

**COMPANY REGISTRATION NO. 04006413 (ENGLAND AND WALES)**

**PATH INVESTMENTS PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**PATH INVESTMENTS PLC**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>Page</b>
<b>COMPANY INFORMATION</b>	<b>2</b>
<b>CHAIRMAN’S STATEMENT</b>	<b>3</b>
<b>OPERATIONAL REVIEW</b>	<b>4</b>
<b>FINANCIAL REVIEW</b>	<b>5</b>
<b>BOARD OF DIRECTORS AND SENIOR MANAGEMENT</b>	<b>6</b>
<b>DIRECTORS’ REPORT</b>	<b>7</b>
<b>DIRECTORS’ AUDIT &amp; RISK REPORT</b>	<b>10</b>
<b>STRATEGIC REPORT</b>	<b>12</b>
<b>GOVERNANCE REPORT</b>	<b>16</b>
<b>DIRECTORS’ REMUNERATION REPORT</b>	<b>24</b>
<b>INDEPENDENT AUDITORS’ REPORT</b>	<b>27</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>31</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>32</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>33</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>34</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>35</b>

**PATH INVESTMENTS PLC**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**COMPANY INFORMATION**

**Directors** Nigel Brent Fitzpatrick (Non-Executive Chairman)  
Christopher Theis (Chief Executive Officer)  
Tommaso Corrado (Non-Executive)

**Secretary** Bailey Wilson Accounting Ltd

**Company Number** 04006413

**Registered office** 15 Victoria Mews,  
Cottingley Business Park,  
Mill Field Road,  
Bingley,  
England,  
BD16 1PY

**Statutory Auditor** PKF Littlejohn LLP  
15 Westferry Circus  
London  
E14 4HD

**Solicitors** Womble Bond Dickinson (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

**Bankers** Royal Bank of Scotland Plc  
28 Cavendish Square  
London  
W1M 0DB

**Registrar** Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## **CHAIRMAN'S STATEMENT**

### **Highlights**

- Sale of Legacy Turkish assets
- A number of transactions were considered and certain progressed in detail during the year.
- Strict cost control maintained, including restricted cash-paid emoluments to Directors.
- Post year-end signed Asset Purchase Agreement for acquisition of DT Ultravert .

### **Review**

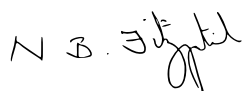
The year commenced with the sale of the legacy Turkish assets in January 2019. This was a welcome development and the result of patient discussion. Further details are contained within the Financial Review.

As foreshadowed in my report last year, your directors spent a great deal of time carrying out due diligence studies over a number of potential transactions, culminating in the signing of a Share Purchase Agreement with FineGems Extraction Corporation ("FGE") in August, offering shareholders exposure to the tourmaline volume marketplace and high grade manganese production.

As Chris notes in his report below, the global pandemic has affected all walks of life, and the semi-precious gemstone and manganese markets have not been insulated from this. It seemed sensible therefore to allow the Agreement to lapse in early 2020 and to concentrate our efforts on assets that are initially less capital intensive and at the same time potentially highly impactful.

The DT Ultravert transaction would appear to offer those characteristics. The use of nitrogen within the technology brings clear environmental benefits, as well as providing cost benefits to well owners. There may be a number of other markets where the technology could be of use, offering other potential revenue streams to the company. Having signed a binding Asset Purchase Agreement with the vendors, we look forward to completion of the transaction with the publication of a prospectus shortly.

The directors continue to manage the company's modest cash reserves judiciously, and as such have received restricted remuneration to date.



**Nigel Brent Fitzpatrick**  
**Non-Executive Chairman**

## **OPERATIONAL REVIEW**

The Company was incorporated and registered in England and Wales on 2 June 2000 under the Companies Act 1985 as a public company limited by shares with the name Hallco 459 plc and with registered number 04006413. On 28 November 2000, the Company changed its name to The Niche Group PLC. On 20 February 2016, the Company changed its name to Path Investments Plc. It is domiciled and its principal place of business is in the United Kingdom and is subject to the City Code.

The strategy of the Company is focused on delivering acquisitions in energy and natural resources production or near production assets with the objective of providing the Company's shareholders with access to a low risk and, over time, diversified portfolio which can offer a dividend stream as well as offering development potential for capital growth. The Directors are looking to create a diversified portfolio of assets that is mindful of the maturity of asset developments, life of income stream and the potential for growth, and a number of opportunities have been evaluated and developed. The Company is open to ideas but intends that the Reverse Takeover will be of a business that can act as the cornerstone for building a substantial group within the sector.

The Company was admitted to the Official List by way of a Standard Listing and to trading on the London Stock Exchange's Main Market for listed securities on 30 March 2017. The Company's shares are currently suspended from trading pending completion of a binding transaction which is discussed later, for which there can be no guarantee or certainty.

The Company has not traded over the past twelve months. Over that period its expenses have related to pre-deal costs, professional and associated expenses related to advisory and consultancy fees, along with general administration expenses.

The Directors believe that attractive opportunities currently exist to acquire interests in producing energy and resource assets which are profitable and have future development potential. In addition to the decreased costs at which interests in assets can be acquired in the current climate, new entrant advantages include ongoing reductions in project costs along with, in many cases, the benefits of significant historically incurred costs, existing infrastructure and technical understanding. Revenue generation from some of these assets can be either immediate or imminent.

The Company focuses on identifying acquisition opportunities which are, in the opinion of the Directors, underperforming, undeveloped and/or currently undervalued, and where the Directors believe that their expertise and experience, in conjunction with that of the incumbent management, can be deployed to facilitate growth and unlock inherent value.

A number of transactions were considered and certain progressed in detail during the year. On 19th August 2019 the Company announced a proposed transaction with FGE, which would have seen Path acquiring the company, which in turn owned 75% of a Zambian gemstone mining license on a look through basis, subject to completion.

Post the review period and with the background of a global Covid-19 Pandemic, the directors concluded that the outlook for the FGE transaction had materially worsened. Accordingly, on 27th May 2020 the Company announced the expiry of the Share Purchase Agreement with FGE.

On 27th May 2020 the Company announced the conditional acquisition of a patented proprietary technology DTU for use initially within the oil and gas sectors from Zoetic International plc. The Transaction is considered a Reverse Takeover and as such trading in the Company's shares is suspended. A Prospectus is required to be published prior to a re-Admission of the Company's ordinary shares to trading on the London Stock Exchange. This process is underway; the publication of our 2019 results forms an integral part of the procedure.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**FINANCIAL REVIEW**

**Loss for the year**

In the year ended 31 December 2019, the Company recorded a loss of £317,647 (2018 restated loss: £1,331,341).

On 30th January 2019, the Company disposed of its 5% interest in ARAR and Alpay Enerji AS for a consideration of £400,000, together with the transfer by their major shareholder of 357,412 Ordinary Shares in the Company to be held in Treasury and 357,412 Deferred Shares for cancellation. The Company currently has no distributable earnings from which a distribution to deferred shareholders can be made, and alternative methods of returning value to such shareholders are under consideration. Such funds received were therefore used towards the satisfaction of the Company's debts.

**Cash flow**

During the year, the Company issued convertible loan notes amounting to £11,000 and repaid £10,000 pursuant to an instrument to issue £150,000 nominal convertible unsecured loan stock in 2018 of which a total of £94,000 has been issued (see note 0).



**Christopher Theis**  
**Chief Executive Officer**

**BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

During the period covered by the Annual Report, the Board consisted of Nigel Brent Fitzpatrick (Non-Executive Chairman), Christopher Theis (Chief Executive Officer), Andrew Yeo (Chief Operating Officer) and Tommaso Corrado (Non-Executive). The Directors consider the Board to be appropriate for a Company of Path's size and of sufficient experience to execute the investment strategy. Details of the current Board are set out below:

***Nigel Brent Fitzpatrick MBE, Non-Executive Chairman, aged 70***

Brent is an experienced corporate finance consultant. He was previously Chairman of Global Marine Energy and is currently Chairman of Risk Alliance Group, Vela Technologies and Aboyne-Clyde Rubber Estates of Ceylon Limited. Brent is a Non-executive Director of Vordere PLC. He is a member of the Audit Committee Institute. In 2012, Brent was awarded an MBE for services to education.

***Christopher Theis, Chief Executive Officer, aged 60***

Christopher is an experienced investment banker and entrepreneur. He has led top ranked City ECM teams, including Smith New Court and Hoare-Govett as well as a number of successful quoted and private businesses. Christopher holds an MBA from Cass Business School.

***Andrew Yeo, Chief Operating Officer, aged 57 (resigned 21 January 2020)***

Andrew was a founder member of Evolution Securities where he was a board member and Executive Director. Over the last ten years, he has gained significant expertise in the oil and gas sectors having had a variety of roles including oil and gas private equity and operational experience as CFO of Wessex Exploration PLC.

***Tommaso Maria Corrado, Non-Executive Director, aged 52***

Tommaso is a former senior energy executive with expertise in merchant energy and an investor with board-level experience including BG Group (Italian subsidiary) and Swerve Energy (senior partner). His roles have included the selection, appraisal, evaluation, investment, divestment and assurance of international energy assets and contracts across the value chain and asset development cycles. Tommaso has a Masters in Finance from the London Business School.

