Obtala
Resources Limited

Annual Report 2014

Obtala Resources Limited
DIRECTORS AND OFFICERS

DIRECTORS

Francesco Scolaro		(*Executive Chairman)*
Simon Rollason		*(Managing Director)*
Philippe Cohen		*(Finance Director)*
Grahame Vetch	(resigned 16 April 2015)	*(Agriculture Operations Director)*
Tim Walker	(resigned 16 April 2015)	*(Non-executive Director)*
Stephen Murphy	(resigned 27 May 2015)	(*Vice Chairman*)
Emma Priestly	(appointed 10 March 2015)	*(Executive Director)*
Jean du Lac		*(Non-executive Director)*

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COMPANY NUMBER
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Obtala Resources Limited
CONTENTS

I am pleased to present the annual report and consolidated financial statements for Obtala Resources Limited (the "Company" or the "Group") for the year ended 31 December 2014.

The Company continues to progress in its transition to a diversified African Company through the year ended 31 December 2014. The business development continues to advance, resulting in a platform from which significant growth will be established.

The focus for the agribusiness has been the Tanzanian operations, which over the last two years has created an aspiring horticultural farming enterprise for fresh produce. This is complemented with a processing facility at site to produce a range of high quality dried fruits which are packaged and branded under our own label, "Mama Jo's". The process of gaining international food safety standards and certification on both the farm and the processing facility is well advanced.

In Mozambique, timber operations continue to supply products for national infrastructure upgrade programmes. Going forwards we will explore and develop other processed timber products for the local market, which is experiencing strong GDP growth. In June 2014 an independent report valued the timber concessions on an NPV 10-year cash flow basis at US$161m using a 12% discount rate.

In late 2014 we acquired a chain of retail outlets in Lesotho. This will provide an additional route to market for our products and presents an ideal opportunity to roll-out an African Home Stores concept in other countries in the Southern and East African region where Obtala has expertise.

Overall the equity market has not recognised the value of the Company's assets, which is true of many diversified companies. However, the business we are building is based on long‑term investment programmes particularly whilst advancing the development phase, which will provide a platform to deliver future profitability and growth, generating revenues with the focus on strong margins. Over the reporting period we have made substantial capital investments into the projects using our own funds without any dilution to shareholders.

Montara Continental Ltd

During 2014, the Group continued to expand and grow its agribusiness and timber operations with the objective of being revenue generating, profitable and sustainable. We believe these sectors located in regions experiencing positive economic growth to be highly attractive investments for the future. There is a strong local market for our products in each of the countries they are situated, as well as export opportunities. The business model we have developed creates control of the value chain, positioning the Company to produce value-added products which are marketed under our Mama Jo's label and to complete the concept of being a vertically integrated "Farm to Fork" producer the Group acquired a chain of retail outlets in Lesotho, which facilitates new routes to market.

Agriculture and Processing

The focus in 2014 has been the on-going development of the Morogoro fruit and vegetable farm and processing facility in Tanzania. The key criteria for any food producer is to achieve certain levels of international food and safety accreditation and certification which we are in the process of attaining. The findings from a recently conducted audit by the certifying body suggests that this process will be completed within the next three months. However we will be able to re-commence production of dried products ready for export sales. Importantly GLOBALG.A.P and BRC recognition will open up greater access to new markets, both locally and internationally. To increase the product range and overcome the risks associated with mono-cropping we have successfully trialled a range of dried fruit products which we are marketing in small, re-sealable Mama Jo's branded bags suitable for the retail and hospitality industry. While the factory undergoes accreditation we have begun to create a fresh fruit and vegetable business supplying consumers in Dar es Salaam and neighbouring towns.

In 2014 we were awarded an Export Processing Zone ("EPZ") Certificate from the Government of Tanzania. The EPZ provides a range of fiscal incentives and allows duty free imports of capital goods for facilitating future growth plans which will ultimately improve margins. The recent appointment of a strategic partner and consultant to the agribusiness is significant, bringing a wealth of experience and expertise from the food industry to the project which will open up a range of new market and product development opportunities.

Forestry

The timber business made steady progress building up the portfolio which now stands at 314,965 hectares. Mozambique's economy remains one of the most dynamic on the African continent with a 7% rate of real gross domestic product (GDP) growth, which is predicted to continue. The outlook looks positive with a number of contracts and orders in place and the Group believes that this is the right location and time to start increasing the production capacity.

In June 2014 an independent valuation report on the Mozambican timber concessions was undertaken. The valuation is based on a 10 year cash flow with a capital expenditure requirement of $15m over the period, which after year one is projected to be self-funding out of profits. This valuation underpins the confidence we have in our timber business and we will now look to focus on realising the potential value outlined in the recent report.

Retail

In late 2014 we developed a concept to enter the retail market under the African Home Stores banner with the intention to open another route to market for our products. The Company acquired a 72.69% controlling interest in Lifes' Comfort Solutions (Pty) Limited ("LCS"), a private Lesotho registered company, which operated five departmental home solution retail outlets within Lesotho. We have since opened an additional branch with 3 more potential sites being evaluated. This will create a national footprint and a company with strong brand recognition for being "Proudly Basotho" and providing high quality goods and support services. Since assuming control over the business we have implemented a number of measures to improve management control, stock control and ordering, improved buying power and identified new products and suppliers, which together with an implementation plan to improve margins through improved cost efficiencies should make this an attractive business. We have invested $500,000 for the reduction of creditors and liabilities on acquisition.

Paragon Diamonds

In 2014 we took the decision to divest our mining interest in Paragon Diamonds Limited ("Paragon") so that we could concentrate our efforts on building the emerging agribusiness and timber operations. In August 2014 the Group signed an agreement with Titanium Capital Investments Limited ("Titanium") for the sale of the outstanding loan note ("Loan Note") held with Paragon at a 50% discount to realize £998,000. It was further agreed that we would grant Titanium a call option for 60 million shares held in Paragon by the Company for a considerations of £1,950,000.

Mineral exploration in Tanzania

The group continues to hold several mineral licences in Tanzania carried at a value of £16.1 million. Minimal work has been undertaken on these licences during the year as the Group has been focused on its agribusiness and timber operation. We will continue the refocusing of the Group in 2015 by seeking to identify potential corporate deals in order extract the underlying value of these licences without actively pursuing significant exploration work ourselves. This may take the form of joint ventures, disposals or other corporate restructuring.

Financial results

The Group remained development focused in the year ended 31 December 2014 and generated £1.69 million of sales (2013: £0.45 million of sales). The loss after tax for the year amounted to £13.9 million (2013: profit £40.4 million including revaluation of Forestry assets of £107.4 million).

The book loss incurred from the disposal of the Paragon holding, £20.9 million as reflected in the income statement, is a direct reflection of the Group's strategic plan to divest its mining interests to provide a clear focus on the developing agri-business and timber operations.

The Group has a strong balance sheet with net equity attributable to shareholders of Obtala at 31 December 2014 amounting to £93.3 million (2013: £122.4 million). Total assets amounted to £131.9 million (2013: £170.2 million). Intangible exploration assets are carried at £16.1 million (2013: £55.9 million).

Directorate changes

There were no changes to the board during the reporting period. Subsequent to the year end, Messrs Grahame Vetch and Tim Walker have both stepped down from the Board to assume operational management roles and Ms Emma Priestley was appointed to the board.

Corporate Social Responsibility
The Group’s approach to the continued development of its business units directly and indirectly generate a wide range of benefits to the host community and host country as a whole. In addition to the community participation benefits, development of the project areas provides a number of core benefits such as employment generation, training, infrastructure improvement, support for localised industries and food security. The Group is also committed, where possible, to employment generation and utilising the human resources of the host community.

In June 2014 the Group announced a partnership with Sentebale, a children’s charity founded in 2006 by HRH Prince Harry and Prince Seeiso of Lesotho. Sentebale, which means ‘Forget me not’ in Sesotho, works in partnership with local grassroots organisations and government ministers to provide healthcare and education to some of the most vulnerable children in the world - the victims of extreme poverty and Lesotho’s HIV/AIDS epidemic. In Mozambique the Group has completed the construction of a school in the Zambezia Province, close to our operational centre. The school will accommodate up to 250 children from neighbouring villages and has two classrooms and one administration office. We have also provided desks, chairs and blackboards for the children.

Outlook
2014 was a year of steady growth for the Group as we continued to strengthen all business sectors and initiated the African Home Stores concept with the acquisition of retail stores in Lesotho. The benefits of this groundwork and further investment will be realised through 2015 and beyond. To date, we have created a diversified African focused business which remains debt free, multi-country and multi-industry with a tangible platform for sustainable growth. Country risk is offset by operating in three nations where macro trends remain highly favourable.

