrease in trade and other payables | **63** | (57) | **63** | 1,372 |
| Net cash from operations | **(637)** | (392) | **(637)** | 1,083 |
| INVESTING ACTIVITIES | | | | |
| Purchases of investments | **(827)** | (2,669) | **(827)** | (2,669) |
| Proceeds from the disposal of investments | **347** | 1,263 | **347** | 1,263 |
| Loans to associated companies | **(118)** | - | **(118)** | - |
| Investment income | **-** | 1 | **-** | 1 |
| Net cash generated from investing activities | **(598)** | (1,405) | **(598)** | (1,405) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from share issues | **1,092** | 471 | **1,092** | 471 |
| Proceeds from issue of loan notes | **-** | 240 | **-** | 240 |
| Repayment of loan notes | **-** | (150) | **-** | (150) |
| Interest paid | **(8)** | - | **(8)** | - |
| Net cash used in financing activities | **1,084** | 561 | **1,084** | 561 |
| Net (decrease)/increase in cash and cash equivalents | **(151)** | (1,236) | **(151)** | 239 |
| Cash and cash equivalents at beginning of year | **336** | 1,576 | **331** | 92 |
| Effect of foreign exchange rate changes | **-** | (4) | **-** | - |
| Cash and cash equivalents at end of year | **185** | 336 | **180** | 331 |

The accounting policies and notes are an integral part of these financial statements

StratMin
Global Resources Plc

# NOTES TO THE GROUP FINANCIAL STATEMENTS

**YEAR TO 31 DECEMBER 2012**

## 1 GENERAL INFORMATION

StratMin Global Resources Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 3.

## 2 STATEMENT OF COMPLIANCE

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, 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):

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| IFRS 10 | Consolidated Financial Statements – Identification of the concept of control of an entity and the requirement to include in consolidated accounts | 1 January 2013 |
| IFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| IFRS 13 | Fair Value Measurement | 1 January 2013 |
| IAS 1 (amended) | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| IAS 12 (amended) | Deferred Tax: Recovery of Underlying Assets | 1 January 2012 |
| IAS 19 (revised) | Employee Benefits | 1 January 2013 |

The Directors have considered these new standards and interpretations and do not expect them to have a material impact on the Group.

## 3 ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

### BASIS OF ACCOUNTING

The financial statements have been prepared on the historic cost basis and in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

### GOING CONCERN

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Group to carry out its planned business objectives is dependent on its continuing ability to raise adequate financing from equity investors and/or the achievement of profitable operations.

Nevertheless, at the time of approving these Financial Statements and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

### BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the financial statements of StratMin Global Resources Plc (the "Company") and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries disposed of during the year are included in the Group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

## 3 ACCOUNTING POLICIES (continued)

AVAILABLE FOR SALE INVESTMENTS

Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Investments are recognised as available-for-sale financial assets. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, until the assets are derecognised, at which time the cumulative gains and losses previously recognised in other comprehensive income are recognised in profit or loss.

The Company assesses at each year end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

When a decline in the fair value of a financial asset classified as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in profit or loss. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

FOREIGN CURRENCIES

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Group financial statements, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the Group financial statements.

In preparing the financial statement of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year end date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting Group financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the year end date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 3 ACCOUNTING POLICIES (continued)

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial 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 utilised. 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 tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end 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 realised. Deferred tax is charged or credited in 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 tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each financial year end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 3 ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's Statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

*TRADE RECEIVABLES*

Trade receivables do not carry any interest and are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts.

*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.

*FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

*BANK BORROWINGS*

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

*TRADE PAYABLES*

Trade payables are not interest bearing and are stated at their nominal value.

*EQUITY INSTRUMENTS*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group operates a number of equity-settled share-based payment schemes under which share options are issued to certain employees. 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 grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

# NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

**YEAR TO 31 DECEMBER 2012**

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Company's accounting policies, which are described in note 3, 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 on-going basis. Revisions to accounting estimates are recognised in the period. Judgements and estimates that may affect future periods are as follows:

GOING CONCERN

The Group's activities are not currently generating any revenue, it incurred a loss of £1,244,000 during the year (2011: £234,000 loss), had a cash balance of £185,000 as at 31 December 2012 and as at the date of signing the accounts was yet to reach full production at the mine-site.

