

REGISTERED NUMBER 06163193

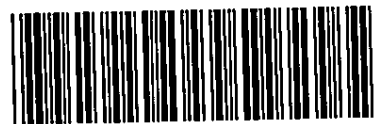
HOT ROCKS INVESTMENTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2012

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HOT ROCKS INVESTMENTS PLC**OFFICERS AND PROFESSIONAL ADVISORS**

Directors	Brian Rowbotham Gavin J Burnell Charles J Vaughan (appointed 30/09/2011)
Secretary	Lorraine Elizabeth Young
Registered Office	3 Vaughan Avenue Tonbridge Kent TN10 4EB
Corporate Advisor	St Helens Capital Partners LLP 223a Kensington High Street London W8 6SG
Solicitors	Edwin Coe LLP 2 Stone Buildings Lincoln's Inn London WC2A 3TH
Auditors	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Registrars	Share Registrars Limited Suite E First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Registered Number	06163193

Dear Shareholders,

I am pleased to announce the final results for the Company

The Company made a pre-tax loss of £131,425 for the year

Cash at bank as at the year end of 31 March 2012 was £34,534 As at 31 August 2012 cash at bank is £108,920

The Company is an active investor in natural resources companies By the end of March 2011 the Company had completed its first two investments (Minergy Limited and Mafula Energy Limited) and since then the Directors have remained focused on making further investments

On 11th May 2011 Hot Rocks invested in to three resource companies being Impact Oil and Gas Limited, Trinity Resource Limited and Terra Energy Limited.

On 15 July 2011 Hot Rocks acquired an initial 12% equity stake in MedGold Resource Limited, increasing its stake to approximately 16% after the year end

On 28 September 2011 Hot Rocks acquired a 22.5% equity stake in Rift Resources plc

The Company has also acquired nominal equity stakes in Tigris Resources Limited and Copperbay plc

During the year the Company invested in Sula Iron & Gold Plc for an initial 8.33% equity stake, increasing this to 11.63% also during the year.

Since the year end the Company has been able to report that Terra Energy Limited, one of its first investments, was acquired by an AIM-traded company As a result Hot Rocks now holds shares in Fastnet Oil & Gas plc (AIM:FAST).

In addition, the Company has further increased its stake in Sula Iron & Gold plc and now holds 13,000,000 shares (15.8%) and has made a further investment in Tigris Resources Limited.

Unfortunately, we have felt the need to write off the investment in Trinity Resource Group The managers of that group are seeking to restructure the entity and we will report on developments in due course

In summary the Company now holds equity interests in the following entities

- 1 Sula Iron & Gold plc
- 2 Fastnet Oil & Gas plc
- 3 Rift Resources plc
- 4 Medgold Resource Ltd
- 5 Minergy Limited
- 6 Impact Oil & Gas Limited
- 7 Mafula Energy Limited
- 8 Tigris Resources Limited
- 9 Copper Bay plc

On 30 September 2011 Charles Vaughan was appointed by the Board as a Non-Executive Director of the Company.

The Board is excited about the development of Hot Rocks and looks forward to reporting on further progress as the Company develops



Brian Rowbotham
Non-Executive Chairman

HOT ROCKS INVESTMENTS PLC**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012**

The Directors present their report and the Financial Statements for the year ended 31 March 2012

Principal Activities and Review of the Business

The principal activity of the Company is to invest in or acquire a company or companies, or assets, in the natural resources sector. The Company has continued in this activity with the investments made during the year, as detailed in the Chairman's Statement.

The principal risks and uncertainties lie in the investments the Company holds. The nature of the natural resource sector means that returns are uncertain and resources may be unviable to extract.

The Company will not use Key Performance Indicators until such time as initial investments are disposed of and performance can be measured.

The future developments are discussed in the Chairman's Statement.

Results and Dividends

The loss for this year after taxation was £131,425 (2011 - £27,176). The Directors do not recommend the payment of a dividend. The Directors consider the results for the year to be acceptable.

