

Paternoster Resources plc

(formerly Viridas plc)

Financial Statements

for the year ended 31 December 2012



Company no 269566

COMPANY INFORMATION

DIRECTORS	N Lee (Executive Chairman) G Haselden
SECRETARY	G Haselden
REGISTERED OFFICE	31 Harley Street London W1G 9QS
COMPANY REGISTRATION NUMBER	269566
REGISTRAR AND TRANSFER OFFICE	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
BANKERS	Barclays Bank Plc 77 Albion Street Leeds LS1 5AW
SOLICITORS	Adams & Remers LLP Dukes Court 32 Duke Street St James's London SW1Y 6DF
AUDITORS	Welbeck Associates Registered Auditors Chartered Accountants 31 Harley Street London W1G 9QS
NOMINATED ADVISOR AND JOINT BROKER	Westhouse Securities Limited One Angel Court London EC2R 7HJ
JOINT BROKER	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ

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EXECUTIVE CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

INTRODUCTION

The year ended 31 December 2012 has been a transformational year for the Company. During this period it has been able to realise substantial cash returns from its investments in the natural resources sector and implement its investment policy. Furthermore, significant progress continues to be made in the pursuit of this strategy.

FINANCIAL

For this year, the Company has decided to adopt a revised accounting policy for investment companies as recommended by the International Accounting Standards Board in October 2012. Effectively this means that both realised and unrealised gains and losses for a particular year are recognised in the Company's profit and loss account. Previously only realised profits or losses would have flowed through the profit and loss account with unrealised profits and losses being taken directly to reserves. This new policy better reflects the results of the Company's investment activities during the course of the year whether the results of activities have been realised or not. The period end net asset position remains unaffected by this change in policy. The results for 2011 have been restated on the same basis.

For 2012 the Company made a profit from continuing operations of £449,833 and also recognised a profit in 2011 of £695,417 although all of these profits were actually realised in 2012. Importantly, the net asset value of the Company as at 31 December 2012 was £2,656,343 (2011: £2,168,091), representing a significant uplift on the prior year figure.

The Company's investment portfolio at 31 December 2012, can be divided into the following categories:

Category	Investment	Cost or valuation (£)
Unlisted/pre IPO	Bison Energy Services Limited	170,597
Listed special situations	Brady Exploration plc, Leed Resources plc and Astar Minerals plc	309,493
Listed value opportunities	Xstrata plc, Tullow Oil plc, Quadrase Fuels International plc, Cairn Energy plc, Ophir Energy plc, BG Group plc and Red Rock Resources plc	719,518
Total investment portfolio		1,199,608
Cash		1,454,495
Total		2,654,103

The unlisted/pre IPO category includes investments where there are short term milestones which are either likely to lead to a liquidity event or a significant uplift in value.

The listed special situations category includes investments where the Company has a more significant level of influence and, whilst these companies are listed, it is likely that a significant event will need to take place before returns can be fully realised.

The listed value opportunities category comprises investments where the Company seeks to take advantage of interesting value plays but in situations that have a good degree of liquidity so that they can be converted to cash quickly and easily when required.

EXECUTIVE CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

Overall the Company's investment portfolio has performed well during 2012. In particular Quadrase Fuels in which the Company had invested £85,000 has risen by 80%. The weakest performer has been Astar Minerals plc. Despite representing an attractive platform for growth, Astar could not raise the necessary funds to implement its strategy and, disappointingly, the company's shares are currently suspended. However, Astar has recently announced that it is proposing to restructure itself, to become an investing company and raise new funds. Paternoster will be participating in this fund raising and will become a major shareholder in the company. It is expected that trading in Astar shares will resume shortly.

Since the year end, the Company's portfolio has continued to perform well and to grow with the addition of investments in Jubilee Platinum plc, Andiamo Exploration Limited, Plutus Resources plc and Shumba Coal Limited. Most recently the Company invested £125,000 in North American Petroleum plc, a company that has just raised £2 million to invest in oil assets in North America. All of the investments in the companies above that are already listed show an uplift in value, with Plutus Resources and North American Petroleum trading very significantly ahead of the price at which the Company made its investment.