The valuation of the timber assets not only underpins the potential of the business but also demonstrates a great opportunity to expand our revenue potential with increased sales expected in Mozambique. The strategy in 2015 is to reorganise and divest the forestry division to recognise its true value and to grow the business in Mozambique more expeditiously. This will benefit Obtala shareholders directly as we assess the viability of a stock allocation via a dividend *in-Specie* in part to existing Obtala shareholders. We will continue to look at new opportunities while we consolidate and grow the current business. With the required food and safety certification and working with our strategic partner we expect that the agribusiness will grow significantly. The land available to us on the agribusiness and timber operation will provide security of supply as new products are developed and sold into the market.

We continue to review and manage costs within the growing businesses to ensure optimised margins are achieved; furthering our international relationships by planning synergies for the individual businesses for future growth. The board continues to manage Obtala in a diligent and controlled manner seeking partners to continue the growth at the rate that the Board has commenced.

I am confident 2015 will prove equally as exciting and look forward to reporting on the further development of our agri-processing, farming and timber operations.

Finally, I would like to thank my colleagues and our employees for all their hard work throughout the year and look forward to a successful and eventful 2015.

Francesco Scolaro
Executive Chairman
30 June 2015

Operational Review
Introduction

2014 was another positive growth year for Obtala with the continued development of our business strategy to create an income generating company through being a fully vertically integrated producer. The Group has created a debt free, multi-industry African focused asset base, which has offset political risk by operating across three countries. The areas we have chosen to build the business all have highly favourable macro trends and the business fundamentals and growth opportunity that exist are highly attractive.

The vertically integrated "Farm to Fork" model is focused on food processing, supplied by our own farms and contracted farmers. The platform that has been constructed is ready to deliver sustainable revenues from high quality produce with strong margins which will enhance the underlying Group value. The business model allows control of the value chain and positions the Group to produce value added commodities bringing greater returns with better margins. To complete the final step for the vertical integration, the Group acquired a chain of retail outlets in Lesotho which facilitates additional routes to market thus supporting sales for all the businesses.

The agribusiness in Tanzania has developed a new business with fresh fruit and vegetable sales into a rapidly developing market within the region. This compliments the dried fruit processing where food and safety certification is undergoing finalisation. Substantial on-site infrastructure development was completed during the reporting period and now is ready to start full operations to create revenues. The forestry operations focused on timber product supply for national infrastructure upgrades and we have recently increased the land holding by 35,000 hectares in an area where we are looking to increase the product range to the market.

Agriculture and Food Processing
Tanzania – Morogoro
All major construction and development work on the farm and processing unit was completed in the year, with the goal of achieving internationally recognised farm and food safety certification well advanced. This has taken the form of additional capital infrastructure investment, product development and testing, with six on-site audit and training sessions held by independent advisors to prepare for certification inspection. The securing of GLOBALG.A.P and BRC globally recognised standards is important to unlock the access to export markets by being able to guarantee the standardisation of quality, safety and operational criteria providing protection for the end consumer.

At the end of June 2015 the international certification body inspected the farm and processing operations. On the farm a number of identified non-conformities are to be addressed within the next 28 days after which GLOBALG.A.P certification will be secured. An enrolment BRC audit of the processing unit was conducted over 2 days. Identified non-conformances to the BRC code which will be corrected in 3 months, after which a follow-up certification audit will be conducted. Assuming all remedial work has been rectified during this period the Group expects the awarded of BRC certification. In the interim period processing of dried fruit products can be re-initiated allowing sales into any market.

The Group has produced a variety of high quality dried fruit products (tomato, mango, pineapple and banana) and developed a range of re-sealable bags for marketing under the Mama Jo's label and is identifying target end-users once final certification is secured. The recent appointment of a consultant and strategic partner is significant in that their vast expertise, experience and exposure to the food industry will help fast-track the certification process and importantly improve the quality of production leading to a more sustainable and higher level of route to market which will bring attractive margins to our products. To ensure long term sustainability, supply and reduced input costs 20,000 hybrid dwarf mango saplings have been purchased and are being planted. Pineapple purchases allow the Group to initiate a crop on the farm through the collection and re-planting of the crowns, and we are now starting the process of planting banana trees.

To support the strategy of building an agribusiness and processing hub, the Group secured the lease for an additional 204 hectares on a neighbouring plot. The process of land clearing has started and a water reservoir has been excavated to facilitate irrigation as the land develops. The Group continues to seek out the value added opportunities within the agri-sector and, to support this objective an Export Processing Zone ("EPZ") Certificate has been granted for a 10 year period by the Government of Tanzania, which provides a range of fiscal incentives which will ultimately improve margins.

To offset the certification process and also add another business unit to the project, the Group has developed a fresh fruit and vegetable business opportunity with sales of over 16 varieties of fresh product commencing locally in Tanzania. The farm is ideally located, being only 180km from the large local market and export port facilities in Dar es Salaam ensuring overnight deliveries of quality goods to the market. The Group is currently supplying three companies in Dar es Salaam with the target objective of ramping up supply to c.200 ton of fresh produce monthly into Dar es Salaam; which is cited as Africa's fast growing city by the African Development Bank. The generated sales revenue will reduce the overall dried fruit operating costs, which will re-commence once certification is awarded. The additional benefit from this profit centre is many of the crops are rotational and therefore aid in maintaining and enhancing the soil quality.

Tanzania – Songea

With the main agribusiness emphasis on building the Morogoro project, given its close proximity to the local market and export facilities, excellent soils and abundant water, the Group has suspended activities on the Songea project.

Lesotho – Canning Facility

Since assuming the management of the canning facility in Q2 2014 the Group has produced a range of canned tomato products under the Mama Jo's label and exported organic peaches to Europe. Production has been on a limited scale so the factory's operational capability could be fully assessed under working conditions. Production was suspended in August 2014 to allow for the factory to be brought up to a higher standard which complies with export market food processing requirements. All upgrades and capital expenditure has been to the account of the Lesotho National Development Corporation, with the work being supervised by our appointed Factory Manager. During this period the business continued to produce a sample range of canned products which vary from trout fillets, chopped tomato blends, pasta & pesto sauces, and mixed fruit. These products are being marketed whilst the certification process is being completed. Historically the cannery underperformed due to a lack of constant supply and the Group has spent considerable efforts working with Government agencies and farmer co-operatives to build a planting programme that will enable supply into the factory.

Forestry

The Mozambique economy remained one of the most dynamic on the continent in 2014, with an annual gross domestic product (GDP) growth rate of 7%, which is forecast to continue. The main growth drivers are foreign direct investment (FDI), with Mozambique's substantial off-shore gas reserves expected to boost GDP per capita three-fold from current levels over the next 15 years (World Bank figures and Standard Bank report June 2014). Other dynamic sectors are construction, services, transport and communication, which broadly correlate with infrastructure development and very large-scale projects, known in Mozambique as mega-projects, with the labour force growing by 300,000 per annum. All of these macro-indicators set the platform for the timber business to develop and grow.

The main timber activity of the Group falls within the Nacala Development Corridor where there is good access to road and other transportation links. Strong demand for timber products experienced in Mozambique, fuelled by the economic growth, presents an ideal target market for the Group. In 2014 the Group continued its supply contract providing timber railway sleepers but is looking to move towards more processed products. It is expected that nearly all production over the next 2-3 years will be sold locally where demand is strong and prices per unit of timber are increasing. This negates the expense that is incurred with export shipping. Additional processing capability will be installed onsite to enable production of higher value basic timber products such as flooring, decking, and window and door frames, etc. which tap into local demand requirements.

An independent valuation report was commissioned during the reporting period on the timber concessions held in Mozambique. This valuation indicates a NPV of US$161m when applying a 12% discount rate. The valuation is based on a 10 year cash flow with a capital expenditure requirement of $15m over the period. This valuation fully supports the confidence we have that the timber represents an excellent investment opportunity which can crystallise significant value for our shareholders. To increase security of supply the Company is advancing its application for an additional 35,000 hectares adjacent to existing operations.

The Group's timber business has steadily grown over the past few years with selective concession accumulation to provide a critical mass of permitted annual quotas of harvestable timber. Given the outlook for the local economy we remain confident that further orders will be achieved. The quality of timber concessions which have been independently audited and indicate standing stocks which can supply timber for many years to come.

African Home Stores

The concept for African Home Stores is to provide an outlet to the retail market for our products. In October 2014 an agreement was signed for the acquisition of a controlling 72.69% shareholding in Lifes' Comfort Solutions (Pty) Limited ("LCS"), a private Lesotho registered company, which operated five departmental home solution retail outlets within Lesotho.

Since assuming control over the business, LCS has opened a new branch during the year in Semonkong with a further branch opening at Leribe expected imminently, with two further outlet sites being evaluated for Q4 2015 openings. A catalogue retailing concept is being introduced to offer the full range of products throughout all the branches and this is supported by better buying out of Asia. A strategic plan for the shops has been developed which will see an improved balance sheet and increased sales densities with improved margins. LCS has strong brand awareness and recognition in Lesotho with the additional outlets providing a country wide footprint to what is already considered a well-known and trusted Basotho retailer.