Financial Risk Management

The Company's principal financial instruments comprise unlisted investments, other receivables, other creditors and cash on deposit. No bank loans or other financing arrangements have been required. No borrowings have been required to finance working capital. Therefore the Company's exposure to credit risk, liquidity risk and market risk is not a factor.

Directors and Directors' Interests

The Directors who held office during the period to the date of approval of these Financial Statements had the following beneficial interests in the ordinary shares of the Company:

	Ordinary shares interest at end of period No	Warrants interest at end of period No	Ordinary shares interest at start of period No.	Warrants interest at start of period No
Gavin J Burnell	4,250,000	9,027,500	3,000,000	4,000,000
Brian Rowbotham	3,000,000	500,000	-	-
Charles J Vaughan	-	500,000	-	-

Substantial Interests

As at 31 August 2012, the Directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital:

	%	Number of ordinary shares
Sunvest Corporation Limited	28.36	44,384,600
Forest Nominees Limited	10.54	16,500,000
HSBC Global Custody Nominee (UK) Limited	6.52	10,200,000
Winterflood Securities Limited	3.96	6,191,939
Lynchwood Nominees Limited	3.19	5,000,000

Events after the Reporting Period

On 29 June 2012, the Company raised £45,592 from the issue of 4,559,291 new ordinary shares with a nominal value of 0.1 pence per share, at 1 pence per share. The total number of ordinary shares in issue is 156,518,891.

Supplier Payment Policy

Whilst there is no formal code or standard, it is Company policy to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the creditors' terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions.

Provision of information to auditors

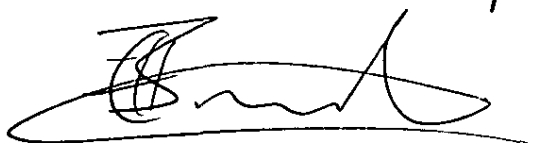
The Directors at the time when this Directors' Report is approved have confirmed that

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that ought to have been taken as directors in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

Auditor

Littlejohn LLP has signified their willingness to continue in office as auditor.

Approved by the Board on *4 September* 2012 and signed on its behalf by



Gavin J Burnell
Director

Introduction

The Company's system of corporate governance, which is summarised below, has been formulated with the UK Corporate Governance Code (2011) in mind. However, not every provision and principle of this Code has been dealt with as it is considered by the Directors to be inappropriate due to the current size of the Company. Although not required, the Directors have decided to provide the following corporate governance information.

Board of Directors

As at 31 March 2012 the Board consisted of a Non-Executive Chairman and two Non-Executive Directors. The Board communicates and/or meets on a regular basis and the agenda of matters discussed and approved consists of matters concerned with the future direction of the business.

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 have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 for that period.

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state that the Financial Statements comply with IFRSs as adopted by the European Union, 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, in which case there should be supporting assumptions or qualifications as necessary.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOT ROCKS INVESTMENTS PLC

We have audited the Financial Statements of Hot Rocks Investments PLC for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

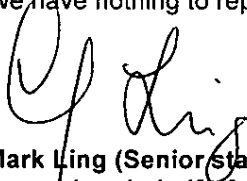
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the above matters


Mark Ling (Senior statutory auditor)
For and on behalf of
Littlejohn LLP

1 Westferry Circus
Canary Wharf
London E14 4HD

Statutory auditor

 2012

HOT ROCKS INVESTMENTS PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Operating expenses		(131,425)	(27,176)
Operating loss	1	(131,425)	(27,176)
Loss before taxation		(131,425)	(27,176)
Corporation tax	2	-	-
Loss for the period		(131,425)	(27,176)
Other comprehensive income		-	-
Total comprehensive income for the year		(131,425)	(27,176)
 Loss per share – basic and diluted (pence)	3	 (0 00)	 (0 00)