However, after making enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Company can secure adequate resources to continue in operational existence for the foreseeable future and that adequate arrangements will be in place to enable the settlement of this financial commitment.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependent on the success of their efforts to complete these activities, the Company will be a going concern for the next twelve months. If it is not possible for the Directors to realise their plans, over which there is significant uncertainty, the carrying value of the assets of the company is likely to be impaired.

## 5 SEGMENTAL INFORMATION

A segment is a distinguishable component of the Company's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Company's investment activities as a whole, the directors have identified a single operating segment, that of holding and trading in investments in natural resources, minerals, metals, and oil and gas projects. The directors consider that it would not be appropriate to disclose any geographical analysis of the Company's investments.

## 6 OPERATING LOSS

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Operating loss is stated after charging: | | |
| Staff costs | **23** | 132 |

## 7 AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Fees payable to the Company's auditors for the audit of the Company's annual accounts | **15** | 15 |
| Total audit fees | **15** | 15 |
| Fees payable to the Company's auditors and their associates for other services to the Group: | | |
| - Tax services | **5** | 5 |
| | **20** | 20 |

## 8 STAFF COSTS

The average monthly number of employees (including executive directors) for the continuing operations was:

| | **2012** | 2011 |
|---|---|---|
| | **No.** | No. |
| Administration | **2** | 1 |

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Wages and salaries (including Directors costs) | **23** | 92 |
| Compensation for loss of office | **-** | 40 |
| Social security costs | **-** | - |
| | **23** | 132 |

## 8 STAFF COSTS (continued)

Directors' emoluments were as follows:

| | 2012 Directors fees £'000 | 2012 Compensation for loss of office £'000 | **2012 Total £'000** | 2011 Total £'000 |
|---|---|---|---|---|
| Gobind Sahney* | - | - | - | 13 |
| Jeff Marvin | - | - | - | - |
| Manoli Yannaghas* | 23 | - | 23 | - |
| Martin Kiersnowski* | - | - | - | 30 |
| Nicholas Hall | - | - | - | 20 |
| Russell Darvill | - | - | - | 20 |
| | **23** | **-** | **23** | **83** |

Total remuneration for Manoli Yannaghas includes a contractual signing-on fee of £13,500 which was settled by the issue of shares to him.

The fees in respect of Martin Kiersnowski were paid to Martin K Projects Ltd a company controlled by him.

The fees in 2011 in respect of Gobind Sahney were paid to Go Services LLC, a company controlled by him for securities analysis, research and administrative activities.

## 9 OTHER OPERATING (EXPENSE)/INCOME

| | **2012 £'000** | 2011 £'000 |
|---|---|---|
| Realised (losses)/gains on disposal of investments | (389) | 29 |
| Discount on settlement of loan notes | - | 148 |
| Refund of overpaid PAYE in respect of unapproved option scheme | - | 35 |
| | (389) | 212 |

## 10 OTHER OPERATING EXPENSES

| | **2012 £'000** | 2011 £'000 |
|---|---|---|
| Compensation for loss of office | - | 40 |
| Compensation payment to former director | - | 70 |
| Loss on foreign currency transactions | - | 36 |
| | - | 146 |

## 11 INVESTMENT INCOME

| | 2012 £'000 | 2011 £'000 |
|---|---|---|
| Dividends received | - | 1 |

## 12 FINANCE COSTS

| | 2012 £'000 | 2011 £'000 |
|---|---|---|
| Interest on bank overdrafts and loans | 8 | - |

## 13 TAXATION

There is no tax charge/credit in 2012 or 2011.

The UK corporation tax rate applicable for 2012 is 26% (2011: 26.5%). The average rate for 2011 was 26.5%.