Business sales in the local economy slowed in late 2014 in the run up to the parliamentary elections which were successfully held at the end of February 2015. However the long term forecast is positive as a number of diamond mines in the highlands continue with development plans and the initiation of the Lesotho Highlands Water Project – Phase 2. This project is a large bi-national infrastructure project between Lesotho and South Africa, estimated to cost approximately $1bn and is projected to deliver water by January 2020. The African Growth and Opportunity Act ("AGOA") which provides trade preference for quota and duty-free entry into the United States has been renewed. This is key to the economy as Lesotho has a strong textile industry which exports to USA under AGOA.

Tanzania Exploration Portfolio

During the reporting period Obtala conducted no field based geological prospecting over its portfolio of assets in Tanzania, we continue to assess opportunities within the sector and are actively looking at strategic options for these exploration assets in order to realise the value they hold.

Investments

Paragon Diamonds Limited

In August 2014 the Group agreed the sale of the outstanding loan note held with Paragon Diamonds Limited ("Paragon") at a 50% discount to face value to Titanium Capital Investments Limited ("Titanium") and further agreed to grant Titanium a call option for 60 million shares held in Paragon by the Company. This realized £2,948,000 for working capital purposes to build on the Group's business sectors.

Outlook

African economies have sustained unprecedented rates of growth, driven by a number of macro-economic factors resulting in seven of the world's ten fastest growing economies occurring on the continent. The African agriculture market remains an area of significant growth potential with Africa expected to lead population growth over the next 50 years and an emerging middle class, grown to some 400 million people, projected to reach 1.1 billion by 2060. This presents an exciting target market to drive local and regional sales for our product range and will present many opportunities for the Group.

Obtala has created a debt free, multi-industry African focused asset base, which has off-set political risk by operating across three countries. The areas we have chosen to build the business all have highly favourable macro trends and the business fundamentals and growth opportunities that exist are highly attractive.

Once certification is awarded in H2 2015 the agribusiness is set to grow rapidly with infrastructure in place and additional land ready for development. We will continue plans to expand the fresh market opportunity and further refine and bring new dried produce to the market. The increase in timber products will tap into a strong domestic market and we will concentrate on securing value uplift through post processing. With African Home Stores the objective is to improve working capital management; increase bottom line revenue; improve gross margins and improve supplier relationships and increase revenues by expanding the regional store footprint – both in number of stores and product lines on offer.

In 2015 the Group intends to realise additional value for our shareholders by evaluating and transacting, where appropriate, plans for entering into strategic partnerships, joint venture participation or re-structuring certain assets held by the Group. The later will enable sector specific, specialised management to be appointed and in return crystallise additional benefits to shareholders through equity participation. With these plans, coupled with the underlying asset base development, we expect 2015 to bring improved sales and shareholder value.

Simon Rollason
Managing Director
30 June 2015

The Directors submit their report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

The principal activities of Obtala Resources Limited together with its subsidiaries (the "Group") are the development of agricultural, food processing and timber projects, the holding of legacy mineral resource licences, projects and investment in other natural resources exploration and development companies and retail. These activities are undertaken through both the Company and its subsidiaries. The Company is listed on AIM and is incorporated and domiciled in Guernsey.

Details of all of the Group's subsidiary companies held at 31 December 2014 are given in note 10 of the financial statements. The principal subsidiary companies comprise:

UNDERTAKING	SECTOR
Obtala Services Limited	Professional & Administration services
Mindex Invest Limited	Resources
Obtala Resources (T) Limited	Resources
Montara Continental Limited	Resources
Magole Agriculture Limited	Agriculture & Processing
Montara Land Company Limited	Agriculture
Mountain Kingdom Foods (Pty) Limited	Agriculture & Processing
Milama Processing Limited	Agriculture & Processing
African Home Stores Ltd	Retail

Obtala Services Limited provides accountancy, legal and administrative services to other Group companies.

BUSINESS REVIEW

A review of the Group's performance and future prospects is included in the Chairman's statement on pages 1 to 3 and in the Managing Directors Review on pages 4 to 7.

KEY PERFORMANCE INDICATORS

Key performance indicators are set out below:

	2014 £000	2013 £000
Net assets	93,342	122,395
Profit/(loss) before taxation from continuing operations	(24,131)	74,809
Cash and cash equivalents	3,269	2,138
Turnover	1,690	455

RESULTS AND DIVIDENDS

The consolidated loss for the year after taxation was £13.9 million (2013 profit: £40.4 million).

The Directors do not recommend payment of an ordinary dividend.

SHARE CAPITAL AND FUNDING

Full details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 25. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

The Company has unlimited authorised share capital divided into ordinary shares of 1p each, of which 263,260,664 had been issued as at the reporting date.

POST BALANCE SHEET EVENTS

Please refer to note 33 for details.

DIRECTORS

The Directors, who served throughout the year were as follows:

Francesco Scolaro	(*Executive Chairman)*
Simon Rollason	*(Managing Director)*
Philippe Cohen	*(Finance Director)*
Grahame Vetch	*(Director - Agriculture)*
Tim Walker	*(Non-executive Director)*
Jean du Lac	*(Non-executive Director)*

DIRECTORS' INTERESTS

Directors' interests in the shares of the Company, including family interests at 31 December were:

Shareholdings

	Ordinary shares of 1p each 2014	Ordinary shares of 1p each 2013
Francesco Scolaro[1,2]	2,150,000	2,150,000
Simon Rollason[2]	556,260	556,260
Grahame Vetch	-	-
Philippe Cohen	-	-
Jean du Lac	-	-
Tim Walker	-	-

[1]In addition Grandinex International Corp, a company in which Francesco Scolaro holds a controlling interest, holds 70,000,000 shares in the Company.
[2]In addition, the following Directors have an interest in shares in Paragon Diamonds Limited: Francesco Scolaro - 37,027,894 (2013: 37,027,894), Simon Rollason - 1,250,000 (2013:1,250,000).

Options

The following Directors held share options at 31 December:

	Number of share options 2014	Average exercise price (p) 2014	Number of share options 2013	Average exercise price (p) 2013
Simon Rollason	500,000	37.6	500,000	37.6

The share options held by the Directors were all granted in 2008. The options vest over a period of 1 to 2 years. The share price of the Company at 31 December 2014 was 11.88 pence. The highest and lowest share prices in the year were 12.8 pence and 7.8 pence respectively. The terms of the options are detailed in note 30.

Jointly owned shares

The Obtala Resources Employee Share Trust ("the Trust") was established with Marlborough Trust Company Limited appointed as trustee ("the Trustee") to enable the Trustee to acquire ordinary shares in the Company and to make interests in those shares available for the benefit of current and future employees of the Company and its subsidiaries.

Certain Directors as well as employees have an interest in ordinary shares in the Company which were acquired jointly with the Trustee by way of subscription on 24 May 2010 at a price of 33 pence per share and on 18 October 2011 at a price of 32.75 pence per share. The shares were acquired pursuant to certain vesting criteria set out in the Joint Ownership Agreement. Subject to the vesting criteria being met, most of any future increase in the value of the shares will accrue to the Directors and employees, by way of receipt of a proportionate number of wholly owned shares or, at the option of the Trustee, an alternative realisation mechanism for an equivalent amount. The consequence of these conditions is that in most instances the Directors or employees will only be able to benefit from an increase in the value of the shares in two equal tranches on or after each of the two consecutive annual anniversaries of purchase and provided that the Directors and employees have not ceased employment with the Group on or before the date that these conditions are met. Details of all jointly owned shares held by the trust are set out in note 30 to the financial statements.

The following Directors held an interest in jointly owned shares at 31 December:

	Number of shares 2014	Average purchase price (p) 2014	Number of shares 2013	Average purchase price (p) 2013
Simon Rollason	1,000,000	32.9	1,000,000	32.9

DIRECTORS' INDEMNITY INSURANCE

The Group has maintained insurance throughout the year for its Directors and Officers against the consequences of actions brought against them in relation to their duties for the Group.

DIRECTORS' REMUNERATION

The remuneration of the individual Directors who served in the year to 31 December 2014 was:

	Salary & fees £000	Bonus £000	Benefits £000	Total 2014 £000	Total 2013 £000
Francesco Scolaro	150	-	76	226	187
Simon Rollason	155	-	5	160	160
Grahame Vetch	78	-	4	82	75
Phillippe Cohen	65	-	-	65	17
Tim Walker	29	-	-	29	1
Jean du Lac	15	-	-	15	1
Total	492	-	85	577	441

It is the Company's policy that executive Directors should have contracts with an indefinite term providing for a maximum of 3-6 months' notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice year. The current salary payable to Francesco Scolaro and Simon Rollason is £150,000 and £155,000 per annum respectively. Philippe Cohen is £65,000 per annum. Tim Walker and Graham Vetch resigned during 2015.

Non-executive Directors are employed on letters of appointment which may be terminated on not less than 3 months' notice. The current basic fee payable to Jean du Lac £15,000 per annum.

Travelling and accommodation expenses of £76,000 (2013: £37,000) were paid on behalf of Francesco Scolaro during the year and reflected as benefits in kind.