## PATH INVESTMENTS PLC

### ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2019.

The Company's Ordinary Shares were listed on 30 March 2017 on the Official List of The London Stock Exchange, pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company's shares are currently suspended from trading pending completion of a binding transaction, for which there can be no guarantee of certainty.

#### Directors and Directors' interests

The Directors at the date of these financial statements who served during the period and their interest in the ordinary shares of the Company are as follows:

	31 December 2019 Number of Ordinary Shares	31 December 2018 Number of Ordinary Shares
C. Theis*	11,795,589	11,795,589
A. Yeo** (resigned 21 January 2020)	4,750,625	4,750,625
N. Fitzpatrick***	2,025,000	2,025,000
T. Corrado	600,000	600,000

\* 11,795,500 Ordinary Shares are held in Mr. Theis' self-invested pension plan administered by Hargreaves Lansdown.

\*\* 4,750,625 Ordinary Shares are held in Mr. Yeo's self-invested pension plan administered by Hargreave Hale.

\*\*\* Mr. Fitzpatrick has an indirect interest in 15,000 Ordinary Shares which are registered in the name of Ocean Park Developments Limited, a company of which he is the holder of 100% of the issued share capital and a further indirect interest in 10,000 Ordinary Shares which are registered in the name of Pondermatters Limited, a company of which he is the holder of 10% of the issued share capital.

#### Major interests in ordinary shares

Save for the interests of the Directors, as at 26th April 2020, being the latest practicable date prior to the publication of this Annual Report given the Company's current market suspension, the Company has identified the following holdings of Ordinary Shares which represent more than 5 per cent. of its issued share capital:

Shareholder	Number of Shares	% of issued share capital
JIM Nominees Limited	92,241,904	47.07
Bank of New York (Nominees)	20,582,207	10.50
Hargreaves Lansdown (Nominees)	19,438,395	9.92
Interactive Investor Services (Nominees)	13,414,670	6.85
Spreadex Limited	10,052,916	5.13

#### Results

The loss for the year to 31 December 2019 amounted to £317,647 (2018 restated loss: £1,331,341).

#### Managing business risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- Initiate action to prevent or reduce the adverse effects of risk
- Control further treatment of risks until the level of risk becomes acceptable
- Identify and record any problems relating to the management of risk



**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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- Initiate, recommend or provide solutions through designated channels
- Verify the implementation of solutions
- Communicate and consult internally and externally as appropriate

The Board has carried out a review of the effectiveness of the Company's risk management and internal controls systems, including financial, operational and compliance controls as is appropriate at this early stage of the Company's business.

**Taxation status**

The Company was not a close company within the provisions of the Corporation Tax Act 2010 and this position has not changed since the end of the financial period.

**Future developments**

Information about the future plans of the Company is covered in the Strategic Report.

**Dividends**

The Directors do not recommend the payment of a dividend.

**Capital structure**

The Company's issued share capital consists of Ordinary Shares (2.2% of total share capital), of which 357,412 shares (0.18% of total share capital) are held in Treasury, and Deferred Shares (97.8% of total share capital).

The ordinary shares shall confer upon the holders the right to receive dividends and other distributions and participate in the income or profits of the company. The deferred shares shall confer upon the holders the following rights and shall be subject to the following restrictions, notwithstanding any other provisions in these Articles:

- **Return of Capital:** On return of assets on a winding up of the Company after the holders of ordinary shares have received the aggregate amount paid up thereon plus £10,000,000 for each such share held by them, there shall be a distribution to the holders of deferred shares an amount equal to the nominal value of shares held and thereafter any surplus held will be distributed to holders of ordinary shares.
- **Dividends:** Holders of deferred shares have no rights to dividends or other distributions or to participate in the income and profits of the company, except that deferred shareholders have a right to receive any dividends declared, made or paid out of the proceeds of the sale of Legacy Assets.
- **Transfers:** The company may acquire all or any of the deferred shares in issue at any time for no consideration.

**Financial instruments**

Details of the use of financial instruments by the Company are contained in note 16.

**Donations**

There were no charitable or political donations during the current period or prior year.

**Post balance sheet events**

Post balance sheet events are discussed in the Chairman's Statement and in note 21.

**Going concern**

The financial statements have been prepared on the assumption that the Company will continue as a going concern. Under this assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors consider the use of the going concern assumption to be appropriate. At the latest reported date of 31 December 2019, the Company had cash and cash equivalents totalling £162 and net current liabilities of £1,905,186.

On 30 June 2020, the Company had cash equivalents totalling £63,934 and had a net current liabilities. The Company is therefore able to continue as a going concern only as a result of the support through deferred payment of its creditors and Directors. The Company plans to raise further funds by a placing of ordinary shares at the time of its re-Admission to the Standard List of the Main Market of the London Stock Exchange. Should a placing not take place in a timely manner, or should the Company's creditors demand payment, the Directors will need to immediately raise additional funds in order to be able to continue as a going concern. The ability of the Company to raise additional funds is dependent upon investor appetite and if necessary the Directors' ability to obtain alternative sources of funding.

For the above detailed reasons, the Directors believe there is a material uncertainty over the Company's status as a going concern. However, the Directors have a reasonable expectation that the Company will be able to raise sufficient funding when required to allow it to cover its working capital for a period of at least twelve months from the date of approval of the financial statements. It is for this reason they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Auditor**

The auditor, PKF Littlejohn LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under the law the directors have prepared financial statements in accordance with International Financial Reporting Standards ('IFRS') 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 income statement of the company for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance 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.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company 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.

**Website publication**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in

## **PATH INVESTMENTS PLC**

### **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

#### **Directors' responsibilities pursuant to DTR4**

The Directors confirm to the best of their knowledge:

- the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The annual report includes a fair review of the development and performance of the business and financial position of the Company together with a description of the principal risks and uncertainties that they face.

#### **DIRECTORS' AUDIT & RISK REPORT**

Due to the early stage of development of the Company, the responsibilities normally delegated to the Audit & Risk Committee were discharged by the full Board during the period. When operational, the committee will oversee the Company's financial reporting and internal controls, and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports will remain with the Board.

The Company's external auditors and the board of directors will closely monitor the level of audit and non-audit services they provide to the Company. In the year ended 31 December 2019, the external auditors provided non-audit services to the Company in respect of its aborted conditional acquisition of the entire share capital of FineGems Extraction Corporation and readmission to the Standard Segment of the Official List.

#### **Meetings**

The Board met on 9th September 2020 to consider the audit for the period ended 31 December 2019.

#### **External auditor**

The external auditors, PKF Littlejohn LLP, have unrestricted access to the Chief Executive Officer. The Board is satisfied that PKF Littlejohn LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditors report to the Board annually on their independence from the Company.

The current auditors, PKF Littlejohn LLP, were first appointed by the Company in 2019. Having assessed the performance objectivity and independence of the Auditors, the Board will be recommending the reappointment of PKF Littlejohn LLP as auditors to the company at the 2020 Annual General Meeting.

#### **Disclosure of information to auditors**

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

The Directors' Report was approved by the board of Directors and signed on its behalf by:



**Christopher Theis**  
**Chief Executive Officer**  
**9 September 2020**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**STRATEGIC REPORT**

The Directors present their strategic report on the company for the year ended 31 December 2019.

**Principal Activities**

Path Investments Plc is a public company incorporated under the Companies Act 1985 and domiciled in the United Kingdom. The strategy of the Company is focused on delivering a material acquisition in natural resources production or near production assets with the objective of providing the Company's shareholders with access to a low risk and, over time, diversified portfolio which can offer a dividend stream as well as offering development potential for capital growth.

**Business Review**

The Directors are looking to create a diversified portfolio of assets that is mindful of the maturity of asset developments, life of income stream and the potential for growth, and a number of opportunities have been evaluated and developed. The Company is open to ideas but intends that the Reverse Takeover will be of a business that can act as the cornerstone for building a substantial group within the sector.

The requirements of the enhanced business review are contained in the Chairman's Statement and in the Operational and Financial Reviews on pages 3 - 5 of this document.

**Key performance indicators**

The Company has not traded over the past twelve months and the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the business at the present time.

**Position of the Company's business at the year-end**

At the year-end, the Company's Statement of Financial Position shows net liabilities totalling £1,905,186.

*The future plans of the Company*

On 27th May 2020 the Company announced the conditional acquisition of a patented proprietary technology DTU for use initially within the oil and gas sectors from Zoetic International plc. The Transaction is considered a Reverse Takeover and as such trading in the Company's shares is suspended. A Prospectus is required to be published prior to a re-Admission of the Company's ordinary shares to trading on the London Stock Exchange. This process is underway; the publication of our 2019 results forms an integral part of the procedure.

*Employees*

The Company's only employee is its one Executive Director. There are no other employees.