At 31 December 2012, the Company had cash balances of £1,454,495 (2011: £375,659) again another significant increase on the previous year.

The key performance indicators are set out below.

COMPANY STATISTICS	31 December 2012	31 December 2011	Change %
Net asset value	£2,656,343	£2,168,091	+23%
Net asset value - fully diluted per share	0.43p	0.36p	+20%
Closing share price	0.31p	0.50p	-38%
Share price (discount)/premium to net asset value - fully diluted	(28%)	39%	
Market capitalisation	£1,791,000	£2,889,000	-38%

Notwithstanding the Company's outstanding performance and its proven ability to make significant returns on a realised basis, the Company's share price performance has been disappointing. Whilst there has been some increase in the share price since the year end, the Company is still trading at a discount to its net asset value. Management considers that there is still significant potential within the Company's existing portfolio for future growth.

OUTLOOK

The Company is focused on achieving further returns from within its current portfolio, whilst seeking to add more interesting and attractive investments. At the same time, given the current market environment, the Company is keen to ensure that it maintains a healthy cash balance in order to take advantage of new opportunities as they arise.

I firmly believe that shareholders can continue to look forward to a very exciting and financially rewarding future for the Company.



Nicholas Lee
Chairman

17 April 2013

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

At the Annual General Meeting held on 27 June 2012 the shareholders approved the Company's change of name from Vindas plc to Paternoster Resources plc

The Company's principal activity is that of investment in the natural resources sector

The development of the Group during the year, together with details of its future plans, is set out in the Executive Chairman's Statement

RESULTS AND DIVIDENDS

The Group made a profit after taxation of £449,833 (2011 restated £691,847) The Directors do not propose a dividend (2011 £nil)

The key performance indicators are shown in the Executive Chairman's statement

DIRECTORS

The Directors of the Company at the end of the year are listed below All served on the Board throughout the year, unless otherwise stated

The Directors' beneficial interests in the shares of the Company were as follows

	Percentage of issued share capital	31 December 2012	31 December 2011
N Lee	–	–	–
G Haselden	0.1%	25,000	25,000

Details of the Directors' warrants are shown below

Name of Director	Number of warrants at 31 December 2012	Exercise price	Vesting date	Expiry Date
G Haselden	50,000	10p	20 11 2011	20 11 2014

Refer to Note 9 for further information

SUBSTANTIAL INTERESTS

The Company is aware that at 31 December 2012, the following, other than the Directors shown above, held in excess of 3% of the issued share capital of the Company

	Number of ordinary shares	Percentage of issued share capital
Ronald Bruce Rowan	100,000,000	17.31%
Zoltav Resources Inc	44,000,000	7.61%

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2012

KEY RISKS AND UNCERTAINTIES

Early stage investments in the natural resources sector carry a high level of risk and uncertainty, although the rewards can be outstanding. At this stage there can be no certainty of outcome and, in addition, there is often a lack of liquidity in the Company's investments which are either unquoted or quoted on AIM, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company. Details of other financial risks and their management are given in Note 18 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Group's financial risk management objectives and policies are set out in Note 18 to these financial statements.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of the agreement. The Group had 20 days' purchases outstanding at 31 December 2012, (2011: 20 days) based on the average daily amount invoiced by suppliers during the period.

GOING CONCERN

As disclosed in Note 2, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE

Although the Company is not required to comply with the principles of corporate governance, this report sets out how the Company does comply with the principles of good corporate governance.

BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of two directors, the executive chairman, Nicholas Lee and a non-executive director, Graham Haselden.

The Directors are subject to re-election every three years and, on appointment, at the first AGM after appointment.