Private medical insurance is provided for Simon Rollason.

PROFILES OF THE CURRENT DIRECTORS

FRANCESCO SCOLARO, AGED 51, EXECUTIVE CHAIRMAN
Frank Scolaro is an active investor in publicly quoted companies in the resource, leisure and property sectors. Frank was Non-Executive Chairman of Regal Petroleum plc from October 2006 to November 2007, in which time he was instrumental in the successful resolution of local litigation issues in the Ukraine. Until March 2008 Frank was a Non-Executive Director of Regal Petroleum plc and in 2005 he was a Non-Executive Director of African Minerals Plc.

SIMON ROLLASON, AGED 49, MANAGING DIRECTOR
Simon Rollason has 25 years experience in natural resources, initially having worked in the mining and mineral exploration sector in Africa, the Middle East, Central Asia and the Far East. He joined Obtala in 2008 and been involved with a number of transactions and investment strategies for the company. Over the past 5 years Simon has been developing the Montara Continental business model and working on acquiring a strong portfolio of agriculture, timber, food processing and retail interests in Southern and East Africa.

PHILIPPE COHEN, AGED 57, FINANCE DIRECTOR
Philippe Cohen is a Switzerland based multilingual executive with over 30 years of expertise in the natural resources and commodities sectors, with a wealth of experience in Africa. Philippe has an extensive network with financial institutions, the commodities trading community and emerging markets governments. Philippe worked for 14 years in Commodities and Structured Finance at BNP Paribas as well as Vitol. Philippe now works as a consultant specialising in originating, structuring, negotiating and managing transactions in the metals and mining sector as well as oil and gas ranging from exploration and production to downstream trading and services. Philippe is a graduate of the Ecole Supérieure de Commerce de Paris.

EMMA PRIESTLEY, AGED 42, EXECUTIVE DIRECTOR
Emma specializes in Africa and emerging market sectors, developing and advising companies. In this capacity, until its successful takeover, she was an Executive Director of Lonrho Plc, focusing on opportunities in agriculture, logistics, infrastructure, and natural resources, and attracting investors to them, both in equity and structured finance. Emma is on the board of Stratex International Plc and is an adviser with African Resource Capital; focused on investments in African. Previously, Emma has worked with GVA Grimley and IMC Mackay & Schnellmann, investment bank CSFB, advisers VSA Resources, Ambrian Partners, where she worked as corporate broker and adviser. Emma is a graduate of Camborne School of Mines, is a chartered Mining Engineer and Chartered Mineral Surveyor.

JEAN DU LAC, AGED 63, NON-EXECUTIVE DIRECTOR
Jean du Lac has over 25 years' experience in Africa mainly in agriculture and distribution, including running a 3000 ha farm in Ghana. He also spent more than 25 years in CEO or GM positions both in Europe and Africa. He currently advises project developers and companies in their search for funds as well as M&A operations, and help them solve conflictual situations, mostly in Africa in the distribution, energy and agro-industry sectors. Multilingual he holds a Master in Economics, a MBA from INSEAD, is a graduate from the Ecole de Commerce de Toulouse in France and recently completed the International Directors Programme at INSEAD Executive

SUBSTANTIAL SHAREHOLDERS

The Company is aware that the following have at 29 June 2015 an interest in three per cent. or more of the issued ordinary share capital of the Company:

Name	Number of 1p ordinary shares	Percentage of the issued share capital
Grandinex International Corp*	70,000,000	26.59
Robert Quested	22,150,000	8.41

* Francesco Scolaro is the controlling shareholder of Grandinex International Corp. He holds a further 2,150,000 shares in the Company through nominee companies bringing his total interest to 72,150,000 (27.54%).

CORPORATE GOVERNANCE

The Board is accountable to the Company's shareholders for good corporate governance and the company has regard for Quoted Companies Alliance's Corporate Governance Code for Small and Mid Size Quoted Companies 2013 which the directors consider appropriate guidance for the Group's size of development. Set out below is a summary of the how, at 31 December 2014, the Group was dealing with corporate governance issues.

THE BOARD

The Board in 2014 comprises four executive Directors and two non–executive Directors.

AUDIT COMMITTEE

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee comprises the non–executive Director and Jean du Lac The committee meets at least twice in each financial year.

REMUNERATION COMMITTEE

The remuneration committee meets as and when required. The remuneration committee comprises the non–executive Director, although it is the intention to appoint more members in due course, currently Jean du Lac is its Chairman.

The policy of the committee is to reward executive Directors in line with the current remuneration of directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive market place.

There are three main elements of the remuneration packages for executive Directors and senior management:

- Basic annual salary (including directors' fees) and benefits;
- Discretionary annual bonus to be paid in accordance with a bonus scheme developed by the remuneration committee. This takes into account individual contribution, business performance and commercial progress; and
- Discretionary share incentive scheme which takes into account the need to motivate and retain key individuals.

NOMINATIONS COMMITTEE

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a nominations committee. However, this will be kept under regular review by the Board.

INTERNAL CONTROL

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least 4 times per year;
(ii) The Company has operational, accounting and employment policies in place, including procedures to address the UK Bribery Act;
(iii) The Board actively identifies and evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and
(iv) There is a clearly defined organisational structure and there are well-established financial reporting and control systems.

GOING CONCERN

Having made reasonable enquiries, the Directors are satisfied that the current cash balance together with the resources and facilities of the group are sufficient to cover all known financial liabilities for the next 12 months from the date of approval of the financial statements. The Company has a £10 million equity line of credit facility available which could be utilised should it be required. The Directors have considered the guidance for directors issued by the Financial Reporting Council ("FRC") in respect of going concern. The Directors therefore confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT

The business of agriculture and forestry involves a high degree of risks, because in addition to technical, political and regulatory risk; the Group is exposed to weather, nutrient and pest risks. In addition, the Group is exposed to a number of financial risks which the Board seeks to minimise by adopting a prudent approach which is consistent with the corporate objectives of the Group. The business of exploring for minerals and metals involves a high degree of technical, political and regulatory risk. These risks are summarised below:

TECHNICAL RISK

Substantial expenditure is required to establish reserves and to conduct feasibility studies. Although substantial benefits may be derived from the discovery of a significant mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations, or that funds required for development can be obtained on a timely basis.

POLITICAL AND REGULATORY RISK

The Group is currently conducting its mining operations mainly in Lesotho; however exploration work is undertaken in Zambia, Botswana, South Africa and Tanzania and forestry and agriculture in Mozambique and Tanzania. Through the acquisition of the retail business in Lesotho the Board believes that it will increase the footprint amongst the Lesotho community. The Board believes that the Governments of all of the countries support the development of natural resources and the countries have established track records of promoting diamond mining. However, there is no assurance that future political and economic conditions in these countries will not result in the Governments changing their political attitude towards mining and adopting different policies in respect of the exploration, development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral licences, taxation, environmental protection and repatriation of income and capital, which may adversely impact the Group's ability to carry out its activities.

EXPLORATION RISK
The Group is exposed to exploration risk in respect of its mineral licence projects. The Group mitigates this risk by having established mineral investment project appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

ENVIRONMENTAL RISK
The Group is exposed to climate, weather and the risk of pests effecting its agriculture and forestry operations. The availability of water for its irrigation as well as the abundance of too much water also pose a risk to the biological assets. These risks are managed by ongoing assessment of local pests and the adoption of irrigation methods.

FINANCIAL RISK

MARKET RISK

Price risk
The Group is exposed to market risk in respect of its equity investments and also its derivative financial instruments as well as any potential market price fluctuations that may affect the revenues of the agriculture and forestry operations. The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

LIQUIDITY RISK

The Group seeks to manage liquidity by regularly reviewing cash levels and expenditure budgets to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had net cash balances of £3.8 million as at 31 December 2014 (2013: £2.1m).

CREDIT RISK

The Group's principal financial asset is cash. The credit risk associated with cash is considered to be limited. The Group receives payment immediately upon delivery of its agriculture and forestry products. The credit risk is considered to be minimal as no credit terms are offered and funds are received prior to the risk of ownership being transferred to the purchaser. From time to time cash is placed with certain institutions in support of trading positions. The credit risk is considered minimal as the Group only undertakes this with large reputable institutions.

DONATIONS

No political donations were made during the year (2013: £ nil). Charitable donations amounting to £6,000 (2013: £ nil) were made in the year.

POLICY ON PAYMENT OF SUPPLIERS

It is Group and Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

EMPLOYMENT POLICIES

The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

The Group is committed to keeping employees as fully-informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Guernsey company law requires the directors to prepare group financial statements for each financial year in accordance with generally accepted accounting principles. 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").

The financial statements of the group are required by law to give a true and fair view and are required by IFRS adopted by the EU to present fairly the financial position of the group and the financial performance of the group.