*Employee gender diversity*

	Male	Female
Directors of the company	3	-
Total number of employees	1	-

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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**Principal risks and uncertainties**

The Company is subject to various risks relating to investments, industry, business and financial conditions. The following risk factors, which are not exhaustive, are particularly relevant to the Company and its business activities:

<b>Risk</b>	<b>Mitigation</b>
<i>Due diligence on potential investments</i>	
Any due diligence by the Company in connection with a proposed investment may not reveal all relevant considerations or liabilities, which could have a material adverse effect on the Company's financial condition or results of operations. There can be no assurance that the due diligence undertaken with respect to a potential investment opportunity will reveal all relevant facts that may be necessary to evaluate such opportunity. The Company may also make subjective judgements regarding the results of operations, financial condition and prospects of a potential investment opportunity which by their nature may subsequently result in substantial impairment charges or other losses.	The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate based on the facts and circumstances applicable to any potential investment prior to entering into any legally binding agreement in connection therewith to acquire any assets. The objective of the due diligence process will be to identify material issues which might affect the decision to proceed with any one particular investment opportunity or the consideration payable for that investment.
<i>Lack of control over investment</i>	
It is likely that, in many cases, the Company will acquire an interest in an underlying asset which does not confer upon it the ability to control the underlying asset. Accordingly, the Company's decision making authority may be limited. Such investments may also involve the risk that such other stakeholders may become insolvent or unable or unwilling to fund additional investments in the underlying asset.	The Company will seek the greatest protection it can when negotiating the investment instrument. The company considers contingency plans in the event of default or non-performance of partners or material counterparties.
<i>Operational risk in sector</i>	
Activities in the resources sector can be dangerous and may be subject to interruption. The assets in which the Company will make investments are subject to the significant hazards and risks inherent in the resources sector and countries in which the underlying assets are located. Disruption caused by such risks could affect the Company's performance, financial condition and business prospects.	The Company will make use of industry norm insurance arrangements as well as ensuring best operational practices are strictly adhered to.
<i>Lack of operational control</i>	
The Company will need to rely on third parties to operate its assets and will not have direct control over production from its assets. Any failure by an external contractor may lead to delays or curtailment of the production, transportation, or delivery of natural resources products and result in adverse effect on the revenues to the Company.	The Company will, through its membership of each respective asset's Operational Committee, have direct involvement in day to day decisions.

**PATH INVESTMENTS PLC**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>Risk</b>	<b>Mitigation</b>
<i>Additional cost contribution</i>	
The Company may be required to contribute to unexpected costs in the underlying assets in which it invests.	Whilst it is difficult to mitigate against unexpected costs, best operational practices and tight budgetary control assist in the avoidance of such events.
<i>Investments that do not proceed to completion</i>	
The Company expects to incur certain third party costs associated with any investment opportunity that may ultimately lead to a completed transaction. The greater the number of these deals that do not reach completion, the greater the impact of such costs on the Company's performance, financial condition and business prospects.	The Company will seek to minimise such costs with reference to its current financial resources.
<i>Resource Sector conditions</i>	
The Company's revenues, profitability and future growth are substantially dependent on prevailing prices of the natural resources into which it chooses to invest and its ability to either enter into, realise or seek a return from its investments. The prices of natural resources are subject to large fluctuations in response to a number of factors including relatively minor changes in the supply of, and demand for natural resources, in addition to other factors beyond the control of the Company.	The Company takes a conservative approach to making investment decisions and these decisions are based upon a detailed assessment of expected natural resource prices. The methodologies used to assess investments against future natural resource prices are in line with best practice generally adopted in the natural resources industry.
<i>Foreign currency exposure</i>	
Investments in overseas assets will expose the Company to exchange rate fluctuations.	The Company may seek to manage its foreign exchange exposure by active use of hedging and derivative instruments.
<i>Further funding for investments</i>	
The Company's investments or future acquisitions, expansion, activity and/or business development will require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient.	The Company will not enter into any binding agreement without assurance of requisite funding being in place. The company is actively seeking to diversify its sources of funding to mitigate against the risk of any single source becoming inaccessible.
<i>Credit &amp; Counterparty risks</i>	
Any investment concluded by the Company could underperform due to one or more of the partners or counterparties (both suppliers and customers) to the project defaulting or not performing.	The Company considers the credit and counterparty risks of the different partners and customers in any investment it considers and where necessary seeks to transfer, insure or prepares contingency plans in the event of default or non-performance.
<i>Regulatory Risks</i>	
In all EU markets where access to markets and to most of the logistical infrastructure are regulated, the Company is exposed to changes in regulations that could substantially alter the economics of market access and logistics. In turn, this could alter the economics of investments in natural resources. Similarly, all markets have regulated fiscal regimes for natural resources and	The Company will invest in countries with established and stable regulatory regimes and actively monitors the regulatory policies and regimes to anticipate and wherever possible mitigate the impact of regulatory changes.

**PATH INVESTMENTS PLC**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>Risk</b>	<b>Mitigation</b>
changes to these natural resource regimes could materially impact the returns on investments.	
<i>Covid-19 – global pandemic</i>	
In March 2020 the WHO announced that Covid-19 was a global pandemic.	The Company has put in place measures to protect its personnel from the risk of Covid-19. All personnel are able to work remotely and further measures have been put in place to ensure meetings can take place remotely. All unnecessary travel has been stopped and government guidance has been adhered to.

The Strategic Report was approved by the board of Directors and signed on its behalf by:



**Christopher Theis**  
**Chief Executive Officer**  
**9 September 2020**

## **GOVERNANCE REPORT**

### **Introduction**

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code. However, the Board is committed to good corporate governance and, so far as is appropriate given the Company's size and composition of the Board, intends to comply with the QCA Guidelines on Corporate Governance which is publicly available from the Financial Conduct Authority. The QCA Code sets out 10 principles of Corporate Governance which should be applied in order to deliver long-term shareholder value through good communication and an efficient, effective and dynamic management framework.

The 10 principles of the QCA Code are listed below together with a short explanation of how the Company applies each of the principles and where the Company does not fully comply with each principle, an explanation is provided as to why it does not currently do so.

#### **1. Establish a strategy and business model which promote long-term value for shareholders**

- i. the Company is an investment company focused on creating value for its shareholders by acquiring direct interests in energy and natural resource projects around the world.
- ii. the Company's focus is on the acquisition and development of producing and near producing energy and natural resources assets in fiscally and politically stable economies.
- iii. the proposed investments to be made by the Company may be in conjunction with either quoted or unquoted companies; made by direct acquisition or through farm-in; may be in companies, partnerships, or joint ventures set up for the purpose; or direct interests in natural resources projects.
- iv. the Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.
- v. the Company does not intend to invest or trade in physical commodities except where such physical commodities form part of a producing asset.
- vi. to the best of the Directors' knowledge and belief, the Directors continue to monitor the severe difficulties that some companies operating in the energy and natural resources sector are facing in the market at the moment.
- vii. Features to be considered positively for proposed investments to include:
  - a) producing or near producing natural resources assets in politically stable and fiscally attractive geographies;
  - b) financially distressed, underperforming or mispriced assets;
  - c) assets that require capital for identifiable expansion or development;
  - d) direct investment in the asset;
  - e) investments that achieve minimum IRR hurdles;
  - f) capable of a positive cash return to the Company in the current environment;
  - g) investments that indicate an ability to generate sustainable annuity type returns;
  - h) development potential for the future;



**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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- i) potential for transformation into high quality and marketable assets; and
  - j) investment in assets which are not reliant on increased production to make a return on the asset.
- viii. once due diligence on a proposed investment has been completed and the Board agree to make the investment, the Board will be required to approve the proposed investment with a view to completing the investment from one of or a combination of existing cash resources, new equity financing or debt financing.
- ix. the Directors expect that, given the time required to fully maximise the value of early stage development assets, it is expected that most investments will be held for the medium to long term, although short term disposal of assets cannot be ruled out in exceptional circumstances.

**2. Seek to understand and meet shareholder needs and expectations**

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis.

All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

Investors ordinarily have access to current information on the Company through its website, <https://pathinvestmentsplc.com/>, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

The Company expects to widen its investor base over time and already meets or talks regularly with any significant shareholders, fund managers and analysts as part of an active investor relations programme, in conjunction with its IR advisers, to discuss long term issues and obtain feedback.

The Company has and intends to continue to periodically attend Investor Evenings to meet with existing and potential shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

**3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board recognises that the long-term success of Path is reliant upon the relationship and good communications with the relevant government authorities, the local community and the efforts of the employees of the Company and its contractors, suppliers and regulators in each respective country of operation.

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Company Secretary.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**4. Embed effective risk management, considering both opportunities and threats, throughout the organization**

*Principal risks and risk management*

The principal risks and uncertainties facing the Company are set out on pages 12-14, together with how the Board mitigate them.

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company.

Duties in relation to risk management that are conducted by the Directors include, but are not limited, to:

- Initiating action to prevent or reduce the adverse effects of key risks;
- Controlling further treatment of risks until the level of risk becomes acceptable;
- Identifying and recording any problems relating to the management of risk;
- Initiating, recommending or providing solutions through designated channels;
- Verifying the implementation of solutions;
- Communicating and consulting internally and externally as appropriate; and
- Informing investors of material changes to the Company's risk profile.

*Conflicts of interest*

The Board has instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to approve such conflicts.