Reconciliation of tax charge:

| | 2012 £'000 | 2012 % | 2011 £'000 | 2011 % |
|---|---|---|---|---|
| Loss on ordinary activities before tax | (1,244) | | (234) | |
| Tax at the UK corporation tax rate of 26% (2011: 26.5%) | 323 | 26% | 62 | 26.5% |
| Effects of: | | | | |
| Tax effect of expenses that are not deductible in determining taxable profit | (1) | | (13) | |
| Unutilised tax losses carried forward | (322) | | (49) | |
| Tax charge for period | - | | - | |

## 14 LOSS PER SHARE

| | 2012 Profit/ (loss) £'000 | 2012 Number of shares '000 | 2012 Pence per share | 2011 Profit/ (loss) £'000 | 2011 Number of shares '000 | 2011 Pence per share |
|---|---|---|---|---|---|---|
| Basic and diluted loss per share | **(1,244)** | **77,279** | **(1.6)** | (234) | 57,471 | (0.4) |

Since the Company has incurred losses in both 2011 and 2012 the basic loss and the diluted loss per share are the same as the effect of exercise of options and warrants is not dilutive.

## 15 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

| COMPANY | **2012 £'000** | 2011 £'000 |
|---|---|---|
| Cost and net book value | | |
| At 1 January | **1,443** | 2,712 |
| Impairment | **-** | (1,269) |
| Set off against balance with subsidiary | **(1,397)** | - |
| | **46** | 1,443 |

All principal subsidiaries of the Group are consolidated into the financial statements. At 31 December 2012 the subsidiaries were as follows:

| Subsidiary undertakings | Country of registration | Principal activity | Holding | % |
|---|---|---|---|---|
| Direct Excellence Limited | UK | Intermediate holding company | Ordinary shares | 100% |
| Direct Dormant No. 4 Limited | UK | Dormant | Ordinary shares | 100% |

*Held through subsidiary undertaking.

## 16 AVAILABLE-FOR-SALE INVESTMENTS

| | GROUP **2012 £'000** | GROUP 2011 £'000 | COMPANY **2012 £'000** | COMPANY 2011 £'000 |
|---|---|---|---|---|
| Net book value at 1 January | **579** | - | **579** | - |
| Purchases of investments | **827** | 2,669 | **827** | 2,669 |
| Proceeds from sale of investments | **(347)** | (1,263) | **(347)** | (1,263) |
| (Loss)/gain on disposal of investments | **(389)** | 29 | **(389)** | 29 |
| | **670** | 1,435 | **670** | 1,435 |
| Market value adjustment | **189** | (856) | **189** | (856) |

| | | | | |
|---|---|---|---|---|
| **Net book value at 31 December** | **859** | 579 | **859** | 579 |

## 17 TRADE AND OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Other receivables | **7** | 28 | **7** | 28 |
| Prepayments and accrued income | **53** | 7 | **53** | 7 |
| | **60** | 35 | **60** | 35 |

No receivables were past due or provided for at the year-end or at the previous year end.

## 18 CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Cash and cash equivalents | **185** | 336 | **180** | 331 |

## 19 TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Amounts owed to group companies | **-** | - | **-** | 1,397 |
| Trade payables | **105** | 45 | **102** | 42 |
| Other payables | **5** | 9 | **5** | 9 |
| Accrued expenses | **38** | 31 | **28** | 21 |
| | **148** | 85 | **135** | 1,469 |

The Directors consider the carrying amount of trade payables approximates to their fair value.

## 20 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the Statement of financial position and the headings in which they are included are as follows:

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Financial assets: | | |
| Cash and cash equivalents | **185** | 336 |
| Available for sale investments | **859** | 579 |
| Loans and receivables | **125** | 28 |
| | **1,169** | 943 |

FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the Statement of financial position and the headings in which they are included are as follows:

| | **2012** | 2011 |
|---|---|---|
| | **£'000** | £'000 |
| Financial liabilities at amortised cost: | | |
| Trade and other payables | **110** | 54 |
| | **110** | 54 |

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, (previously includes the borrowings) cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 5% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £44,000 (2011: £156,000).