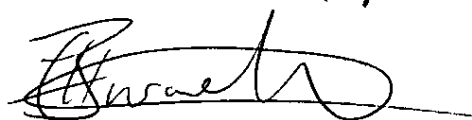
The Accounting Policies and Notes on pages 13 to 25 form part of these Financial Statements

HOT ROCKS INVESTMENTS PLC
REGISTERED NUMBER 06163193

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2012

	Note	As at 31 March 2012 £	As at 31 March 2011 £
Assets			
Non-Current Assets			
Available-for-sale financial assets	5	1,032,885	230,169
		1,032,885	230,169
Current Assets			
Other receivables	6	6,421	5,307
Cash and cash equivalents		34,534	204,627
		40,955	209,934
Total Assets		1,073,840	440,103
Equity and Liabilities			
Equity			
Called up share capital	8	151,960	80,000
Share premium account	8	949,508	301,872
Share to be issued under warrants	9	29,738	25,440
Other reserves	10	54,000	54,000
Retained loss		(186,581)	(55,156)
		998,625	406,156
Current liabilities			
Trade and other payables	7	75,215	33,947
Total Equity and Liabilities		1,073,840	440,103

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on *4 September* 2012



Gavin J Burnell
Director

The Accounting Policies and Notes on pages 13 to 25 form part of these Financial Statements

HOT ROCKS INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

Attributable to Equity Shareholders

	Note	Share capital £	Share premium £	Shares to be issued under warrants £	Other reserves £	Retained loss £	Total £
Balance at 1 April 2010		80,000	301,872	25,440	54,000	(27,980)	433,332
Comprehensive Income							
Loss for the year	1	-	-	-	-	(27,176)	(27,176)
Total Comprehensive Income		-	-	-	-	(27,176)	(27,176)
Total Transactions with Owners		-	-	-	-	-	-
Balance as at 31 March 2011		80,000	301,872	25,440	54,000	(55,156)	406,156
Comprehensive Income							
Loss for the year	1	-	-	-	-	(131,425)	(131,425)
Total Comprehensive Income		-	-	-	-	(131,425)	(131,425)
Transactions with Owners							
Share capital issued	71,785	646,061	-	-	-	-	717,846
Share based payments	175	1,575	-	-	-	-	1,750
Shares to be issued under warrants	-	-	4,298	-	-	-	4,298
Total Transactions with Owners		71,960	647,636	4,298	-	-	723,894
Balance as at 31 March 2012		151,960	949,508	29,738	54,000	(186,581)	998,625

The Accounting Policies and Notes on pages 13 to 25 form part of these Financial Statements

HOT ROCKS INVESTMENTS PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Cash flows from operating activities			
Operating loss	1	(131,425)	(27,176)
Gain on disposal of available-for-sale financial assets		(17,769)	-
Impairment of available-for-sale financial asset		77,018	-
Share based payments		4,298	-
Increase in trade and other receivables	6	(1,114)	(296)
(Decrease)/increase in trade and other payables	7	(16,982)	29,554
Net cash (used in) / generated from operations		(85,974)	2,244
Cash flows from investing activities			
Purchases of available-for-sale financial assets		(904,734)	(230,169)
Proceeds from disposal of available-for-sale financial assets		42,769	-
Interest received		-	-
Net cash used in investing activities		(861,965)	(230,169)
Cash flows from financing activities			
Proceeds from the issue of share capital		717,846	-
Proceeds from borrowings		60,000	-
Net cash generated from financing activities		777,846	-
Decrease in cash and cash equivalents		(170,093)	(227,925)
Cash and cash equivalents at the beginning of the year		204,627	432,552
Cash and cash equivalents at the end of the year		34,534	204,627

The Accounting Policies and Notes on pages 13 to 25 form part of these Financial Statements

General Information

Hot Rocks Investments PLC is a limited company incorporated and domiciled in the United Kingdom. Its registered office is disclosed on page 2.

Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The Financial Statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed later in these accounting policies.