Given the size of the Board, there is no separate nomination committee. All Director appointments are approved by the Board as a whole.

COMMUNICATIONS WITH SHAREHOLDERS

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

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2012

INTERNAL CONTROL

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

REMUNERATION

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

Details of directors' fees and of payments made for professional services rendered are set out in Note 7 to the financial statements and details of the directors' share options are set out in Note 9.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each person who was a director at the time this report was approved

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2012

POST YEAR END EVENTS

- In January 2013, the Company invested £100,000 for a 27.9% shareholding and £100,000 for a convertible bond in Plutus Resources plc, a company quoted on AIM which has a mandate to invest in projects and assets in the oil and gas sector and within the wider natural resources sector. Subsequently on 1 February 2013, Nicholas Lee was appointed to the board of the company.
- On 21 January 2013, the Company announced that it had subscribed for 640,000 new ordinary shares in Andiamo Exploration Limited at a price of US\$ 50 cents per share, as part of a fund raising of up to US\$3 million, representing an investment, in aggregate, of US\$320,000.

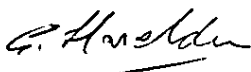
Andiamo is a private company based in London, exploring for base and precious metal deposits in Entrea, on the Arabian-Nubian shield in North East Africa. It has already invested over US\$ 8 million to date in carrying out an extensive programme of work in its licence area, the results of which have been extremely encouraging as regards the presence of significant deposits of gold and copper. The company has a strong management team with a wealth of technical, financial and in-country experience.

- On 7 February 2013, the Company announced that it had invested US\$250,000 as part of a financing for Shumba Coal Limited, an exploration company focused on the acquisition and development of highly prospective coal exploration licences in Botswana. Shumba is majority-owned by Botswana nationals and has now listed on the Botswana Stock Exchange. It is also in the process of seeking a listing on the Stock Exchange of Mauritius.
- In March 2013, the Company invested £125,000 for a 4.7% shareholding in North American Petroleum plc, a company quoted on the ISDX market which is focused on making investments in proven US onshore oil and gas formations.

AUDITORS

Welbeck Associates, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



G Haselden
Secretary

17 April 2013

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATERNOSTER RESOURCES PLC
FOR THE YEAR ENDED 31 DECEMBER 2012**

We have audited the financial statements of Paternoster Resources plc for the year ended 31 December 2012 which comprise the group income statement, the group statement of comprehensive income, the group and parent company statements of changes in equity, the group and parent company statements of financial position, the group and parent company statements of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- the group and parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATERNOSTER RESOURCES PLC
FOR THE YEAR ENDED 31 DECEMBER 2012**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Jonathan Bradley-Hoare
Senior Statutory Auditor
for and on behalf of Welbeck Associates
Statutory Auditor, Chartered Accountants
31 Harley Street
London
W1G 9QS

17 April 2013

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 Restated £
CONTINUING OPERATIONS			
Net gains on investments	4	690,806	1,085,573
Finance income	5	1,209	876
TOTAL INCOME		692,015	1,086,449
Operating expenses	6	(241,157)	(166,423)
Directors' severance payments	7	–	(226,000)
PROFIT BEFORE TAXATION		450,858	694,026
Taxation	10	(1,025)	1,391
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		449,833	695,417
Loss for the year from discontinued operations	11	–	(3,570)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		449,833	691,847
EARNINGS PER SHARE	12		
BASIC			
- Continuing operations		0 078p	0 198p
- Discontinued operations		0 000p	(0 001p)
- Total basic earnings/(loss) per share		0 078p	0 197p
FULLY DILUTED			
- Continuing operations		0 073p	0 198p
- Discontinued operations		0 000p	(0 001p)
- Total fully diluted earnings/(loss) per share		0 073p	0 197p