In preparing the group financial statements, the directors should:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRSs adopted by the EU; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain the group's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements are properly prepared and in accordance with The Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Obtala Resources Limited website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly Channel Islands Limited has indicated its willingness to continue in office and a resolution for their re-appointment will be put to the members at the forthcoming Annual General Meeting.

On behalf of the Board

Philippe Cohen
Finance Director
30 June 2015

We have audited the consolidated financial statements of Obtala Resources Limited (referred to as the "company" and together with its subsidiaries as "the Group") for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable Guernsey law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement as set out on page 16, 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.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of the group's[loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008, as amended.

EMPHASIS OF MATTER – FAIR VALUE OF BIOLOGICAL ASSETS

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the critical accounting estimates on pages 30 to 31 and in notes 15 on page 42 of the financial statements regarding the critical judgements and estimates used in determining the fair value of the standing timber held within the forestry concessions. The consolidated statement of financial position includes £103,832,000 in relation to these biological assets. The amounts ultimately realised on the biological assets may be materially different to the fair value estimates reflected in these financial statements.

OPINION ON OTHER MATTER

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- the company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations which to the best of our knowledge and belief are necessary for the purposes of our audit.

Baker Tilly Channel Islands Limited
Chartered Accountants
St Helier, Jersey
30 June 2015

Obtala Resources Limited

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014	2013
Continuing operations		£000	£000
TURNOVER	3	1,690	455
Cost of sales		(855)	(155)
Gross Profit	3	835	304
Loss on derivative financial instruments	2	(736)	(3,125)
Operating costs	3	(1,191)	(1,323)
Administrative expenses	3	(2,616)	(2,608)
Depreciation	14	(294)	(615)
Share based payments	30	-	(751)
Impairment of assets	13	-	(2,323)
OPERATING LOSS	4	(4,002)	(10,441)
Share of losses of associate	18	-	(570)
Loss on disposal of associate		-	(21,170)
Gain on fair value of investment		749	-
Fair value adjustment of biological asset	15	-	107,379
Loss on disposal of subsidiary	12	(20,987)	-
Finance income	6	109	-
Finance costs	7	-	(389)
(LOSS)/PROFIT BEFORE TAXATION		(24,131)	74,809
Taxation	8	10,198	(34,361)
(LOSS)/PROFIT FOR THE YEAR		(13,933)	40,448
ATTRIBUTABLE TO:			
Owners of the parent		(13,392)	22,975
Non-controlling interests		(541)	17,473
		(13,933)	40,448
Items that may be subsequently released to profit or loss:			
Exchange differences on translation of foreign operations		(752)	(2,001)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(14,685)	38,447
ATTRIBUTABLE TO:			
Owners of the parent		(14,144)	21,487
Non-controlling interests		(541)	16,960
		(14,685)	38,447

EARNINGS PER SHARE			
From operations attributable to the owners of the parent			
Basic and diluted (pence)	9	(5.09)	9.44

The notes on pages 21 to 54 form an integral part of the consolidated financial statements.

There is no tax effect on currency differences in other comprehensive income.

Obtala Resources Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Attributable to the owners of the parent								
	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Share based payment reserve £000	Revenue reserve £000	Total £000	Non-controlling interests £000	Total equity £000
AT 1 JANUARY 2013	2,501	10,441	28,543	3,867	969	15,593	61,914	17,546	79,460
Profit for the year	-	-	-	-	-	22,975	22,975	17,473	40,448
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	(1,488)	-	-	(1,488)	(513)	(2001)
Total comprehensive income for the year	-	-	-	(1,488)	-	22,975	21,487	16,960	38,447
Issue of shares	132	1,087	-	-	-	-	1,219	-	1,219
Share based payment	-	-	-	-	929	-	929	-	929
Purchase of own shares	-	-	-	-	-	(881)	(881)	-	(881)
Dilution of interest in subsidiary	-	-	-	-	-	(3,709)	(3,709)	6,930	3,221
Impairment of foreign exchange	-	-	-	(1,940)	-	1,940	-	-	-
AT 31 DECEMBER 2013	2,633	11,528	28,543	439	1,898	35,918	80,959	41,436	122,395
Loss for the year	-	-	-	-	-	(13,392)	(13,392)	(541)	(13,933)
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	(752)	-	-	(752)	-	(752)
Total comprehensive income for the year	-	-	-	(752)	-	(13,392)	(14,144)	(541)	(14,685)
Transactions with owners:									
Share based payment and warrants	-	-	-	-	(220)	-	(220)	-	(220)
Part disposal of interest in subsidiary	-	-	-	1,828	(664)	8,546	(9,710)	(23,858)	(14,148)
AT 31 DECEMBER 2014	2,633	11,528	28,543	1,515	1,014	31,072	76,305	17,037	93,342

The notes on pages 22 to 54 form an integral part of the consolidated financial statements.

Obtala Resources Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 £000	2013 £000
ASSETS			
NON-CURRENT ASSETS			
Investments in associates	18	-	-
Available for sale investments	18	90	261
Intangible exploration and evaluation assets	13	16,080	55,891
Biological asset	15	103,832	107,379
Derivative financial instrument	19	-	607
Property, plant and equipment	14	2,555	2,906
TOTAL NON-CURRENT ASSETS		122,557	167,044
CURRENT ASSETS			
Trade and other receivables	16	830	193
Inventory	17	1,351	77
Short term investments	18	3,938	-
Derivative financial instrument	19	-	751
Cash and cash equivalents	21	3,269	2,138
TOTAL CURRENT ASSETS		9,388	3,159
TOTAL ASSETS		131,945	170,203
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	22	(2,260)	(1,186)
Financial investment liabilities	20	(2,960)	(2,578)
Current tax liabilities		(2)	(2)
TOTAL CURRENT LIABILITIES		(5,222)	(3,766)
NON-CURRENT LIABILITIES			
Site restoration provision	24	-	(118)
Borrowings	23	(155)	(614)
Deferred tax	8	(33,226)	(43,310)
TOTAL NON-CURRENT LIABILITIES		(33,381)	(44,042)
TOTAL LIABILITIES		(38,603)	(47,808)
NET ASSETS		93,342	122,395
EQUITY			
Share capital	25	2,633	2,633
Share premium	26	11,528	11,528
Merger reserve	27	28,543	28,543
Foreign exchange reserve		1,515	439
Share based payment reserve		1,014	1,898
Retained earnings	28	31,072	35,918
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		76,305	80,959
Non-controlling interests	31	17,037	41,436
TOTAL EQUITY		93,342	122,395

The notes on pages 22 to 54 form an integral part of the consolidated financial statements.

Approved by the Board and authorised for issue on 30 June 2015

Francesco Scolaro
Executive Chairman

Philippe Cohen
Finance Director

Obtala Resources Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
(Loss)/Profit before taxation		(24,131)	74,809
Adjustment for:			
Depreciation of property, plant and equipment	14	294	615
Fair value adjustment of biological asset	15	-	(107,379)
Loss on disposal of associate		-	21,170
Foreign exchange losses/(gains)		2,538	(294)
Share based payments	28	-	751
Losses on investments	2	736	3,125
Impairment of assets	13,14	-	2,323
Finance costs	6	(109)	389
Loss on disposal of subsidiary		20,987	-
Share of losses of associate		-	570
Gain on fair value of investments		(578)	-
(Increase)/decrease in trade and other receivables		(637)	284
Increase in trade and other payables		615	796
Increase in inventory		(1,274)	(22)
CASH OUTFLOW FROM OPERATIONS		(1,559)	(2,863)
Income taxes received	8	-	155
NET CASH OUTFLOW FROM CONTINUING OPERATIONS		(1,559)	(2,708)
INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	14	(311)	(1,139)
Expenditure on intangible exploration and evaluation assets	13	-	(972)
Proceeds from disposal of financial investment assets	18	-	2,754
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(311)	643
FINANCING ACTIVITIES			
Proceeds from issue of share capital	23,24	-	1,215
Proceeds from sale of subsidiary	12	1,248	-
Funds raised by subsidiary	12	-	1,371
Expenses of issue of subsidiary shares	12	-	(66)
Finance costs	7	-	(211)
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,248	2,209
INCREASE IN CASH AND CASH EQUIVALENTS		1,131	144
Cash and cash equivalents at beginning of year		2,138	1,994
Effect of foreign exchange rate variation		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,269	2,138

The notes on pages 22 to 54 form an integral part of the consolidated financial statements.

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS"). The financial statements have been prepared under the historical cost convention except for biological assets, financial investments and derivative trading assets and liabilities, which are included at fair value.

Obtala Resources Limited ("the Company" or "Obtala") is an AIM-quoted agriculture, food processing, timber, retail and mineral exploration investment company. The Company is incorporated and domiciled in Guernsey. The Company was incorporated in Guernsey on 20 July 2010.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the Company and all of its entities controlled by the Company (together referred to as "the Group") from the date control commences until the date control ceases.