The Financial Statements are presented in sterling (£), rounded to the nearest pound.

Standards, amendments and interpretations effective in 2012

- (i) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 and relevant to the Company

A revised version of IAS 24 "Related Party Disclosures" simplified the disclosure requirements for government-related entities and clarified the definition of a related party. This revision was effective for periods beginning on or after 1 January 2011, and

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" clarified the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. This interpretation was effective for periods beginning on or after 1 July 2010.

- (ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the Company

An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieved first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by "Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment was effective for periods beginning on or after 1 July 2010, and

An amendment to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This amendment was effective for periods beginning on or after 1 January 2011.

Standards, amendments and interpretations effective in 2012 (continued)

- (iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2011 and not early adopted are as follows

Unless otherwise stated, the Directors are assessing the possible impact of the following standards on the Company's Financial Statements

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement,

IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement,

IFRS 12 "Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement,

IFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement,

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" require that first-time adopters apply the requirements in IFRS 9 "Financial Instruments" and IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" prospectively to government loans existing at the date of transition to IFRSs. Entities may choose to apply the requirements retrospectively if the information needed to do so had been obtained at the time of initially accounting for the loan. This standard is effective for annual periods beginning on or after 1 January 2013, subject to EU endorsement. This is not expected to have an impact on the Group as IFRS has been historically used,

Amendments to IFRS 7 "Financial Instruments: Disclosures" require disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This standard is effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods, subject to EU endorsement,

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" require entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, subject to EU endorsement. Early application continues to be permitted. The amendments also require additional disclosures on transition from IAS 39 "Financial Instruments: Recognition and Measurement" to IFRS 9,

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" clarify the IASB's intention when first issuing the transition guidance in IFRS 10, provide similar relief in IFRS 11 and IFRS 12 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. This is effective and applies to annual periods beginning on or after 1 January 2013.

Standards, amendments and interpretations effective in 2012 (continued)

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" clarifies when stripping costs incurred in the production phase of a mine's life should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.

IAS 27 "Separate Financial Statements" replaces the current version of IAS 27 "Consolidated and Separate Financial Statements" as a result of the issue of IFRS 10 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.

IAS 28 "Investments in Associates and Joint Ventures" replaces the current version of IAS 28 "Investments in Associates" as a result of the issue of IFRS 11 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.

Amendments to IAS 1 "Presentation of Financial Statements" require items that may be reclassified to the profit or loss section of the income statement to be grouped together within other comprehensive income (OCI). The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. This is effective for annual periods beginning on or after 1 July 2012, subject to EU endorsement.

Amendments to IAS 12 "Income Taxes" introduce a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will normally be through sale. This standard is effective for annual periods beginning on or after 1 January 2012, subject to EU endorsement. This is not expected to have an impact on the Group's Financial Statements.

Amendments to IAS 19 "Employment Benefits" eliminate the option to defer the recognition of gains and losses, known as the "corridor method", streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. This standard is effective for annual periods beginning on or after 1 January 2013, subject to EU endorsement.

Amendments to IAS 32 "Financial Instruments Presentation" add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This standard is effective for annual periods beginning on or after 1 January 2014, subject to EU endorsement.

"Annual Improvements 2009 – 2011 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs.

- An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" clarifies whether an entity may apply IFRS 1:
 - (a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period, or
 - (b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.The amendment also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalisation was before the date of transition to IFRSs.
- An amendment to IAS 1 "Presentation of Financial Statements" clarifies the requirements for providing comparative information:
 - (a) for the opening statement of financial position when an entity changes accounting policies, or makes retrospective restatements or reclassifications, and
 - (b) when an entity provides financial statements beyond the minimum comparative information requirements.