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

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	Share premium £	Other reserves (Note 20) £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2011	3,285,796	1,852,339	27,000	(5,161,091)	4,044
Profit for the year and total comprehensive income	–	–	–	691,847	691,847
Issue of share capital	545,000	1,005,000	–	–	1,550,000
Share issue costs	–	(82,490)	–	–	(82,490)
Share based payment costs	–	–	4,690	–	4,690
Transactions with owners	545,000	922,510	4,690	–	1,472,200
BALANCE AT 31 DECEMBER 2011 (restated)	3,830,796	2,774,849	31,690	(4,469,244)	2,168,091
Profit for the year and total comprehensive income	–	–	–	449,833	449,833
Share based payment costs	–	–	38,419	–	38,419
Transactions with owners	–	–	38,419	–	38,419
BALANCE AT 31 DECEMBER 2012	3,830,796	2,774,849	70,109	(4,019,411)	2,656,343

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

COMPANY STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital £	Share premium £	Other reserves (Note 20) £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2011	3,285,796	1,852,339	27,000	(5,194,574)	(29,439)
Profit for the year and total comprehensive income	–	–	–	715,399	715,399
Issue of share capital	545,000	1,005,000	–	–	1,550,000
Share issue costs	–	(82,490)	–	–	(82,490)
Share based payment costs	–	–	4,690	–	4,690
Transactions with owners	545,000	922,510	4,690	–	1,472,200
BALANCE AT 31 DECEMBER 2011 (restated)	3,830,796	2,774,849	31,690	(4,479,175)	2,158,160
Profit for the year and total comprehensive income	–	–	–	447,760	447,760
Share based payment costs	–	–	38,419	–	38,419
Transactions with owners	–	–	38,419	–	38,419
BALANCE AT 31 DECEMBER 2012	3,830,796	2,774,849	70,109	(4,031,415)	2,644,339

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

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	GROUP		COMPANY	
		2012	2011 restated	2012	2011 restated
		£	£	£	£
NON-CURRENT ASSETS					
Investment in subsidiary undertakings	13	—	—	—	—
Investments held for trading	14	1,199,608	1,760,086	1,199,608	1,760,086
		1,199,608	1,760,086	1,199,608	1,760,086
CURRENT ASSETS					
Trade and other receivables	15	41,680	85,170	40,526	83,352
Cash and cash equivalents	16	1,454,495	375,659	1,441,177	357,940
		1,496,175	460,829	1,481,703	441,292
TOTAL ASSETS		2,695,783	2,220,915	2,681,311	2,201,378
CURRENT LIABILITIES					
Trade and other payables	17	39,440	52,824	36,972	43,218
		39,440	52,824	36,972	43,218
NET ASSETS		2,656,343	2,168,091	2,644,339	2,158,160
EQUITY					
Share capital	19	3,830,796	3,830,796	3,830,796	3,830,796
Share premium account		2,774,849	2,774,849	2,774,849	2,774,849
Capital redemption reserve	20	27,000	27,000	27,000	27,000
Share option reserve	20	43,109	4,690	43,109	4,690
Retained losses		(4,019,411)	(4,469,244)	(4,031,415)	(4,479,175)
TOTAL EQUITY		2,656,343	2,168,091	2,644,339	2,158,160

These Financial Statements were approved by the board of Directors on 17 April 2013 and were signed on its behalf by