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. As well as the applicable laws and recommendations, the Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

**5. Maintain the board as a well-functioning, balanced team led by the Chair**

The Board recognises that the Company's objective of delivering growth in long-term shareholder value requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

The Board currently comprises one Executive Director: Christopher Theis (CEO) and two Non-Executive Directors: Brent Fitzpatrick (Chairman) and Tommaso Corrado. Details of the qualifications, background and responsibility of each director is provided on page 6 of the Annual Report, with additional information in respect of directors' record of attendance at meetings and the operation of the Audit Committee and Remuneration Committee provided in the below under Principle 9.

The Board is also supported by Emma Bailey, Managing Director at Bailey Wilson Accounting Limited, Chartered Accountants, who acts as Financial Controller and who, together with her team at Bailey Wilson Accounting Limited, provide accounting, financial and reporting support to the directors.

As part of the process to complete an investment, the Directors will consider any specialist skill-set required by the new business and take steps to augment the competence of the Board.

The Non-Executive Directors bring a broad range of business and commercial experience to the Company. The Board consider both Tommaso Corrado and Brent Fitzpatrick to be independent in character and judgement. Both Tommaso Corrado and Brent Fitzpatrick have a small interest in the shares of the Company but hold no options and have no other relationships with the Company or the other Directors that could impact their independence.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Board recognises that as the Company develops, the number of directors, including independent directors, will increase at which time the appointment of a Senior Independent Director may be appropriate.

***Commitments***

All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

***Induction***

All new Directors would receive an induction as soon as practical on joining the Board.

***Remuneration***

The Board currently retains responsibility for agreeing the remuneration policy for senior executives. The Directors remuneration report is presented on pages 19 to 21 and contains full details of the activities during the period

**6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The Board comprises of directors considered to possess the appropriate experience, skills, personal qualities and capabilities necessary to deliver the Company's strategy for the benefit of its shareholders and is appropriate to its present size and stage of development. The non-executive Directors bring a broad range of business and commercial experience to the Company and have a responsibility to challenge independently and constructively the performance of the Executive management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets. This will become much more relevant once an initial investment has been made.

Non-executive Directors are initially appointed for a term of one year, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

***Nigel Brent Fitzpatrick MBE, Non-Executive Chairman, aged 70***

Brent is an experienced corporate finance consultant. He was previously Chairman of Global Marine Energy and is currently Chairman of Vela Technologies and Aboyne-Clyde Rubber Estates of Ceylon Limited. Brent is a non-executive director of Vordere PLC. He is a member of the Audit Committee Institute. In 2012, Brent was awarded an MBE for services to education.

As Chairman, Brent is responsible for leading the Board and determining the strategic direction of the Company, reviewing performance of the management and ensuring that the Company complies with the relevant rules and regulations. In addition, he is responsible for ensuring that the Company complies with the QCA Code for Corporate Governance,

***Christopher Theis, Chief Executive Officer, aged 60***

Christopher is an experienced investment banker and entrepreneur. He has led top ranked City ECM teams, including Smith New Court and Hoare-Govett as well as a number of successful quoted and private businesses. Christopher holds an MBA from Cass Business School.

***Andrew Yeo, Chief Operating Officer, aged 57 (resigned 21 January 2020)***

Andrew was a founder member of Evolution Securities where he was a board member and executive director. Over the last ten years, he has gained significant expertise in the oil & gas sectors having had a variety of roles including oil and gas private equity and operational experience as CFO of Wessex Exploration PLC.

***Tommaso Maria Corrado, Non-Executive Director, aged 52***

Tommaso is a former senior energy executive with expertise in merchant energy and an investor with board-level experience including BG Group (Italian subsidiary) and Swerve Energy (senior partner). His roles have included the selection, appraisal, evaluation, investment, divestment and assurance of international energy assets and contracts across the value chain and asset development cycles. Tommaso has a Masters in Finance from the London Business School.

## **PATH INVESTMENTS PLC**

### **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

As a non-executive director Tommaso is responsible for providing input to the strategic direction of the Company, reviewing performance of the management and ensuring that the Company complies with the relevant rules and regulations.

#### ***Nomination***

Currently due to the size of the Company there is no Nomination Committee. Nominations are considered by the whole Board. The Directors anticipate that a Nomination Committee will be established in the future when the size of the Company justifies it.

The Nomination Committee will review the composition and balance of the Board and senior management on a regular basis to ensure that the Board and senior management have the right structure, skills and experience in place for the effective management of the Company's business and is expected to meet twice a year.

#### ***Diversity***

As a small/medium-sized company seeking to make its first investment under its new strategy, Path Investments does not have a formal diversity policy. The Company recognises the benefits of diversity across all areas and believes that a diverse Board is a positive factor in business success, brings a broader, more rounded perspective to decision making, and makes the Board more effective. When recruiting, the Board will endeavour to consider a wide and diverse talent pool whilst also taking into account the optimum make-up of the Board, including the benefits of differences in skills, industry experience, business model experience, gender, race, disability, age, nationality, background and other attributes that individuals may bring.

#### **7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Given the size of the Board and the Company's stage of development, no formal assessment of the Board performance has been taken to date. However, once an initial corporate transaction has been completed, it is intended to put in place clear and relevant management objectives, for effectiveness measurement. However, at present, requests to attend seminars, courses, conferences to improve the effectiveness of the Board are encouraged.

Board members are in daily communication with each other. The Chairman and the Chief Executive are in daily communication such that Board members are aware of the present status of the Company.

There are periodic discussions on the future direction of the Company and review of its corporate strategy, the requirements to augment the senior management team as appropriate, the potential for new Board members and succession planning.

#### **8. Promote a corporate culture that is based on ethical values and behavior**

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with UK laws and regulations;
- anti-corruption practices;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Regular meetings and communications with management (and employees where relevant) are conducted throughout the year to ensure such corporate culture are instilled within the Company.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

**Board meetings**

The core activities of the Board are carried out in scheduled meetings of the Board. These meetings are timed to link to key events in the Company's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During 2019, the Board convened on 8 occasions.

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Company or their areas of responsibility, and to keep them fully briefed on the Company's operations.

The Board presently expects to meet formally at least 6 times a year and will increase this to monthly once the first investment is made.

***Summary of the Board's work in the period***

During 2019, the Board considered all relevant matters within its remit, but focused in particular on identifying and assessing suitable investment opportunities.

Attendance at meetings:

<b>Member</b>	<b>Meetings held</b>	<b>Meetings attended</b>	<b>Attendance</b>
Christopher Theis	8	8	100%
Andrew Yeo	8	1	12.5%
Nigel Brent Fitzpatrick	8	8	100%
Tommaso Corrado	8	8	100%

The Board is pleased with the high level of attendance and participation of Directors at Board meetings. Due to the early stage of the Company, all relevant business was conducted at Board meetings.

The Chairman sets the Board Agenda and ensures adequate time for discussion.

The Board formally meet on average every three months; however the CEO and the COO communicate a number of times daily and physically meet on average at least once a fortnight. Decisions concerning the direction and control of the business are made by the Board.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, changes in the Board / senior management, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders. These areas are set out in more detail in a formal schedule of matters reserved for the board.

**Board committees**

Due to the early stage of the Company, all relevant business was conducted at Board meetings. When the Company's business has developed sufficiently, the Directors intend to make operational the Audit and Risk Committee and Remuneration Committee which have been formed and which comprise a majority of non-executive directors. Each committee will report to the Board and the issues considered at meetings of the committees will be provided by the respective committee chairman. The terms of reference of each committee will be set at the point each committee is formed or becomes operational.

**Other governance matters**

All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director. In addition, each Director has access to the advice of the Company Secretary.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

***The Company Secretary***

The Company Secretary throughout the period was Rakesh Patel of Adler Shine LLP. He has subsequently resigned and has been replaced by Bailey Wilson Accounting Ltd, who are available to the Directors and responsible for the Board complying with UK procedures.

***Matters reserved for the Board***

Currently, all matters are reserved for the Board. Following the first investment, in accordance with the QCA Guidelines, the Board will clearly set out the matters that are reserved for its consideration.

***Board performance and evaluation***

Path has a policy of appraising Board performance annually. Path has concluded that for a company of its current scale, an internal process administered by the Board is most appropriate at this stage. However, the appraisals are not relevant at this stage given that the Company has not traded and remuneration has not been paid to directors and as performance incentives will only be in place once a transaction has been completed.

***Internal audit***

The directors consider that the Group is not currently of a size to warrant the need for an internal audit function although the board has put in place internal financial control procedures as summarised below:

***Internal financial control***

The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing its effectiveness.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Internal financial control systems are designed to meet the particular needs of the Company and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control, particularly in view of the limited cash resources of the Company. Due to the relatively small size of the Company's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Company.

**10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

Open and transparent communication with shareholders is given high priority. The Directors are available to meet with institutional shareholders to discuss any issues and gain an understanding of the Company's business, its strategies and governance.

All Directors are kept aware of changes in major shareholders in the Company and are available to meet with shareholders who have specific interests or concerns. Regular updates to record news in relation to the Company and the status of its projects are included on the Company's website, <http://pathinvestmentsplc.com>.

In addition to the Chairman's Statement and CEO report in the Company's Annual Report and Interim Results, Shareholders are regularly advised of any significant developments in the Company and are encouraged to participate in the Annual General Meeting and any other General Meetings that may take place throughout the year. The Company expects to widen its investor base over time and then meet regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

Investors have access to current information on the Company through its website, <https://pathinvestmentsplc.com>, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Company also intends to periodically attend Investor Evenings to meet with shareholders and provide updates on corporate developments.