Standards, amendments and interpretations effective in 2012 (continued)

- An amendment to IAS 16 "Property, Plant and Equipment" addresses a perceived inconsistency in the classification requirements for servicing equipment
- An amendment to IAS 32 "Financial Instruments Presentation" addresses perceived inconsistencies between IAS 12 "Income Taxes" and IAS 32 with regard to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- An amendment to IAS 34 "Interim Financial Reporting" clarifies the requirements on segment information for total assets and liabilities for each reportable segment

This applies to annual periods beginning on or after 1 January 2013

Cash and Cash Equivalents

Cash and cash equivalents comprise current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the Statement of Cash Flows.

All cash balances are held at bankers with at least an AA credit rating.

Segmental Reporting

The Company has only one operating segment.

Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The Financial Statements are presented in Pounds Sterling (£), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Financial Assets

The Company classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets.

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets. The Company's loans and receivables comprise Other Receivables and Cash and Cash Equivalents in the Statement of Financial Position.

Financial Assets (continued)

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchasing or selling the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from investments have expired or have been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Share Based Payments

The Company operates a number of equity-settled, share-based schemes, under which it receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Company. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised, if material, as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged is determined by reference to the fair value of the options granted.

- including any market performance conditions,
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save)

In the case of warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable, the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Going Concern

The Directors have prepared the Financial Statements on a going concern basis. Although the Company's assets are not generating revenues and an operating loss has been reported, the Directors believe that the Company has sufficient funds to undertake its operating activities over the next 12 months including any additional payment required in relation to its working capital requirements.

The Company has financial resources which, the Directors believe, will be sufficient to fund the Company's operational expenditure. The Directors themselves have advanced a loan of £60,000 to support the Company's financial commitments. In addition, on 26 June 2012, the Company raised £45,592 by way of issuing 4,559,291 ordinary shares of 0.1 pence each fully paid at 1.0 pence per share (Note 14).

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

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

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- Equity holdings	-	-	1,032,885	1,032,885
Total Assets	-	-	1,032,885	1,032,885

Fair Value Estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2011

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- Equity holdings	-	-	230,169	230,169
Total Assets	-	-	230,169	230,169

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily FTSE-100 equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available, and rely as little possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the changes in Level 3 instruments for the year ended 31 March 2012

	Available-for-sale financial assets	Total
Opening balance	230,169	230,169
Transfers into level 3	904,734	904,734
Gains and losses recognised in profit or loss	(102,018)	(102,018)
Closing balance	1,032,885	1,032,885

The following table presents the changes in Level 3 instruments for the year ended 31 March 2011

Opening balance	-	-
Transfers into level 3	230,169	230,169
Closing balance	230,169	230,169

1 Loss from Operations

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Loss from operations is stated after charging		
Auditors' remuneration	3,120	2,968
Fees to auditors for other services	4,380	1,080
Gain on disposal of available-for-sale financial asset	(17,769)	-
Impairment of available-for-sale financial asset	77,018	-
	<u> </u>	<u> </u>

2 Corporation Tax**Tax charge for the year**

No taxation arises on the result for the year because of the trading loss

Factors affecting the tax charge for the year

The following information is given to explain why no tax charge or credit arises for the year

Loss for the year before taxation	(131,425)	(27,176)
	<u> </u>	<u> </u>
Tax on loss for the year before tax multiplied by the UK small companies corporation tax rate of 20% (2011 21%)	(26,285)	(5,707)
Tax losses for the year not relieved	26,285	5,707
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

Tax losses available to be carried forward by the Company at 31 March 2012 against future profits are £188,109. A deferred tax asset has not been recognised in respect of these losses in view of the uncertainty as to the level of future taxable profits.

3 Loss per Share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average of ordinary shares in issue being 127,502,400 (2011 - 80,000,000) during the year. This results in a loss per share which is too low to be meaningful. No warrant is potentially dilutive, as the average market price of the ordinary shares during the year was less than the exercise price of the warrants, and hence basic and diluted loss per share are the same.