N Lee
Director



Company number 269566

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

		GROUP		COMPANY	
		2012	2011	2012	2011
Note		£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation - continuing operations		450,858	694,026	447,760	715,399
Loss before taxation - discontinued operations		–	(3,570)	–	–
Share based payment expense		38,419	4,690	38,419	4,690
Dividend from subsidiary		–	–	–	(11,296)
Interest receivable		(1,209)	(876)	(1,174)	(731)
Profit on sale of investments		(690,806)	(1,085,573)	(690,806)	(1,085,573)
Increase in trade and other receivables		(20,982)	(76,592)	(21,646)	(77,791)
(Decrease)/increase in trade and other payables		(13,384)	5,829	(6,246)	5,210
		(237,104)	(462,066)	(233,693)	(450,092)
Tax (paid)/received		(1,025)	1,391	–	–
NET CASH USED BY OPERATING ACTIVITIES		(238,129)	(460,675)	(233,693)	(450,092)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		(1,185,435)	(674,513)	(1,185,435)	(674,513)
Disposal of investments		2,501,269	–	2,501,269	–
Dividend from subsidiary		–	–	–	11,296
Interest received		1,131	876	1,096	731
NET CASH FROM INVESTING ACTIVITIES		1,316,965	(673,637)	1,316,930	(662,486)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares		–	1,550,000	–	1,550,000
Share issue expenses		–	(82,490)	–	(82,490)
NET CASH FROM FINANCING ACTIVITIES		–	1,467,510	–	1,467,510
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,078,836	333,198	1,083,237	354,932
Cash and cash equivalents at the beginning of the year		375,659	42,461	357,940	3,008
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	1,454,495	375,659	1,441,177	357,940

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 GENERAL INFORMATION

Paternoster Resources plc is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the AIM stock exchange. The address of its registered office is 31 Harley Street, London W1G 9QS. The Group's principal activities are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

CHANGE OF ACCOUNTING POLICY

The Group has early adopted "Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27)" issued by the International Accounting Standards Board in October 2012. The effect of this accounting policy change is that the Group's investments which previously were all classified and designated as available for sale are classified as held for trading and designated as at fair value through profit or loss. As a result the income statement for 2011 has been restated to include unrealised fair value gains on investments in the income statement rather than in other comprehensive income, and the statement of financial position has been restated to include the unrealised fair value gains in retained earnings rather than in the investment reserve.

The impact of the change of accounting policy has been retrospectively applied in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

As a result of the voluntary accounting policy change, the following adjustments were made to the financial statements:

	2011
As of and for the year ended 31 December 2011	£
Net gain on investments	1,085,573
Net increase in profit for the year from continuing operations	1,085,573
Net decrease in investment reserve	(1,085,573)
Net decrease in retained losses	1,085,573

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in the accounting policy note "Investments held for trading".

STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

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

The Directors have not yet evaluated the effect of these standards on the financial statements.

BASIS OF CONSOLIDATION

The consolidated income statement and statement of financial position include the financial information of the Company and its subsidiary undertakings made up to 31 December 2012. Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets of the acquired subsidiary at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

SEGMENTAL REPORTING

The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors

In identifying its operating segments, management generally follows the Group's service lines which represent the main products and services provided by the Group. The Directors believe that the Group's continuing investment operations comprise one segment.

TAXATION

Current taxation is the taxation currently payable on taxable profit for the year

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Group controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position reporting date. All exchange differences are dealt with through the profit or loss as they arise except where they arise from translation on consolidation, where they are recognised in other comprehensive income and reclassified to profit or loss on the disposal of the foreign operation.

FINANCIAL ASSETS

The Group's financial assets comprise available for sale investments, and cash and cash equivalents.

INVESTMENTS HELD FOR TRADING

All investments are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)**ASSOCIATED UNDERTAKINGS**

Associated undertakings are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the statement of financial position at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 "Investment in Associates", which requires investments held by a company as a venture capital provider to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Group has no interests in associates through which it carries on its business.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL LIABILITIES

The Group's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments.

TRADE PAYABLES

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

SHARE-BASED PAYMENTS

All share based payments are accounted for in accordance with IFRS 2 - "Share-based payments". The Company issues equity-settled share based payments in the form of share options to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

2 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)**DIVIDENDS**

Dividend distributions payable to equity shareholders are included in "current financial liabilities" when the dividends are approved in general meeting prior to the statement of financial position date

EQUITY

Equity comprises the following

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Capital redemption reserve" represents the nominal value of shares repurchased or redeemed by the Company
- "Option reserve" represents the cumulative cost of share based payments
- "Retained losses" represents retained losses