Control is achieved where the Company:

- Has the power over the investee
- Is exposed or has the rights to a variable return from the involvement with the investee
- Has the ability to use its power to affect its returns

During the year the Board decided to partly dispose of its shareholding in Paragon Diamonds Limited (Paragon). Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

SUBSIDIARIES

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at acquisition date irrespective of the extent of any minority interest. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the identifiable net assets acquired is capitalised as goodwill and reviewed annually for impairment. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in profit or loss.

The purchase in prior years of the entire share capital of Mindex Invest Limited and Uragold Limited by Obtala Limited, the purchase of Montara Continental Limited by Mindex Invest Limited, the purchase of African Rock Resources Limited by Paragon Diamonds Limited have all been treated as purchases of assets. Assets held by the respective companies at the time of their acquisition have been recognised at cost. These transactions are outside the scope of IFRS 3 Business Combinations because the entities acquired do not meet the definition of a business at the date of acquisition.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that represents ownership interests entitling their holders to a proportionate share of the net assets upon liquidation are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES
An associate is an entity over which the Group is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee.

A joint venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more other venturers under a contractual arrangement.

Investments in associates and joint ventures are recognised in the financial statements using the equity method of accounting unless they fall to be classified as held for sale. They are initially carried at cost. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised directly in other comprehensive income. The carrying value of the investment (including goodwill) is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates or joint ventures are not recognised unless the Group has incurred obligations or made payments on behalf of the associate or joint venture.

Where a group company transacts with an associate or joint venture of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

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

INTRA-GROUP TRANSACTIONS
All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group. All financial statements are made up to 31 December each year.

SEGMENTAL REPORTING
The reportable segments are identified by the Board (which is considered to be the Chief Operating Decision Maker) by the way management has organised the Group. The Group operates within four separate operational divisions comprising exploration and development activities, agriculture and forestry and investing activities and retail.

The Directors review the performance of the Group based on total revenues and costs, for these four divisions and not by any other segmental reporting.

REVENUE RECOGNITION
Revenue from timber and retail is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred in respect of the transaction can be measured reliably.

Realised profits and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the carrying value of the investments at the start of the accounting period or acquisition date if later.

Unrealised profits and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

GOING CONCERN

An assessment of going concern is made by the Directors at the date the Directors approve the annual financial statements, taking into account the relevant facts and circumstances at that date including:

- Review of profit and cashflow forecasts
- Review of actual results against forecast
- Timing of cashflows; and
- Financial or operational risks

Having made reasonable enquiries, the Directors are satisfied that the cash balance and resources and facilities of the Group are sufficient to cover all known financial liabilities for the next 12 months from the date of approval of the financial statements. The Group have a £10 million equity line of credit facility available which could be utilised should it be required. The Directors have satisfied themselves that the Group is in a sound financial position and will be able to meet the Group's foreseeable cash requirements and that it remains appropriate to adopt the going concern basis in preparing the financial statements.

FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency.

Transactions and balances

In individual companies, transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year.

In the consolidated financial statements, the assets and liabilities of subsidiaries with different functional currencies to the Company are retranslated into sterling at the rate ruling at the reporting date. The results and cash flows are retranslated into sterling using average rates of exchange. Exchange adjustments arising when the opening net assets and the results for the year are translated into sterling are taken directly to a foreign exchange reserve and reported directly in equity. Exchange gains and losses arising on long-term intragroup foreign currency loans used to finance the subsidiary undertakings, which are deemed to be part of the net investment in the subsidiary, are also taken directly to equity. On disposal of a subsidiary with a different functional currency to the Company, the deferred cumulative exchange differences recognised in equity relating to that particular operation are recognised in profit or loss.

Foreign currency translation rates (against sterling) for the significant currencies used by the Group were:

	At 31 December 2014	Annual average for 2014	At 31 December 2013	Annual average for 2013
US dollars	1.5586	1.5740	1.6491	1.5653
South African Rand	17.9976	17,653	17.322	15.260
Mozambique Metical	48.846	49.392	49.21	48.80
Tanzanian shilling	1,750	1,750	2,566	2,542

INTANGIBLE EXPLORATION AND EVALUATION ASSETS

All costs associated with mineral exploration and evaluation including the costs of acquiring prospecting licences and rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and other activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource, are capitalised as intangible exploration and evaluation assets and subsequently measured at cost. The costs are allocated to base mineral/gemstone groupings within a region ("field"), which are treated as cash-generating units ("CGUs")/projects because the underlying geology and risks and rewards of exploration within a field are considered to be similar.

If an exploration project is successful, the related expenditures will be transferred at cost to property, plant and equipment and amortised over the estimated life of the commercial ore reserves on a unit of production basis.

Where a project does not lead to the discovery of commercially viable quantities of mineral resources and is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off to profit or loss as an impairment charge.

PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES

Property, plant and equipment and mine assets are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Land &Buildings	over 2 - 5 years
Motor vehicles	over 3 years
Fixtures and equipment	over 3 years
Plant & Equipment	over 2 - 5 years

Accumulated mine development costs within producing mines are depreciated/amortised on a unit-of-production basis from the date of commencement of commercial production over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight line method is applied.

The unit-of-production rate for the depreciation/amortisation of mine development costs takes into account expenditure incurred to date.

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

LAND AND BUILDINGS

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land that is held under lease for the use in agriculture and forestry is stated at cost less any subsequent depreciation.

Depreciation is recognised so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. For leasehold land and buildings, the useful life is the period of the lease. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated.

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT
Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in profit or loss immediately.

Impairment reviews for intangible exploration and evaluation assets are carried out on the basis of mineral/gemstone fields with each field representing a single CGU. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resources uneconomic;
- title to the asset is compromised;
- variations in mineral/gemstones prices that render the project uneconomic;
- variations in the foreign currency rates; and
- the Group determines that it no longer wishes to continue to evaluate or develop the field.

BIOLOGICAL ASSETS
A biological asset is defined as a living plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

Forestry
IAS41 requires biological assets to be measured at fair value less costs to sell. The fair value of forestry is estimated based on the present value of the net future cash flows from the asset, discounted at a current market-based rate. In determining the present value of expected net cash flows, the Group includes the net cash flows that market participants would expect the asset to generate in its most relevant market. Increases or decreases in value are recognised in the consolidated statement of total comprehensive income. When the fair value estimates are determined to be clearly unreliable due to insufficient information being available to the directors, the biological asset is held at cost less any accumulated depreciation and any accumulated losses.

All expenses incurred in maintaining and protecting the assets are recognised in the consolidated statement of comprehensive income. All costs incurred in acquiring additional planted areas are capitalised.

Agriculture
Crops which are planted from seed to undergoing the process of transformation until they become mature and productive are also stated at fair value less costs to sell. Management review the crops on an ongoing basis and should these be deemed to be unsuitable for further cultivation, full provision for impairment loss is made at that time.

A gain or loss arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell is recognised as profit or loss in the period in which it arises.

Agricultural produce harvested from the Group's biological assets is measured at its fair value less costs to sell. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value.

Costs incurred prior to the demonstration of commercial feasibility of forestry and agriculture in a particular area are written-off to profit and loss as incurred.

FINANCIAL ASSETS AND LIABILITIES
The Group classifies its financial assets and liabilities as follows:

TRADE AND OTHER RECEIVABLES
Trade and other receivables do not carry any interest and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT OR LOSS ("FVTPL")
Financial investment assets are classified at fair value through profit or loss when either they are held for trading or when they are initially designated at fair value through the profit or loss.

The fair value is derived from the closing bid-market price at the reporting date. Gains and losses arising from changes in fair value are recognised directly in profit or loss.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

AVAILABLE FOR SALE INVESTMENTS
Available for sale investments are non-derivative financial assets that are either designated in this category or not classified in any other category of financial asset. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available for sale investments are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are recognised in equity. When available for sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains or losses from available for sale investments.

Available for sale investments are assessed for indicators of impairment at the end of each reporting period. They are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES
Purchases and sales of derivative financial instruments are recognised at the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group only trades in derivative financial instruments that are quoted in active markets and the related financial assets and liabilities are stated at fair values based on the contracted actual costs and the quoted market prices of those instruments. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

FINANCIAL LIABILITIES
Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

TRADE AND OTHER PAYABLES
Trade and other payables are not interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 3 months.

SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

LEASES
Leases where the lessor retains substantially all of the risks and rewards of ownership are classified as operating leases and the rentals payments are charged to profit or loss on a straight-line basis over the lease term.

SHARE BASED PAYMENTS
SHARE OPTIONS AND WARRANTS
Share option programmes entitle certain employees and Directors to acquire shares of the Company. In addition warrants may be issued as consideration for services provided. These options and warrants are granted by the Company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black Scholes valuation model for options without market conditions and using the binomial method for those with market conditions, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

EMPLOYEE SHARE TRUST
Where an employee acquires an interest in shares in the Company jointly with the Obtala Resources Employee Share Trust, the fair value benefit at the purchase date is recognised as an expense, with a corresponding increase to the share based payment reserve within equity on a straight-line basis, over the period to the earliest date on which the employee becomes entitled to benefit from a realisation mechanism.