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole. The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The nature of the business is well understood by the Company's members, employees and suppliers, and the Directors are as transparent about the cash position and funding requirements as is allowed under LSE regulations.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during 2019:

- Pursuing the execution and completion of the sale of the Turkish assets;
- A number of transactions were reviewed and progressed during the year, ensuring stakeholders were engaged in the processes.
- Any contracts for services provided have been undertaken with a clear cap on financial exposure, with strict cost control maintained including nil remuneration for directors.
- Monitored company culture and engaged with employees on efforts to continuously improve company culture and morale.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**DIRECTORS' REMUNERATION REPORT**

**The Remuneration Committee**

During the year to 31 December 2019, the full Board of the Company met to consider matters relating to remuneration.

The Company's Remuneration Committee will be operational once an investment has been made and it will operate within the terms of reference approved by the Board.

The items included in this report are unaudited unless otherwise stated.

**Committee advisors**

No Director takes part in any decision directly affecting their remuneration. No remuneration advisors were retained by the Board during the period.

**Statement of the Company's policy on Directors' remuneration**

The Company's policy is to maintain levels of remuneration so as to attract, motivate and retain Directors and senior executives of the highest calibre who can contribute their experience to deliver industry leading performance with the Company's operations.

**Service Agreements and Letters of Appointment**

All of the service contracts with Directors are on a continuous basis, subject to termination provisions. The appointment of Executive Directors is subject to termination upon twelve months notice given by either party. The appointment of Non-Executive Directors is subject to termination upon three months notice given by either party.

The Directors who held office at 31 December 2019 and who had beneficial interests in the Ordinary Shares of the Company are summarised as follows:

<b>Name of Director</b>	<b>Position</b>
Brent Fitzpatrick	Non-Executive Chairman
Christopher Theis	Chief Executive Officer
Andrew Yeo ( <i>resigned 21 January 2020</i> )	Chief Operating Officer
Tommaso Corrado	Non- Executive Director

Details of these beneficial interests can be found in the Directors' Report on page 7.

**Terms of appointment**

The services of the Directors, provided under the terms of agreement with the Company dated as follows:

<b>Director</b>	<b>Year of appointment</b>	<b>Number of years completed</b>	<b>Date of current engagement letter</b>
Brent Fitzpatrick	2015	4	22 March 2017
Christopher Theis	2012	7	22 March 2017
Andrew Yeo	2015	4	22 March 2017
Tommaso Corrado	2016	3.25	15 March 2017

**Consideration of shareholder views**

The Board will consider shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's policy on remuneration.

**Policy for new appointments**

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.



# PATH INVESTMENTS PLC

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

For external and internal appointments, the Committee may agree that the company will meet certain relocation and/or incidental expenses as appropriate.

### Directors' emoluments, compensation and options - audited

Details of Directors remuneration during 2019 were as follows

	Fees & other remuneration £	Taxable benefits £	Pension contribution £	2019 Total £	2018 Total restated £
Christopher Theis	225,003	6,379	67	231,449	222,923
Nigel Fitzpatrick	39,003	-	-	39,003	34,500
Andrew Yeo	17,031	-	-	17,031	84,375
Tommaso Corrado	32,500	-	-	32,500	28,750
	313,537	6,379	67	319,983	370,548

During 2019, directors' gross salaries amounted to £319,983 (2018 restated : £370,548), however, due to the need to preserve cash only £21,000 (2018: £19,156) was paid during the year and the balance of £292,537 (2018 restated: £344,093) was accrued at the year-end. The accrual of salaries has continued to date and will be dealt with on the closing of a material transaction.

### Future Policy Table

How the element supports our strategic objectives	Operation of the element	Maximum potential payout and payment at threshold	Performance measures used, weighting and time period applicable
<b>Base Pay</b>			
Recognises the role and the responsibility for the delivery of strategy and results	Paid in 12 monthly instalments	Contractual sum	None
<b>Pensions</b>			
10% of CEO and COO gross salary	Paid in 12 monthly instalments	Contractual sum	None
<b>Short term incentives</b>			
Share options (see note 17)	Vested on 30 March 2017	100% exercisable at stretching targets	Share price

**PATH INVESTMENTS PLC**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

During the year ended 31 December 2017, the directors were granted the following option awards:

<b>Option holder</b>	<b>Number of Ordinary Shares subject to option</b>	<b>Exercise Price (per option share)</b>	<b>Expiry date</b>
Christopher Theis	20,000,000	0.1p	10 years from 30 March 2017
	16,000,000	1p	10 years from 30 March 2017
	6,500,000	2p	10 years from 30 March 2017
Andrew Yeo	8,500,000	0.1p	10 years from 30 March 2017
	6,500,000	1p	10 years from 30 March 2017
	2,875,000	2p	10 years from 30 March 2017

In summary:

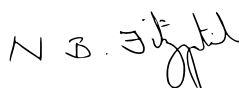
<b>Number of Ordinary Shares subject to option</b>	<b>Exercise Price (per option share)</b>	<b>Expiry date</b>
28,500,000	0.1p	10 years from 30 March 2017
22,500,000	1p	10 years from 30 March 2017
9,375,000	2p	10 years from 30 March 2017

No option awards were granted to directors in the year to 31 December 2019.

**Other matters**

During the year ended 31 December 2019 the Company:

- did not pay pension amounts in relation to any remuneration though the CEO has contractual pension entitlements equivalent to 10% of his salary.
- has not paid out any excess retirement benefits to any Directors or past Directors.
- has not paid any compensation to past Directors.



**Nigel Brent Fitzpatrick**  
**Chairman of the Remuneration Committee**

**PATH INVESTMENTS PLC**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF PATH INVESTMENTS PLC**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Opinion**

We have audited the financial statements of Path Investments Plc (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which identifies conditions that may cast significant doubt on the company's ability to continue as a going concern. The company incurred a net loss of £317,647 during the year ended 31 December 2019 and, as of that date, had net liabilities of £1,905,186.

The ability of the company to continue as a going concern depends on the continued financial support of its creditors and directors, and the ability to raise further equity funds.

As stated in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

**Our application of materiality**

We have determined the materiality for the financial statements as a whole to be £14,400, calculated based on 2% of expenses incurred.

We consider this benchmark to be the most significant determinant of the company's financial performance used by shareholders. Until the company finds a suitable investment, it will be non-revenue generating therefore we have based our assessment of materiality on total expenses to reflect activity carried out during the period.

We set performance materiality at 70% of materiality for the financial statements as a whole.

We agreed with the Board that we would report to them all individual audit differences identified during the course of our audit in excess of £720.

**PATH INVESTMENTS PLC  
INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF PATH INVESTMENTS PLC  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**An overview of the scope of our audit**

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. There were no areas within the financial statements which involved significant accounting estimates or judgements by the directors. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. The company's finance function is located in the United Kingdom. Our audit was conducted from our London office, with regular contact from the key individuals responsible for the accounting function.

**Key audit matters**

Except for the matter described in the material uncertainty related to going concern section, we have determined that there are no key audit matters to communicate in our report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

**PATH INVESTMENTS PLC**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF PATH INVESTMENTS PLC**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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- the financial statements and the part of the directors' remuneration report to be audited 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.

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Other matters which we are required to address**

We were appointed by the Board on 20 May 2019 to audit the financial statements for the year ended 31 December 2019. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2018 to 31 December 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

We communicated identified laws and regulations to management and throughout our audit team and remained alert to any indications of non-compliance with the London Stock Exchange's Admission and Disclosure Standards during the audit. We reviewed the Company's Corporate Governance Statement included within this Annual Report for any instance of non-compliance which had not been explained and disclosed.

As with any audit, there remained a higher risk of non-detection irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

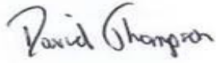
Our audit opinion is consistent with the additional report to the audit committee.

**PATH INVESTMENTS PLC  
INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF PATH INVESTMENTS PLC  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Use of our report**

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.



**David Thompson (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor  
Date 10 September 2020**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

**PATH INVESTMENTS PLC**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year ended 31 December 2019  £	Year ended 31 December 2018 Restated  £
Administrative expenses	3	(612,537)	(1,237,889)
<b>Operating loss</b>	4	<u>(612,537)</u>	<u>(1,237,889)</u>
Finance income	7	68	81
Finance cost	7	(105,178)	(93,533)
Profit on sale of investments	10	400,000	-
<b>Loss on ordinary activities before taxation</b>		<u>(317,647)</u>	<u>(1,331,341)</u>
Income tax	8	-	-
<b>Loss for the year and total comprehensive loss attributable to the equity holders</b>		<u><u>(317,647)</u></u>	<u><u>(1,331,341)</u></u>
<b>Earnings per share</b>			
- Basic & diluted attributable to the equity holders	9	<u><u>(0.16)</u></u>	<u><u>(0.68)</u></u>

All operating income and operating gains and losses relate to continuing activities.

There was no other comprehensive income for the year (2018:£Nil)

The notes on pages 34 to 49 form an integral part of the financial statements.