HOT ROCKS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31 March 2012	Year ended 31 March 2011
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4 Directors

No No

The average number of persons (including Directors)
employed by the Company was

Directors	3	2
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Directors' emoluments during the year amounted to £35,000 (2011 £3,333)

5. Available for Sale Financial Assets

	As at 31 March 2012 £	As at 31 March 2011 £
At 1 April	230,169	-
Additions	904,734	203,289
Contracted for financial asset	-	26,880
Disposal	(25,000)	-
Impairment	(77,018)	-
	<u>1,032,885</u>	<u>230,169</u>

The fair value of available-for-sale equity instruments has not been disclosed because the fair value cannot be measured reliably There is no readily available market value

Available-for-sale financial assets are denominated in the following currencies

	As at 31 March 2012 £	As at 31 March 2011 £
Pound	796,599	165,349
Zambian Kwacha	139,353	64,820
Euros	77,063	-
Canadian Dollar	19,870	-
	<u>1,032,885</u>	<u>230,169</u>

The Company intends to hold these assets until such time as their disposal represents a return for shareholders

5 Available for Sale Financial Assets (continued)**Impairment review**

An impairment review of the investment is carried out on an annual basis in order to ensure that it is valued at the lower of cost and recoverable amount

The recoverable amount of the investment held by the Company has been determined based on value in use calculations. Management compare the recoverable amount resulting from the calculations to the carrying value of investment to determine whether an impairment charge is necessary. This has resulted in an impairment charge of £77,018

6 Other Receivables

	As at 31 March 2012 £	As at 31 March 2011 £
Prepayments	6,421	5,307

The fair value of other receivables is stated in the carrying value above

7 Trade and Other Payables

Trade creditors	12,215	4,187
Directors' Loan	60,000	-
Accruals and deferred income	3,000	2,880
Other payables	-	26,880
	<u>75,215</u>	<u>33,947</u>

On 23 January 2012, Brian Rowbotham and Gavin J Burnell, both Directors of the Company advanced loans to the Company of £27,500 and £32,500, respectively. The loans are both unsecured and attract interest at 10% and nil%, respectively

8 Share Capital

Issued	Number of shares	Ordinary shares \$	Share premium \$	Total \$
At 1 April 2010 and 31 March 2011	80,000,000	80,000	301,872	381,872
Issue of new shares – 30 June 2011	59,600,000	59,600	536,400	596,000
Issue of new shares – 30 June 2011	500,000	500	4,500	5,000
Share based payment – 30 June 2011	175,000	175	1,575	1,750
Issue of new shares – 7 January 2012	8,684,600	8,685	78,161	86,846
Issue of new shares – 19 March 2012	3,000,000	3,000	27,000	30,000
	<u>151,959,600</u>	<u>151,960</u>	<u>949,508</u>	<u>1,101,468</u>
At 31 March 2012	151,959,600	151,960	949,508	1,101,468

9 Share Based Payments

On 26 April 2007 the Company granted 4,000,000 warrants to each of Gavin Burnell, Hichens, Harrison (Ventures) Limited and Sunvest Corporation Limited. Each warrant entitles the holder to subscribe for one new ordinary share at an exercise price of 1 pence per share at any time until the fifth anniversary of Admission to PLUS.

On 13 April 2011, Hichens Harrison (Ventures) Limited assigned their 4,000,000 warrants to Gavin J Burnell, a Director of the Company for a consideration of £1.

On 5 October 2011 the Company granted 500,000, 500,000 and 1,027,500 warrants to each of Brian Rowbotham, Charles J Vaughan and Gavin J Burnell, respectively. Each warrant entitles the holder to subscribe for one new ordinary share at an exercise price of 1 pence per share at any time until 4 October 2016. On the same day, it was resolved that the previous warrants of 8,000,000 and 4,000,000 held by Gavin J Burnell and Sunvest Corporation Limited, respectively, that their expiry dates be extended to 4 October 2016.