## 20 FINANCIAL INSTRUMENTS (continued)

FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. However since the discontinuation of the Group's operations in France the foreign currency risk is not material and there is currently no policy in place to minimise this risk. The Directors will consider implementing a foreign currency risk management policy if circumstances change.

INTEREST RATE RISK MANAGEMENT

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments during the year.

| | Increase/(decrease) in profit before tax | |
|---|---|---|
| | **Group** | Group |
| | **2012** | 2011 |
| | **£'000** | £'000 |
| Increase interest rate by 1% | - | 16 |
| Decrease interest rate by 1% | - | (16) |

There would have been no effect on amounts recognised directly in equity.

CREDIT RISK MANAGEMENT

The Company's financial instruments, which are subject to credit risk, are considered to be cash and cash equivalents and trade and other receivables, and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

The Group's maximum exposure to credit risk is £310,000 (2011: £364,000) comprising other receivables and cash.

LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities. The Group's liquidity risk arises in supporting the trading operations in the subsidiaries, which hopefully will start to generate profits and positive cash-flows in the short to medium term. However, as referred to in Note 4 the Company is currently exposed to significant liquidity risk and needs to obtain external funding to support the Group going forwards.

## 21 DEFERRED TAX

At the year end date, the Group had unused tax losses of £3.2m (2011: £2.2m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses (2011: £nil) due to the unpredictability of future profit streams.

At 31 December 2012, the aggregate amount of temporary differences associated with undistributed earnings of the Group for which deferred tax liabilities have not been recognised was £nil (2011: £nil). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of these differences and either it is possible that such differences will not reverse in the foreseeable future or no tax is payable on the reversal.

## 22 CALLED UP SHARE CAPITAL

| | 2012 £'000 | 2011 £'000 |
|---|---|---|
| Called up, allotted and fully paid | | |
| 90.6m (2011: 63.9m) ordinary shares of 0.4p each | 362 | 255 |

On 10 April 2012, 500,000 ordinary shares were issued at 4p each to in settlement of consultancy fees.

On 16 May 2012, 12,500,000 ordinary shares were issued at 4p each as the result of a placing, raising £500,000 before expenses.

On 18 May 2012, 4,916,667 ordinary shares were issued at 6p each as the result of a placing, raising £295,000 before expenses.

On 29 August 2012, 511,265 ordinary shares were issued at 4.25p each to in settlement of fees.

On 3 October 2012, 8,000,000 ordinary shares were issued at 5p each as the result of a placing, raising £400,000 before expenses.

On 26 October 2012, 310,000 ordinary shares were issued at 5p each to a director in settlement of an entitlement under his service contract.

WARRANTS

On 17 August 2012, warrants to subscribe for 625,000 ordinary shares at 4p per share were granted to Optiva Securities Ltd, exercisable on or before 15 August 2015.

On 5 October 2012, warrants to subscribe for 400,000 ordinary shares at 5p per share were granted to Optiva Securities Ltd, exercisable on or before 4 October 2015.

## 23 SHARE-BASED PAYMENTS

EQUITY-SETTLED SHARE OPTION SCHEMES

The Group has granted options to certain directors and employees. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. If the options remain unexercised after a period of 10 years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

On 2 March 2012 the Company granted options over 4,790,403 shares each to Gobind Sahney and Jeff Marvin. The options are exercisable at any time until 1 March 2022 at 2.25p per share.