**PATH INVESTMENTS PLC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Share Capital</b>	<b>Share Premium</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>As at 1 January 2018</b>	8,979,767	25,413,617	(34,407,084)	(13,700)
Correction of error (note 20)	-	-	(242,500)	(242,500)
<b>As at 1 January 2018 (Restated)</b>	<u>8,979,767</u>	<u>25,413,617</u>	<u>(34,649,582)</u>	<u>(256,198)</u>
<b>Comprehensive income</b>				
Loss for the period (restated)	-	-	(1,331,341)	(1,331,341)
<b>Total Comprehensive loss</b>	<u>-</u>	<u>-</u>	<u>(1,331,341)</u>	<u>(1,331,341)</u>
<b>Total contributions by and distributions to owners of the company</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 31 December 2018</b>	<u>8,979,767</u>	<u>25,413,617</u>	<u>(35,980,923)</u>	<u>(1,587,539)</u>
<b>As at 31 December 2018 as originally presented</b>	<u>8,979,767</u>	<u>25,413,617</u>	<u>(35,466,144)</u>	<u>(1,072,760)</u>
Correction of error (note 20)	-	-	(514,779)	(514,779)
<b>Restated total equity as at 1 January 2019</b>	<u>8,979,767</u>	<u>25,413,617</u>	<u>(35,980,923)</u>	<u>(1,587,539)</u>
<b>Comprehensive income</b>				
Loss for the period	-	-	(317,647)	(317,647)
<b>As at 31 December 2019</b>	<u>8,979,767</u>	<u>25,413,617</u>	<u>(36,298,570)</u>	<u>(1,905,186)</u>

The Share Capital represents the nominal value of the equity shares.

The Share Premium represents the amount subscribed for share capital, in excess of the nominal amount, less costs directly relating to the issue of shares.

The Retained Earnings reserve represents the cumulative net gains and losses less distributions made. Retained Earnings also includes the share based payment reserve which represents the cumulative fair value of options and warrants granted,

The notes on pages 34 to 49 form an integral part of the financial statements.



**PATH INVESTMENTS PLC****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

		<b>As at 31 December 2019</b>	<b>As at 31 December 2018 Restated</b>
		<b>£</b>	<b>£</b>
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Investments – available for sale	10	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	11	10,056	2,220
Cash and cash equivalents	15	162	473
		<hr/>	<hr/>
		10,218	2,693
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(1,915,404)	(1,590,232)
		<hr/>	<hr/>
<b>Net Current Liabilities</b>		(1,905,186)	(1,587,539)
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		(1,905,186)	(1,587,539)
		<hr/>	<hr/>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	195,943	195,943
Deferred shares	13	8,783,824	8,783,824
Share premium account		25,413,617	25,413,617
Retained earnings		(36,298,570)	(35,980,923)
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		(1,905,186)	(1,587,539)
		<hr/>	<hr/>

The financial statements were approved by the board of directors and authorised for issue on 9th September 2020 and signed on its behalf by:



**Christopher Theis**  
**Chief Executive Officer**

The notes on pages 34 to 49 form an integral part of the financial statements.

**PATH INVESTMENTS PLC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Year ended 31 December 2019	Year ended 31 December 2018 Restated
		£	£
<b>Cash flows from operating activities</b>			
Cash expended from operations	14	(400,201)	(158,580)
Net cash outflow from operating activities		<u>(400,201)</u>	<u>(158,580)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment	10	400,000	-
Interest received		68	81
Finance costs		(178)	(533)
Net cash generated from/(used in) investing activities		<u>399,890</u>	<u>(452)</u>
<b>Net decrease in cash and cash equivalents</b>		(311)	(159,032)
Cash and cash equivalents at beginning of year		473	159,505
<b>Cash and cash equivalents at end of year</b>	15	<u>162</u>	<u>473</u>

The notes on pages 34 to 49 form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

Path Investments Plc is a public limited company incorporated in the United Kingdom, registered under company number 04006413. The address of the registered office is Aston House, Cornwall Avenue, London, N3 1LF, England. The principal activity of the Company is the investment in both mining and oil and gas development and production companies.

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in UK pounds Sterling which is the Company's functional and presentational currency and all values are rounded to the nearest pound except where indicated otherwise.

The financial statements have been prepared under the historical cost convention or fair value where appropriate. The significant accounting policies adopted are described below.

The financial statements disclose information about the company only as the subsidiaries were dissolved during the year (see note 20).

The preparation of the Financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the board 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 in Note 1.9.

**1.2 Going concern**

The Directors have prepared the financial statements on a going concern basis. The Directors consider the use of the going concern assumption to be appropriate. At the latest reported date of 31 December 2019, the Company had cash and cash equivalents totalling £162 and net current liabilities of £1,905,186. As at 9 September 2020, the Company had cash equivalents totalling £6,493 and net current liabilities.

The Company plans to raise further funds by a placing of ordinary shares at the time of its re-Admission to the Standard List of the Main Market of the London Stock Exchange. Should a placing not take place in a timely manner, or should the Company's creditors demand payment, the Directors will need to immediately raise additional funds in order to be able to continue as a going concern. The ability of the Company to raise additional funds is dependent upon investor appetite and if necessary the Directors' ability to obtain alternative sources of funding. The Company is therefore able to continue as a going concern only as a result of the support through deferred payment of its creditors and Directors. Additional funding is not guaranteed however to date the Company has been able to secure funding when required. The ongoing uncertainty from COVID-19 may further impact the ability of the Company to raise sufficient future funds.

For the above detailed reasons, the Directors believe there is a material uncertainty over the Company's status as a going concern. However, the Directors have a reasonable expectation that the Company will be able to raise sufficient funding to allow it to cover its working capital for a period of twelve months from the date of approval of the financial statements. It is for this reason they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1.3 Financial instruments**

***Classification and measurement***

The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of financial assets at initial recognition. The Company's policy with regard to financial risk management is set out in note 16. Generally, the Company does not acquire financial assets for the purpose of selling in the short term.

The Company's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

***Financial Assets held at amortised cost***

The classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "solely payments of principal and interest" (SPPI) criteria.

Other financial assets are initially recognised at fair value plus related transaction costs, they are subsequently measured at amortised costs using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

***Financial Assets held at fair value through other comprehensive income (FVOCI)***

The classification applies to the following financial assets:

- Equity investments where the Company has irrevocably elected to present fair value gains and losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

***Financial Assets held at fair value through profit or loss (FVPL)***

The classification applies to the following financial assets. In all cases, transaction costs are immediately expensed to the income statement.

- Debt instruments that do not meet the criteria of amortised costs or fair value through other comprehensive income. The Company has a significant proportion of trade receivables with embedded derivatives for professional pricing. These receivables are generally held to collect but do not meet the SPPI criteria and as a result must be held at FVPL. Subsequent fair value gains or losses are taken to the income statement.
- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
***Financial liabilities***

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised costs.

***Impairment of financial assets***

A forward looking expected credit loss (ECL) review is required for: debt instruments measured at amortised costs. Other financial assets are held at fair value through other comprehensive income: loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Company applies the “simplified approach” to trade receivable balances and the “general approach” to all other financial assets. The general approach incorporates a review for any significant increase in counter party credit risk since inception. The ECL reviews including assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit.

**1.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits. They are stated at carrying value which is deemed to be fair value.

**1.5 New Standards and Interpretations**

The IASB and IFRIC have issued the following standards and interpretations which are in issue but not in force at 31 December 2019:

		<b>Effect annual periods beginning before or after</b>
March 2018	<a href="#">Amendments to References to the Conceptual Framework in IFRS Standards</a>	1 January 2020
October 2018	<a href="#">Amendment to IFRS 3: Business Combinations</a>	1 January 2020
October 2018	<a href="#">Amendments to IAS 1 and IAS 8: Definition of Material</a>	1 January 2020
January 2020	<a href="#">Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</a>	1 January 2022

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements other than in terms of presentation.

**1.6 Share-based payments**

The Company operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees or suppliers as consideration for equity instruments (options) of the Company. The fair value of the employee or supplier services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed 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, sales growth targets and remaining an employee of the entity over a specified time period); and

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense 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-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to 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 when the options are exercised.

**1.7 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

**1.8 Sources of estimation uncertainty**

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

**Share based payments**

The share-based payment charge is calculated using the Black-Scholes model which requires the estimation of share price volatility, expected life and the bid price discount.

**2. SEGMENTAL REPORTING**

**a. Primary segment – business**

The Company has only one business segment, which is investing in natural resources, primarily either by way of equity or convertible loans.

**b. Secondary segment – geographical**

The Company's loss for the period was derived wholly from activities undertaken in the United Kingdom. The Company's net assets are located entirely in the United Kingdom.