The fair value of the warrants is as follows

Name	Date granted	Number	Exercise price £	Expiry date	Fair value at grant date
Brian Rowbotham	4 October 2011	500,000	0.01	4 October 2016	1,060
Charles J Vaughan	4 October 2011	500,000	0.01	4 October 2016	1,060
Gavin J Burnell	26 April 2007	8,000,000	0.01	4 October 2016	16,960
Gavin J Burnell	4 October 2011	1,027,500	0.01	4 October 2016	2,178
Sunvest Corporation Limited	26 April 2007	4,000,000	0.01	4 October 2016	8,480
		14,027,500			£29,738

The warrants are exercisable at £0.01 at any time from the date of grant and expiring five years from such date.

	Average exercise Price £	Warrants
At 31 March 2011	0.01	12,000,000
Granted	0.01	2,027,500
Exercised	0.01	-
At 31 March 2012		14,027,500

The weighted average fair value of warrants granted on 26 April 2007 and 4 October 2011, determined by using the Black-Scholes valuation model, was £0.00212 per warrant for the 12,000,000 and 2,027,500 warrants granted. The significant inputs into the model were

9 Share Based Payments (continued)**Warrants**

Dividend rate (%)	-
Risk free interest rate (%)	4.75%
Expected volatility (%)	5.00%
Share price at grant date (£)	1p
Exercise price (£)	1p

The warrants were granted on 26 April 2007, only 43 days after incorporation. The Directors were therefore unable to base their expected volatility rate on the historical performance of the Company's share price. The Directors therefore assumed a low volatility rate reflecting the cash shell status of the Company and low volume of trading expected. The warrants are not materially sensitive to volatility.

The change in fair value due to the modification of the existing 12,000,000 warrants was deemed insignificant by the Directors, as such has not been reflected in the Financial Statements.

10 Other Reserves

Other reserves are non-distributable. They represent the equity entry in respect of the fair value of warrants exercised in previous years, which had been debited to the share premium account as a directly attributable cost of an equity transaction.

11 Capital Commitments

There were no capital commitments authorised by the Directors or contracted for at 31 March 2012, other than the investment in an equity instrument contracted for and described in notes 5 and 14.

12 Related Party Transactions

Gavin J Burnell, a Director of the Company, was until October 2011 a Director of Corporate Finance at St Helens Capital Partners LLP. St Helens Capital Partners LLP provided corporate finance advisory services to 31 March 2012. The total fees for these services amounted to £6,600 (2011: £9,563).

Mountbeach Associates Limited invoiced the Company for the services of Brian Rowbotham as non-executive Chairman in the amount of £5,000 (2011: £1,250). Mountbeach Associates Limited is controlled by Brian Rowbotham.

Lizzy Bet Limited invoiced the Company for the Director services of Gavin Burnell in the amount of £25,000 (2011: £2,083). Lizzy Bet Limited is controlled by Gavin Burnell.

On 23 January 2012, Brian Rowbotham and Gavin J Burnell, both Directors of the Company, advanced loans to the Company of £27,500 and £32,500, respectively. The loans are both unsecured and incur interest at 10% and nil%, respectively. These are included in Trade and Other Payables at the year end.

13 Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party

14 Events after the Reporting Period

On 29 June 2012, the Company raised £45,592 from the issue of 4,559,291 new ordinary shares with a nominal value of 0.1 pence per share, at 1 pence per share. The total number of ordinary shares in issue is 156,518,891.

15 Treasury Policy

The Company operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Company has financed its activities by the raising of funds through the placing of shares.

16 Financial Risk Management objectives and policies

The Company's principal financial instruments comprise unlisted investments, other receivables, other creditors and cash on deposit. No bank loans or other financing arrangements have been made. No borrowings have been made to finance working capital. Therefore the Company is not yet affected by market price risk, foreign currency risk, interest rate risk or credit risk.

17 Capital Risk Management

The Company is subject to capital requirements set by the PLUS capital market on which the Company's securities are traded. At 31 March 2012 the minimum share capital required by the regulated market was £50,000. The Company has remained within the required limits throughout the year.