3 SEGMENTAL INFORMATION

The Group is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4 NET GAINS ON INVESTMENTS

	2012 £	2011 £
Net realised gains on disposal of investments	1,922,265	–
Unrealised gains/losses on investments		
(Gains)/losses at beginning of year	(1,085,573)	–
(Losses)/gains at end of year	(145,886)	1,085,573
Net gains on investments	690,806	1,085,573

5 FINANCE INCOME

	2012 £	2011 £
Interest receivable	1,209	876

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

6 OPERATING EXPENSES

	2012 £	2011 £
Operating expenses include		
Operating lease rentals		
- land and buildings	–	3,000
AUDITOR'S REMUNERATION		
During the year the Group obtained the following services from the Company's auditor		
	2012 £	2011 £
Fees payable to the Company's auditor for the audit of the parent company and the Group financial statements	10,000	10,000
Fees payable to the Company's auditor and its associates for other services		
Other services relating to taxation	2,000	2,000
	12,000	12,000

7 DIRECTORS' EMOLUMENTS

	2012 £	2011 £
Aggregate emoluments	89,334	58,625
Directors' severance payments	–	226,000
Social security costs	5,246	5,315
Share based payment expense	38,419	4,690
	132,999	294,630

Name of director	Fees £	Benefits £	Total 2012 £	Total 2011 £
N Lee	72,334	–	72,334	28,250
G Haselden	17,000	–	17,000	56,983
S J Wootliff	–	–	–	123,392
M Brink	–	–	–	36,000
D Thompson	–	–	–	25,000
J L Posner	–	–	–	5,000
KM Robinson	–	–	–	10,000
	89,334	–	89,334	284,625

£37,000 of the fees in respect of Mr N Lee was paid to ACL Capital Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

8 EMPLOYEE INFORMATION

	2012 £	2011 £
Wages and salaries	89,334	55,233
Social security costs	5,246	5,315
Other benefits	–	3,392
Compensation payments	–	226,000
Share based payment expense	38,419	4,690
	132,999	294,630
Average number of persons employed	2012 Number	2011 Number
Office and management	2	2

COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than the Directors of the Company

9 SHARE BASED PAYMENTS

WARRANTS

In 2010 the Company issued warrants, each entitling the holder to subscribe in cash for one share at a price of 10p per share

Number of warrants at 1 Jan 2012	Issued in the year	Exercised in the year	Number of warrants at 31 Dec 2012	Exercise price	Vesting Date	Expiry date
2,125,000	–	–	2,125,000	10p	20 11 2011	20 11 2014

The Directors do not consider the fair value of warrants to be material to the Company accordingly a charge has not been recognised in accordance with IFRS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

9 SHARE BASED PAYMENTS (continued)

EQUITY-SETTLED SHARE OPTION SCHEME

The Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 26 October 2011, Nicholas Lee was granted options to subscribe for 28,000,000 new ordinary shares in the Company at an exercise price of 0.32p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively.

On 13 March 2012, Nicholas Lee was granted options to subscribe for 14,000,000 new ordinary shares in the Company at an exercise price of 0.48p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively. The fair value of these options was determined using the Black-Scholes option pricing model and was £0.22p per option.

The significant inputs to the model in respect of the options granted in 2012 and 2011 were as follows:

	2012	2011
Grant date share price	0.48p	0.32p
Exercise share price	0.48p	0.32p
No. of share options	14,000,000	28,000,000
Risk free rate	3%	3%
Expected volatility	40%	40%
Option life	10 years	10 years
Calculated fair value per share	0.22p	0.15p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2012 in respect of the share options granted was £38,419 (2011: £4,690).