**3. EXPENSES BY NATURE**

**2019**

**2018**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	£	£ Restated
Staff costs	334,274	402,271
Other expenses	278,263	835,618
	<u>612,537</u>	<u>1,237,889</u>

**4. OPERATING LOSS**

The operating loss is stated after charging:

	2019 £	2018 £
Auditors remuneration – audit services	15,000	16,000
<b>Non- Audit Services</b>		
Reporting accountants services	15,000	-
Total fees	<u>30,000</u>	<u>16,000</u>

**5. EMPLOYEES**

**Number of employees**

The average monthly number of employees (including Directors) during the period was:

	2019 Number	2018 Number
Administration	3	4

	2019 £	2018 Restated £
<b>Employment costs</b>		
Wages and salaries (including benefits in kind)	313,537	370,435
Social security costs	20,670	31,723
Pension costs	67	113
	<u>334,274</u>	<u>402,271</u>

Included in employment costs above are Directors' accrued salaries, together with employer's national insurance contributions, amounting to £292,537, (2018 restated:£373,173).

**6. DIRECTORS' REMUNERATION**

2019 2018

**PATH INVESTMENTS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>£</b>	<b>Restated £</b>
Aggregate emoluments	319,916	402,158
Pension costs	67	113
	<u>319,983</u>	<u>402,271</u>

Remuneration for the highest paid director was £225,000 (2018 restated : £225,000). The figure at 31 December 2019 includes remuneration accrued but not paid of £313,213 (2018 restated: £373,173).

During the period, retirement benefits are accruing to one Director (2018: retirement benefits are accruing to two Directors).

**7. FINANCE INCOME AND COSTS**

	<b>2019 £</b>	<b>2018 £</b>
Finance Income		
Bank interest	68	81
	<u>68</u>	<u>81</u>
Finance costs		
Bank charges	(178)	(533)
Convertible loan note interest	(105,000)	(93,000)
	<u>(105,110)</u>	<u>(93,452)</u>

**8. TAXATION**



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

No corporation tax charge arises in respect of the period due to the trading losses incurred. The Company has surplus management expenses available to carry forward and use against trading profits arising in future periods of approximately £6,180,000 (2018: £5,704,000). In addition, the Company has non-trading loan relationship debits to carry forward to offset against future non-trading loan relationship credits of approximately £18,197,000 (2018: £18,917,000).

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
		<b>Restated</b>
<b>Current tax</b>	-	-
	<u>          </u>	<u>          </u>
Loss on ordinary activities before taxation	(317,647)	(1,331,341)
	<u>          </u>	<u>          </u>
Loss on ordinary activities before taxation multiplied by average effective rate of corporation tax of 19% (2018: 19%)	(60,353)	(252,955)
Effects of:		
Non-deductible expenses	18,616	27,869
Short term timing differences	28,458	63,232
Other adjustments – non taxable gains	(76,000)	-
Tax losses upon which no deemed tax asset is recognised	89,279	161,854
	<u>          </u>	<u>          </u>
<b>Current tax</b>	-	-
	<u>          </u>	<u>          </u>

A deferred tax asset of approximately £1,562,000 (2018 restated: £1,244,000) in respect of losses has not been recognised due to the uncertainty regarding the availability of future profits against which the losses of the Company could be offset.

The UK corporation tax at the standard rate for the year is 19.0% (2018: 19.0%).

In the Finance Act 2016 the UK government announced its intention to reduce the standard corporation tax rate to 17% by 2020. The measure to reduce the rate to 17% for the financial year beginning 1 April 2020 was substantively enacted on 6 September 2016 and has, where applicable, been reflected in the financial statements. However, the UK government announced that the corporation tax rate will remain at 19% but was not substantively enacted until after the balance sheet date.

**9. EARNINGS PER SHARE**

The calculation of the basic and diluted loss per share is based on the loss on ordinary activities after taxation of £317,647 (2018 restated: £1,331,341) and on the weighted average number of ordinary shares of 195,943,802 (2018: 195,943,802) in issue. The basic and diluted profit per share is 0.16p (2018 restated: 0.68p loss per share). There was no dilutive effect from the share options or warrants.

In order to calculate the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares according to IAS 33. Dilutive potential ordinary shares include convertible loan notes and share options granted to Directors and consultants where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's ordinary shares during the period.

**10. INVESTMENTS – AVAILABLE FOR SALE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The unlisted investments as at 31 December 2018 comprised of a 5 per cent. interest each in ARAR and Alpay Enerji as at an aggregate cost of £8 million. In 2016, Mr. S. Faith Alpay, the majority owner of ARAR and Alpay Enerji AS, made an initial offer to the Company of £1,050,000 for its 5% interest in both companies payable in instalments. However, since the offer was received, progress towards a legal sale and purchase agreement had not occurred, and as the payment was by instalment over a period of time, the directors considered the likelihood of finding an alternative buyer to be low and accordingly impaired the asset to £nil in the year ended 31 December 2016.

On 30 January 2019, the Company disposed of its 5% interest in ARAR and Alpay Enerji AS for a consideration of £400,000, together with the transfer by their major shareholder of 357,412 Ordinary Shares in the Company to be held in Treasury and 357,412 Deferred Shares for cancellation.

**11. TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Prepayments	10,056	2,220
	<u>10,056</u>	<u>2,220</u>
	<u><u>10,056</u></u>	<u><u>2,220</u></u>

**12. TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
		<b>Restated</b>
Trade payables	323,416	369,939
Other payables (including convertible loan notes)	291,198	193,956
Accruals and deferred income	1,300,790	1,026,337
	<u>1,915,404</u>	<u>1,590,232</u>
	<u><u>1,915,404</u></u>	<u><u>1,590,232</u></u>

**Convertible Unsecured Loan Stock**

On 3 April 2018 the Company constituted an instrument to issue £150,000 nominal convertible unsecured loan stock 2018. On admission of the Company to AIM or other recognised investment exchange, the convertible loan notes are, at the option of the loan note holder, either convertible into shares at the price at which the placing associated with the listing occurs or will be repayable out of the placing proceeds together with 100% interest to compensate for the risk associated with the loan. If the listing did not occur before 31 July 2018 the loan note holder may convert the loan together with interest into fully paid Ordinary Shares in the Company at the nominal value of an Ordinary Share.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. TRADE AND OTHER PAYABLES (CONTINUED)**

Subsequently the Company raised £93,000 under this instrument including the following amounts raised from the Directors:

<b>Director</b>	<b>Amount £</b>
C Theis <sup>1</sup>	50,000
A Yeo	25,000
Brent Fitzpatrick	18,000
<b>Total</b>	<b>93,000</b>

<sup>1</sup> The amount was provided by Networkguru Limited, a company owned and controlled by Chris Theis' son.

At 31 December 2018, the convertible loans amounting to £186,000, including accrued interest of £93,000 remained outstanding. On 11 March 2019, £10,000 was repaid to the holder of a convertible loan note with interest thereon remaining due. The remaining loan note holders, all of whom were directors or their related parties, agreed to extend conversion or repayment of the loans from 31 July 2018 until 30 September 2019, or earlier if the company was admitted to the Standard List of the London Stock Exchange or a material transaction is completed.

During the year ended 31 December 2019, a further £11,000 was raised under the instruments from the following Directors:

<b>Director</b>	<b>Amount £</b>
C Theis	1,000
Brent Fitzpatrick	10,000
<b>Total</b>	<b>11,000</b>

On 26 November 2019 the final repayment date of the convertible unsecured loan notes was extended to 31 December 2020. In the event that a listing does not occur on or before 31 December 2020 the loan note holder may seek repayment together with 200% interest at the Final repayment date. As a result an additional £105,000 interest was accrued in the period, of which £105,000 related to the Directors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. SHARE CAPITAL**

**Allotted, called up and fully paid**

	<i>Ordinary Shares of 0.1p each</i>		<i>Deferred shares of 39.9p each</i>	
	<b>no</b>	<b>£</b>	<b>no</b>	<b>£</b>
<b>At 1 January 2018 and 1 January 2019</b>	<b>195,943,802</b>	<b>195,943</b>	<b>22,014,596</b>	<b>8,783,824</b>
<b>At 31 December 2018 and at 31 December 2019</b>	<b><u>195,943,802</u></b>	<b><u>195,943</u></b>	<b><u>22,014,596</u></b>	<b><u>8,783,824</u></b>

The ordinary shares shall confer upon the holders the right to receive dividends and other distributions and participate in the income or profits of the company, provided that the Ordinary shares shall not confer upon the holders the rights to receive dividends paid, made or declared of the proceeds of the sale of assets held by the Company at 10 October 2016 and included on the Company's Balance Sheet as "Investments – Available for Sale" as at the date of the General Meeting (the "Legacy Assets").

The deferred shares shall confer upon the holders the following rights and shall be subject to the following restrictions, notwithstanding any other provisions in these Articles:

**Return of Capital**

On return of assets on a winding up of the Company after the holders of Ordinary shares have received the aggregate amount paid up thereon plus £10,000,000 for each such share held by them, there shall be a distribution to the holders of deferred shares an amount equal to the nominal value of shares held and thereafter any surplus held will be distributed to holders of ordinary shares.

**Dividends**

Holders of deferred shares have no rights to dividends or other distributions or to participate in the income and profits of the company, except that deferred shareholders have a right to receive any dividends declared, made or paid out of the proceeds of the sale of Legacy Assets.

**Transfers**

The company may acquire all or any of the deferred shares in issue at any time for no consideration.