The estimated fair value of the options granted was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

| | |
|---|---|
| Share price at date of grant | 2.25 pence |
| Exercise price | 2.25 pence |
| Expected volatility | 40% |
| Expected dividend | Nil |
| Vesting criteria | Exercisable on date of grant |
| Contractual life | 10 years |
| Risk free rate | 2.5% |
| Estimated fair value of each warrant | 1.21 pence |

## 24 SHARE-BASED PAYMENTS (continued)

Details of the options and warrants outstanding during the year are as follows:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| | 000's | £ | 000's | £ |
| Outstanding at the beginning of the year | 100 | 1.0700 | 100 | 1.070 |
| Granted during the year | 9,581 | 0.0225 | - | - |
| Lapsed during the year | (100) | 1.0700 | - | - |
| Outstanding at the end of the year | 9,581 | 0.0225 | 100 | 1.070 |
| Exercisable at the end of the year | 9,581 | 0.0225 | 62 | 1.580 |

The options outstanding at 31 December 2012 had a weighted average exercise price of 2.25p and a weighted average remaining contractual life of 9.2 years.

The charge in the income statement in respect of options in 2012 was £115,000 (2011: £nil).

## 25 POST YEAR END EVENTS

On 28 January 2013 the following events took place:

- The shareholders approved the consolidation of the Company's shares on the basis of one new ordinary share of 4p for every ten existing ordinary shares of 0.4p.
- The Company completed the acquisition of Graphmada Equity Pte Limited, a graphite mining business, based in Madagascar. The consideration for the acquisition was £25.5 million satisfied through the issue of 51,000,000 new ordinary shares
- The Company completed the placing of 30,060,000 convertible loan notes of 5p each, raising a total of approximately £1.5 million.

On 25 February 2013, the Company issued 216,000 new ordinary shares of 4p each to satisfy certain existing commitments.

On 7 March 2013, the Company issued 102,500 new ordinary shares of 4p each following the exercise of warrants.

On 16 April 2013, the Company issued 17,499 new ordinary shares of 4p each following the exercise of warrants.

On 16 June 2013, the Company issued 126,620 new ordinary shares of 4p each to satisfy certain existing commitments.

## 26 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in these financial statements.

The remuneration of the Directors, who are the key management personnel of the Group, is set out in note 8.

Costs recharged from companies controlled by members of key management for consultancy, £76,635 (2011: £16,500) and ordinary business expenses, £30,144 (2011: £Nil) were paid during the year. No amount relating to either was outstanding at the year end.

Company No. 05173250

**STRATMIN GLOBAL RESOURCES PLC (the Company)**

**Notice of 2013 Annual General Meeting**

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting (the **AGM**) of the Company will be held at 9.30 a.m. on 19 July 2013 at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX for the following purposes:

**ORDINARY BUSINESS**

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 31 December 2012, together with the Directors' report and auditor's report on those accounts.

2. To elect Manoli Yannaghas as a Director.

3. To elect Marthinus (Marius) Pienaar as a Director.

4. To elect David Premraj as a Director.

5. To re-appoint Welbeck Associates as auditor of the Company to hold office from the conclusion of the AGM to the conclusion of the next annual general meeting at which the accounts are laid before the Company and to authorise the Directors to set the auditor's remuneration.

**SPECIAL BUSINESS**

To consider, and if thought fit, to pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution and resolution 7 will be proposed as a special resolution:

6. That for the purpose of section 551 of the Companies Act 2006 (the **Act**), the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot ordinary shares of the Company or grant rights to subscribe for or to convert any security into ordinary shares in the Company up to an aggregate nominal amount of £480,000, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

   This authority revokes and replaces all previous authorities conferred upon the Directors for the purpose of section 551 of the Act, but without prejudice to any allotments already made or to be made pursuant to the terms of such authorities.

7. That, subject to the passing of resolution 6 above, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 6 above up to an aggregate nominal value of £480,000 as if section 561 of the Act did not apply to any such allotment, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the power conferred by this resolution has expired.

   This authority revokes and replaces all previous authorities conferred upon the Directors pursuant to section 570 of the Act, but without prejudice to any allotments already made or to be made pursuant to the terms of such authorities.

**By Order of the Board**

Gobind Sahney
Company Secretary
25 June 2013

Stratmin Global Resources Plc
31 Harley Street
London, W1G 9QS