Number of options at 1 Jan 2012	Issued in the year	Exercised in the year	Number of options at 31 Dec 2012	Exercise price	Vesting Date	Expiry date
9,333,334	–	–	9,333,334	0.32p	26 10 2012	26 10 2021
–	4,666,667	–	4,666,667	0.48p	13 03 2013	13 03 2022
9,333,333	–	–	9,333,333	0.32p	26 10 2013	26 10 2021
–	4,666,667	–	4,666,667	0.48p	13 03 2014	13 03 2022
9,333,333	–	–	9,333,333	0.32p	26 10 2014	26 10 2021
–	4,666,666	–	4,666,666	0.48p	13 03 2015	13 03 2022
28,000,000	14,000,000	–	42,000,000	0.32p		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

10 INCOME TAX EXPENSE

	2012 £	2011 £
Current tax - continuing operations	1,025	(1,391)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the Consolidated entities as follows

	2012 £	2011 £
Profit before tax from continuing operations	450,858	694,026
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 24.5% (2011 26.5%)	110,460	(183,917)
Expenses not deductible for tax purposes	543	-
Brought forward tax losses utilised	(109,978)	182,526
Total tax	1,025	(1,391)

The operations of the Group have given rise to a realised capital gain in the year of £1,922,000. No provision for tax in respect of this gain is included in the accounts as the Directors believe that the Group has capital losses brought forward that exceed the current gain.

Unrelieved tax losses of £3,525,000 (2011 £3,220,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

11 DISCONTINUED OPERATIONS

The discontinued operations relate to the development of a commercial biofuel operation which was discontinued in 2011. The income and expenditure account and cash flows have been split between continuing and discontinued activities in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

	2012 £	2011 £
Administrative expenses	-	(3,570)
Other income	-	-
Operating loss	-	(3,570)
Net finance income	-	-
Loss before taxation	-	(3,570)
Taxation	-	-
Loss for the year from discontinued operations	-	(3,570)
Net cash used by operating activities	-	-
Net cash from investing activities	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

12 EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2012 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2012 £	2011 £
Profit/(loss) attributable to equity holders of the Group		
Profit/(loss) from continuing operations	449,833	695,417
Loss from discontinued operations	-	(3,570)
Profit/(loss) for the year attributable to equity holders of the Group	449,833	691,847
Weighted average number of ordinary shares in issue for basic earnings	577,857,956	350,912,751
Weighted average number of ordinary shares in issue for fully diluted earnings	616,797,847	350,912,751
EARNINGS/(LOSS) PER SHARE		
BASIC		
- Continuing operations	0 078p	0 197p
- Discontinued operations	0 000p	0 000p
- Total basic earnings/(loss) per share	0 078p	0 197p
FULLY DILUTED		
- Continuing operations	0 073p	0 194p
- Discontinued operations	0 000p	0 000p
- Total fully diluted earnings/(loss) per share	0 073p	0 194p

For 2011 the share options in issue were anti-dilutive in respect of the loss per share calculation and have therefore not been included.

13 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	COMPANY	
	2012 £	2011 £
COST		
As at 1 January and 31 December	1,480,098	1,480,098
PROVISIONS		
As at 1 January and 31 December	1,480,098	1,480,098
NET BOOK VALUE	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

13 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

The Company has investments in the following subsidiary undertakings

Name of subsidiary undertaking	Status of Company	Country of incorporation	Nature of business	Description of holding	Proportion held
Vindas GmbH	Private	Germany	Dormant	EURO 25,000 Registered shares	100%
Vindas Brasil Agronegocios Ltd	Private	Brazil	Dormant	R\$ 100,000	100%
Vindas Enterprises Brasil Limited	Private	UK	Dormant	£1 Ordinary shares	100%

ASSOCIATED UNDERTAKINGS

At the year end the Company held a 27% share in the issued share capital of Brady Exploration Plc, of which Nicholas Lee is a director. This allows the Group to participate in the financial and operating policies of the company and it is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. This investment is not equity accounted for (as permitted by IAS 28) but is a related party and has been included in investments held for trading (see Note 13).