**PATH INVESTMENTS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
		<b>Restated</b>
Operating loss	(317,647)	(1,331,341)
Decrease in debtors	(7,836)	6,758
Decrease in creditors within one year	314,282	1,259,003
Profit from sale of investments	(400,000)	-
Convertible loan note interest	11,000	(93,000)
<b>Net cash outflow from operating activities</b>	<b>(400,201)</b>	<b>(158,580)</b>

**15. CASH & CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	162	473

**16. FINANCIAL INSTRUMENTS**

The Company's financial instruments comprise cash and cash equivalents and various other items, such as available for sale investments and trade receivables and payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy to ensure that there is no trading in financial instruments. The main purpose of these financial instruments is to finance the Company's operations.

**Categories of Financial Instruments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
		<b>Restated</b>
<b>Financial Assets at amortised cost</b>		
Cash and cash equivalents	162	473
	<u>162</u>	<u>473</u>
<b>Financial Liabilities at amortised cost</b>		
Trade and other payables	1,624,206	1,404,232
Convertible loan notes	291,198	186,000
	<u>1,915,404</u>	<u>1,590,232</u>
<b>Net Financial Liabilities</b>	<b>(1,915,242)</b>	<b>(1,589,759)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. FINANCIAL INSTRUMENTS (CONTINUED)**

**Financial Assets and Liabilities**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

**Financial Risk Factors**

The Company's activities expose it to liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**Liquidity Risk**

The Company has to date financed its operations from cash reserves funded from share issues. Management's objectives are now to manage liquid assets in the short term through closely monitoring costs.

The Company has no borrowing facilities that require repayment and therefore has no interest rate risk exposure.

**Fair Values of Financial Assets and Liabilities**

The Directors consider that the fair value of the Company's financial assets and liabilities are not considered to be materially different from their book values.

**17. SHARE OPTIONS AND WARRANTS**

The following share options have been granted by the Company and are outstanding:

Date of grant	Number of ordinary shares under option at 1 January 2018	Granted during year	Exercised during year	Lapsed/ waived during year	Number of ordinary shares under option at 31 December 2018	Weighted average exercise price	Expiry date
03/05/2011	600,000	-	-	-	600,000	£2.80	02/05/2021
30/03/2017	32,500,000	-	-	-	32,500,000	0.1p	29/03/2027
30/03/2017	28,375,000	-	-	-	28,375,000	1p	29/03/2027
30/03/2017	12,312,500	-	-	-	12,312,500	2p	29/03/2027
<b>Total</b>	<b>73,787,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,787,500</b>	<b>3p</b>	

Date of grant	Number of ordinary shares under option at 1 January 2019	Granted during year	Exercised during year	Lapsed/ waived during year	Number of ordinary shares under option at 31 December 2019	Weighted average exercise price	Expiry date
03/05/2011	600,000	-	-	-	600,000	£2.80	02/05/2021
30/03/2017	32,500,000	-	-	-	32,500,000	0.1p	29/03/2027
30/03/2017	28,375,000	-	-	-	28,375,000	1p	29/03/2027
30/03/2017	12,312,500	-	-	-	12,312,500	2p	29/03/2027
<b>Total</b>	<b>73,787,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,787,500</b>	<b>3p</b>	

All options outstanding at the year-end are exercisable at that date.

The following warrants have been granted by the Company and subsequently lapsed without exercise :

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. SHARE OPTIONS AND WARRANTS (CONTINUED)**

Date of grant	Number of warrants at 1 January 2018	Granted during year	Exercised during year	Lapsed during year	Number of warrants at 31 December 2018	Weighted average exercise price	Exercise date
30/03/2017	1,400,000	-	-	-	1,400,000	1p	29/03/2019
<b>Total</b>	<b>1,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,400,000</b>	<b>1p</b>	

Date of grant	Number of warrants at 1 January 2019	Granted during year	Exercised during year	Lapsed during year	Number of warrants at 31 December 2019	Weighted average exercise price	Exercise date
30/03/2017	1,400,000	-	-	1,400,000	-	1p	29/03/2019
<b>Total</b>	<b>1,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1p</b>	

The fair value of equity settled share options and warrants granted is estimated at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

	Options	Options	Warrants
Date of grant	03 May 2011	30 Mar 2017	30 Mar 2017
Expected volatility	54%	33.9%	33.9%
Expected life	3.5 years	3 years	3 years
Risk-free interest rate	1.72%	0.18%	0.18%
Expected dividend yield	-	-	-
Possibility of ceasing employment before vesting	-	-	-
Fair value per option/warrant	0.014p	0.9p/0.243p/0.1p	0.243p

The expense recognised by the Company for share based payments during the year ended 31 December 2019 was £Nil (2018: £Nil).

The average volatility is used in determining the share based payment expense to be recognised in the period. This was calculated by reference to the standard deviation of the share price over the preceding 12-month period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. SHARE OPTIONS AND WARRANTS (CONTINUED)**

Movement in the number of options and warrants outstanding and their related weighted average exercise price are as follows:

	<u>At 31 December 2019</u>		<u>At 31 December 2018</u>	
	<b>Number of Options &amp; Warrants</b>	<b>Weighted average exercise price per share</b>	<b>Number of Options &amp; Warrants</b>	<b>Weighted average exercise price per share</b>
At 1 January	75,187,500	3p	75,187,500	3p
Granted	-	-	-	-
Exercised	-	-	-	-
Expired or waived	(1,400,000)	1p	-	-
At 31 December	73,787,500	3p	75,187,500	3p

The weighted average remaining contractual life of options as at 31 December 2019 was 7.2 years (2018: 8.2 years).

**18. RELATED PARTY TRANSACTIONS**

The following share options were held by the directors during the year:

<b>Director</b>	<b>Date of grant</b>	<b>Held at 1 January 2019</b>	<b>Lapsed during the year</b>	<b>Granted during the Year</b>	<b>Held at 31 December 2019</b>	<b>Exercise price</b>
C Theis	30/03/2017	20,000,000	-	-	20,000,000	£0.001
C Theis	30/03/2017	16,000,000	-	-	16,000,000	£0.01
C Theis	30/03/2017	6,500,000	-	-	6,500,000	£0.02
A Yeo	30/03/2017	8,500,000	-	-	8,500,000	£0.001
A Yeo	30/03/2017	6,500,000	-	-	6,500,000	£0.01
A Yeo	30/03/2017	2,875,000	-	-	2,875,000	£0.02
		60,375,000	-	-	60,375,000	



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**18. RELATED PARTY TRANSACTIONS (CONTINUED)**

As at 31 December 2019, included in other payables were the following convertible loan notes issued to the Directors together with accrued interest thereon.

	<b>Outstanding at 31 December 2018</b>	<b>Convertible loan notes issued during year</b>	<b>Interest accrued during the year</b>	<b>Converted during the year</b>	<b>Repaid during the year</b>	<b>Outstanding at 31 December 2019</b>
<b>Director</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
C Theis*	100,000	-	50,000	-	-	150,000
C Theis	-	1,000	2,000	-	-	3,000
A Yeo	50,000	-	25,000	-	-	75,000
N Fitzpatrick	16,000	10,000	28,000	-	-	54,000
<b>Total</b>	<b>166,000</b>	<b>11,000</b>	<b>105,000-</b>	<b>-</b>	<b>-</b>	<b>282,000</b>

\* these loan notes were issued to Networkguru Limited, a company owned by Chris's Theis' son, who subscribed under the convertible loan note instrument.

Included in other payables are loans of £Nil (2018: £2,067), £Nil (2018:£2,067) and £2,067 (2018:2,067) made by each of the Directors Andrew Yeo, Nigel Fitzpatrick and Chris Theis.

**19. ULTIMATE CONTROLLING PARTY**

The Company considers that there is no ultimate controlling party.

**20. INVESTMENT IN SUBSIDIARIES**

As at 31 December 2018, the company held more than 20% of the share capital in the following companies:

<b>Subsidiary Undertaking</b>	<b>Country of Incorporation</b>	<b>Class</b>	<b>Shares held</b>	<b>Principal Activity</b>
Path (Germany) Limited	UK	Ordinary	100%	Dormant

This company was dissolved on 21 May 2019 having never traded.

**21. PRIOR PERIOD ADJUSTMENT – correction of error**

The financial statements have been restated to incorporate the impact of expenses recognised in 2019 that should have been accrued in 2018. The change has resulted in the loss for the year ended 31 December 2018 being increased by £138,904 and the loss for the year ended 31 December 2019 being reduced by the same amount.

The financial statements have also been restated to incorporate the impact of a further accrual for directors emoluments that should have been accrued in 2018 and 2017. The change resulted in the brought forward reserves at 1 January 2018 being restated by £242,500 to reflect the accrual for 2017; the brought forward accruals were increased by the same amount. In addition, the loss for the year ended 31 December 2018 has been increased by £133,375 to reflect the emoluments accrual needed for 2018 with the accrued cost being increased by the same amount.

**22. SUBSEQUENT EVENTS**

On 21 January 2020 Andrew Yeo resigned as a director. Compensation payments totalling £84,000 are payable. £30,000 is payable 24 months from the date of resignation or the date of a further capital raise if earlier. The balance is payable in monthly instalments commencing 25 months from the date of resignation or the date of a further capital raise if earlier.

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 200 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus and as a result there is a significant increase in economic uncertainty.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.