14 INVESTMENTS HELD FOR TRADING

	GROUP		COMPANY	
	2012 £	2011 £	2012 £	2011 £
At 1 January - fair value	1,760,086	—	1,760,086	—
Acquisitions	1,249,985	674,513	1,249,985	674,513
Disposal proceeds	(2,501,269)	—	(2,501,269)	—
Net gain on disposal of investments	1,922,265	—	1,922,265	—
Unrealised (losses)/gains on investments	(1,231,459)	1,085,573	(1,231,459)	1,085,573
At 31 December - fair value	1,199,608	1,760,086	1,199,608	1,760,086
Categorised as				
Level 1 - Quoted investments	1,029,011	1,760,086	1,029,011	1,760,086
Level 3 - Unquoted investments	170,597	—	170,597	—
	1,199,608	1,760,086	1,199,608	1,760,086

The table above sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading"

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

15 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Other receivables	33,306	74,148	32,152	72,330
Prepayments and accrued income	8,374	11,022	8,374	11,022
	41,680	85,170	40,526	83,352

16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Cash and cash equivalents	1,454,495	375,659	1,441,177	357,940

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Trade payables	24,972	21,468	24,972	21,468
Social security and other taxes	1,017	2,288	–	2,288
Other payables	–	2,682	–	2,682
Accrued expenses	13,451	26,386	12,000	16,780
	39,440	52,824	36,972	43,218

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

18 FINANCIAL INSTRUMENTS

The Group uses financial instruments, other than derivatives, comprising cash to provide funding for the Group's operations

The main risk arising from the Group financial instruments is liquidity risk. The Group does not have any significant other risks. The Directors agree policies for managing these risks and they are summarised below

LIQUIDITY RISK

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs

An analysis of trade and other payables is given in note 16. These payables are payable within a year

NET FOREIGN CURRENCY MONETARY ASSETS

	Euro £	Total £
Functional currency of the operation		
Sterling	13,318	13,318

The Directors do not consider the Group has significant exposure to movements in foreign currency in respect of its monetary assets

CATEGORIES OF FINANCIAL INSTRUMENTS

	2012 £	2011 £
FINANCIAL ASSETS		
Cash and bank balances	1,454,495	375,659
Loans and receivables	183,306	74,148
Available for sale financial assets	1,310,008	1,760,086
FINANCIAL LIABILITIES AT AMORTISED COST		
Trade and other payables	25,989	26,438

19 SHARE CAPITAL

	Number of shares		Share capital	
	Deferred	Ordinary	Deferred £	Ordinary £
ISSUED AND FULLY PAID				
At 1 January 2012				
Deferred shares of 9.9p each	32,857,956	–	3,252,938	–
Ordinary shares of 0.1p each	–	577,857,956	–	577,858
At 31 December 2012	32,857,956	577,857,956	3,252,938	577,858

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

20 OTHER RESERVES

	Capital redemption reserve £	Share option reserve £	Total Other reserves £
Balance at 1 January 2011	27,000	–	27,000
Share based payment costs	–	4,690	4,690
Balance at 31 December 2011	27,000	–	31,690
Share based payment costs	–	38,419	38,419
Balance at 31 December 2012	27,000	43,109	70,109

21 RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

The compensation payable to Key Management personnel comprised £89,334 (2011 £284,625) paid by the Group to the Directors in respect of services to the Group. Full details of the compensation for each Director are provided in Note 7

Nicholas Lee is a director and controlling shareholder of ACL Capital Limited which invoiced the Company £37,000 in respect of consultancy fees due for the year (2011 £9,250). £2,500 of this amount was invoiced and paid after the year end. No other amounts were owed at 31 December 2012.

Nicholas Lee is also a director of Brady Exploration plc, in which the Company has a 27% shareholding, and Leed Resources plc, in which the Company had a 22% shareholding at the start of the year, which was disposed of in January 2012.

22 POST YEAR END EVENTS

The significant post year end events are set out in the Directors' report.