The fair value benefit is measured using a Black Scholes valuation model, taking into account the terms and conditions upon which the jointly owned shares were purchased.

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, sale restrictions, and behavioural considerations.

INVENTORIES
Inventories, are stated at the lower of cost-of-production on the weighted average basis or estimated net realisable value. Cost of production includes direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business.

PENSION COSTS
Contributions by the Group to personal pension schemes are charged to profit or loss on a straight-line basis as they become due.

TAXATION

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

The tax payable is based on taxable profit for the year. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the consolidated financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets, liabilities, revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Fair value of biological asset

The methods and assumptions used in determining the fair value of standing timber within the forestry concessions held has been based on discounted cash flow models which require a number of significant judgements to be made by the directors in respect of sales price, production levels, operational cost and discount rates. In considering the fair value of the forestry concession the directors have commissioned, a valuation report that was undertaken by Honour Capital, an independent consultancy that specialises in providing a comprehensive forestry investment and management services, and regulated and authorised to conduct investment appraisals and analysis of forestry by the Royal Institution of Chartered Surveyors (RICS).

This report considers 11 concession areas of Miombo hardwood forest in three locations or blocks within northern Mozambique with a total area of 279,965 hectares. The concessions are granted by the Mozambican Government for a 50 year term once the necessary management plan, community consultation and administrative process is completed, and is renewable thereafter. The Group has the secured the rights to the 11 concessions. Management plans for the concessions and a community consultation are underway and are being reviewed by the Mozambican Government. This process is expected to be complete before the end of 2014.

Harvesting levels are regulated by the Annual Permitted Cut ("APC") (total m3 per species) set in the management plan and approved at Provincial government level. Predicted production levels used in the valuation report are based on a percentage of the annual permitted cut to ensure continued sustainability.

The volume of timber to be harvested has been estimated based on the assumption that:

- not all the APC will be harvested in any one year; and
- the proportion of the APC to be harvested in any one year will increase over the first three years and then remain constant.

The valuation model accommodates uncertainties over the actual levels of available timber and reflects the variability of the woodland types and content. Over the 10 year period under consideration the average proportion of the total APC to be harvested by the whole company is 60% but never exceeds 67% across all the concessions.

The Group will look to make initial capital investments through self-funding and investments to scale up production levels based on recommendations provided. The Group is actively working a number of orders and will seek to build the order book in line with the valuation model. To support the planned increased production level the Group will seek to engage additional personnel on both production and sales.

Impairment of intangible exploration and evaluation assets
The Group is required to perform an impairment review, for each CGU, when facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. The recoverable amount is based upon the Directors' judgements and is dependent upon the discovery of economically recoverable ore reserves, the ability of the Group to obtain necessary financing and on-going licence renewal to complete development until the technical feasibility and commercial viability of extracting a mineral resource becomes demonstrable, at which point the value is estimated based upon the present value of the discounted future cash flows. An impairment charge of £nil (2013: £2,323,000) was recognised in the year and the carrying value of intangible exploration and evaluation assets at 31 December 2014 was £16,080,000 (2013: £55,891,000).

ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

		Effective date
IAS 16 and IAS 38	Property, Plant and Equipment and Intangible Assets. Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation).	1 January 2014
IAS 24	Related Party Disclosures. Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	1 January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities. The amendments provide additional guidance in respect of offsetting financial instruments and therefore changes have also been made to IFRS 7 as noted below	1 January 2014
IFRS 3	Business Combinations. Amendments resulting from Annual Improvements 2011-2013 Cycle (scope exception for joint ventures	1 January 2014
IFRS 8	Operating Segments. Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	1 January 2014
IFRS 12	Disclosure of interests in other entities. Amendments for investment entities.	1 January 2014
IFRS 9	Financial Instruments. IAS 39 will be replaced by this standard over 3 phases. IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts plus requirements on accounting for financial liabilities.	1 January 2015**

** not yet endorsed by the EU

Following the adoption of these standards there has been no change to the group accounting policies and there has been no material impact on the financial statements of the Group.

ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

Standard	Description	Impact on initial application	Effective Date
	Annual Improvements to IFRSs 2012-2014 Cycle	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards.	1 January 2016
IFRS 9	Financial Instruments	Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so-called ‘own credit’ issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.	1 January 2018
IFRS 10 and IAS 28	Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Addresses the conflicts between IAS 27 and IFRS 10 and the conflicts between IAS 28 and SIC-13 and IAS 28 (2011) in respect of the recognition of gains or loss on loss of control of a subsidiary.	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Amendments: Investment Entities: Applying the Consolidation Exception	Clarifies that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. This clarification extends to the equity method for entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 clarifies that an investment entity is not excluded from the scope of the standard.	1 January 2016
IFRS 11	Amendments: Accounting for Acquisitions of Interests in Joint Operations	Introduces guidance as to how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations. Proposes that a joint operator should apply the relevant principles for business combinations accounting in IFRS 3 and other relevant IFRSs when accounting for these acquisitions.	1 January 2016
IFRS 14	Regulatory Deferral Accounts	Enhances comparability of financial reporting by entities that are engaged in rate-regulated activities. Permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, the effect of rate regulation must be presented separately from other items. Entities already preparing IFRS financial statements are not eligible to apply the standard.	1 January 2017
IFRS 15	Revenue from Contracts with Customers	Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple-element arrangements.	1 January 2016

Standard	Description	Impact on initial application	Effective Date
IAS 1	Amendments: Disclosure initiative	Amended to further clarify the concept of materiality, namely that it is applicable to the financial statements as a whole, not just the primary statements and that it applies to specific disclosures required by an IFRS and, therefore, an entity does not have to disclose information required by an IFRS if that information would not be material.	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants	Bearer plants brought into the scope of IAS 16 because their operation is similar to manufacturing. Initial measurement at cost, then accounting choice either cost or revaluation model may be applied to each class of bearer plant. Related agricultural produce remains in scope of IAS 41.	1 January 2016
IAS 16 and IAS 38	Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation	Clarifies that preparers should not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets.	1 January 2016
IAS 27	Amendments: Equity Method in Separate Financial Statements	Restoration of the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	1 January 2016

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

2. LOSS ON DERIVATIVE FINANCIAL INSTRUMENTS

	2014 £000	2013 £000
Loss on disposal	(736)	(68)
Decrease in fair value	-	(3,057)
Loss on derivative financial instruments	(736)	(3,125)

3. SEGMENTAL REPORTING

Segmental information is presented on the basis of the information provided to the Chief Operating Decision Maker ("CODM"), which is the board of directors.

The Group is currently in the process of exploration and development of mineral projects, agriculture, forestry as well as retail. In addition, the Group undertakes investing activities, which are based in Guernsey. These are the Group's primary reporting segments.

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2014:

	Exploration and development £000	Agriculture and forestry £000	Investing activities £000	Retail £000	Intra-group elimination £000	Total £000
INCOME STATEMENT						
Turnover	-	636	-	1,054	-	1,690
Cost of Sales	-	(2)		(853)		(855)
Gross profit	-	634	-	201	-	835
Loss on derivative financial instruments	-	-	(736)	-	-	(736)
Loss on disposal of subsidiary	-	-	(20,987)	-	-	(20,987)
Gain on fair value of investment	-	-	749	-	-	749
Operating costs	-	(1,191)		-	-	(1,191)
Administrative expenses	38	(623)	(1,796)	(235)	-	(2,616)
Depreciation	-	(282)	-	(12)	-	(294)
Segment operating (loss)/profit before interest	38	(1,504)	(22,728)	(46)	-	(24,240)
Finance income	-	-	-	-	-	-
Finance costs	-	-	109	-	-	109
Profit before tax	38	(1,504)	(22,619)	(46)	-	(24,131)
Taxation	-	-	-	-	-	10,198
Profit after tax	-	-	-	-	-	(13,933)
NET ASSETS						
Assets	17,322	107,892	18,017	2,001	(13,287)	131,945
Liabilities:						
Deferred tax liability	-	(33,226)	-	-	-	(33,226)
Other	(4,316)	(9,453)	(4,740)	(155)	13,287	(5,377)
Net assets	13,006	65,213	13,433	1,846	-	93,342
OTHER SEGMENT ITEMS						
Capital expenditure:						
Property, plant and equipment	-	12	-	282	-	294
Intangible exploration and evaluation assets	-	-	-	-	-	-

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2013:

	Exploration and development £000	Agriculture and forestry £000	Investing activities £000	Intra-group elimination £000	Total £000
INCOME STATEMENT					
Turnover	-	455	-	-	455
Cost of sales	-	151	-	-	151
Gross Profit	-	304	-	-	304
Losses on derivative financial instruments	-	-	(3,125)	-	(3,125)
Revaluation of forestry assets	-	107,379	-	-	107,379
Share of losses of associate	-	-	(570)	-	(570)
Operating costs	-	(1,323)		-	(1,323)
Administrative expenses	(524)	-	(2,084)	-	(2,608)
Depreciation	-	(613)	(2)	-	(615)
Share based payment	-	-	(751)	-	(751)
Loss on disposal of associate	-	-	(21,170)	-	(21,170)
Impairment of assets	(2,323)	-	-	-	(2,323)
Segment operating (loss)/profit before interest	(2,847)	105,747	(27,702)	-	75,198
Finance income	-	-	-	-	-
Finance costs	-	-	(389)	-	(389)
Profit before tax	(2,847)	105,747	(28,091)	-	74,809
Taxation				-	(34,361)
Profit after tax				-	40,448
NET ASSETS					
Assets	57,552	110,008	15,773	(13,130)	170,203
Liabilities:					
Deferred tax liability	(8,948)	(34,361)	-	-	(43,309)
Other	(7,064)	(5,936)	(4,629)	13,130	(4,499)
Net assets	41,540	69,711	11,144	-	122,395
OTHER SEGMENT ITEMS					
Capital expenditure:					
Property, plant and equipment	94	1,044	-	-	1,138
Intangible exploration and evaluation assets	1,241	-	-	-	1,241

4. OPERATING LOSS

	2014 £000	2013 £000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	295	615
Staff costs (see note 5)	829	1,547
Agriculture and forestry costs	425	1,747
Professional and regulatory fees	147	492
Impairment of assets (see notes 13 and 14)	-	2,323
Foreign exchange gain on operating activities	(8)	214
Share based payments	-	751
Operating lease rentals:		
Land and buildings	-	56
Auditor's remuneration:		
Audit services		
- fees payable to the Company auditor for the audit of the consolidated accounts	37	42
Fees payable to associates of the Company auditor for other services		
- auditing the accounts of subsidiaries pursuant to legislation	37	42

5. STAFF COSTS

	2014 Number	2013 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	14	24
Agriculture and forestry	201	188
Retail	160	-
Mining	-	20
	375	232

	£000	£000
The aggregate remuneration comprised:		
Wages and salaries	803	1,330
Social security costs	26	37
Share based payments	-	180
	829	1,547

Directors' remuneration included in the aggregate remuneration above comprised:	£000	£000
Emoluments for qualifying services	577	463

Included above are emoluments of £226,000 (2013: £187,000) in respect of the highest paid Director. No pension contributions were made on behalf of the Directors.

6. FINANCE INCOME

	2014 £000	2013 £000
Bank interest receivable	109	-

7. FINANCE COSTS

	2014 £000	2013 £000
Bank interest payable	-	(11)
Fair value of warrant issued	-	(178)
Financing fee payable	-	(200)
	-	(389)

8. TAXATION

	2014 £000	2013 £000
CURRENT TAX:		
Corporation tax on loss for the year	-	-
Adjustments in respect of prior period	-	-
DEFERRED TAX:		
Origination and reversal of temporary differences	(10,198)	34,361
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	(10,198)	34,361

Group	£000	£000
The tax assessed for the year varies from the standard rate of corporation tax as explained below:		
Loss on ordinary activities before tax	(24,131)	74,809
Loss on ordinary activities multiplied by the average rate of corporation tax of 24.5% (2013: 24.5%)	(5,912)	18,328
Effects of:		
Different tax rates in areas of operations	72	1,617
Difference in tax rates on intangible assets	(2,165)	8,035
Non-deductible expenditure of disposal of subsidiary/associate	(2,193)	5,187
Expenses not deductible for tax purposes	-	716
Tax losses carried forward on which no deferred tax recognised	-	202
Other	-	276
GROUP TAX CHARGE/(CREDIT) FOR THE YEAR	(10,198)	34,361

The prevailing tax rates of the operations of the Group range between 20% and 35%. Therefore a rate of 24.5% has been used as it best represents the weighted average tax rate experienced by the Group. The Group has estimated losses of £8.7 million (2013: £3.0 million) available for carry forward against future profits generated in Lesotho. No deferred tax assets have been recognised in respect of losses due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely.

The movement in the year in the Group’s net deferred tax position was as follows:

Deferred tax liabilities	2014 £000	2013 £000
At 1 January	43,310	9,127
Increase in deferred tax liability	-	34,361
Part disposal of subsidiary	(8,949)	-
Effects of foreign exchange	(1,135)	(178)
At 31 December	33,226	43,310

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9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding own shares held jointly by the Obtala Resources Employee Share Trust, "The Trust", and certain employees.

Dilutive earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares, being share options and the shares held by the Trust and certain employees.

	2014 £000	2013 £000
(Loss)/Profit for the year from continuing operations :	(2,388)	22,975
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	263,260,664	259,794,957
Less: weighted average number of own shares held during the year	-	(16,299,378)
Weighted average number of ordinary shares used in calculating earnings per share	263,260,664	243,495,579
Number of options and own shares with dilutive effects	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	263,260,664	243,495,579
Earnings per share from continuing operations		
Basic (pence)	(5.09)	9.44
Diluted (pence)	(5.09)	9.44
(Loss)/Profit per share from continuing operations:		
Earnings from continuing operations	**(2,388)**	**22,975**
Basic (pence)	(5.09)	9.44
Diluted (pence)	(5.09)	9.44

There is no dilutive effect of options and own shares due to the Group's share price during the year.

10. INVESTMENTS IN SUBSIDIARIES

At 31 December 2014 the Group has the following subsidiaries:

UNDERTAKING	Sector	Country of incorporation	% of issued ordinary share capital and voting rights
Obtala Limited [1]	Holding Company	England & Wales	100.0
Obtala Services Limited [1]	Professional and administration	England & Wales	100.0
Obtala Resources (T) Limited [2]	Resources	Tanzania	100.0
Mindex Invest Limited [2]	Resources	British Virgin Islands	100.0
Uragold Limited [2]	Holding Company	England & Wales	100.0
Uragold (T) Limited [4]	Resources	Tanzania	75.0
Montara Continental Limited [3]	Forestry	Seychelles	75.0
Montara Mozambique Limitada [5]	Dormant	Mozambique	58.5
Montara Land Company Limited [3]	Agriculture	Tanzania	75.0
Montara Forest Limited [5]	Dormant	Mozambique	58.5
Jardins de Mozambique Lda[5]	Forestry	Mozambique	75.0
Jardim Zambezia Lda[5]	Forestry	Mozambique	75.0
Florestal Lda[5]	Forestry	Mozambique	75.0
Madeiras S.L. Lda[5]	Forestry	Mozambique	75.0
Renholn Holdings Inc[3]	Resources	British Virgin Islands	80.0

UNDERTAKING	Sector	Country of incorporation	% of issued ordinary share capital and voting rights
African Home Stores Limited	Holding Company	Guernsey	100.0
Lifes' Comfort Solutions(Pty)ltd	Retail	Lesotho	72.69
Gemstones of Africa Limited [6]	Dormant	England & Wales	82.9
Magole Agriculture Limited[5]	Agriculture	Tanzania	60.0
Argento Corp[5]	Forestry	Seychelles	75.0
Argento Mozambique Limitada[5]	Forestry	Mozambique	74.6
Dillane Corp	Holding Company	British Virgin Islands	100.0
Milama Agricultural Company Ltd	Agriculture	Tanzania	80.0
Milama Processing Company Ltd	Agriculture	Tanzania	80.0
African Home Stores(Pty)Ltd	Retail	Lesotho	90.0
African Home Stores SA(Pty)Ltd	Retail	South Africa	90.0
Altadis International Limited [1]	Dormant	British Virgin Islands	100.0
Mountain Kingdom Foods(Pty) Ltd	Processing	Lesotho	70.0
Nambendo Holdings Ltd	Dormant	Tanzania	70.0
Halkyn Incorporated [1]	Dormant	Seychelles	100.0
Ilakon Limited [1]	Dormant	Seychelles	100.0

[1] Held directly by the Company
[2] Held by Obtala Limited
[3] Held by Mindex Invest Limited
[4] Held by Uragold Limited.
[5] Held by Montara Continental Limited
[6] Held by Obtala Services Limited
* Quoted on AIM

Obtala Limited and Uragold Limited operate wholly or mainly in England & Wales; Mindex Invest Limited, Obtala Resources (T) Limited, Uragold (T) Limited, Montara Continental Limited, Montara Forest Limited and Montara Mozambique Limitada operate wholly or mainly in Tanzania and Mozambique.

All of the subsidiaries are included in the consolidated financial statements.

11. ACQUISITION OF SUBSIDIARY

On 29 October 2014 the Company acquired a 72.69% controlling interest in Lifes' Comfort Solutions (Pty) Limited ("LCS"), a private Lesotho registered company, which operated five departmental home solution retail outlets within Lesotho. As a result of the acquisition the group is expected to increase its presence in Lesotho.

The following table summarises the consideration paid for LCS, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

	£000
Consideration as at 1 November 2014	527
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Fixed Assets	367
Inventory	1,699
Trade and other receivables	187
Cash	6
Trade Payables	(1,224)
Non Controlling Interests	(248)
TOTAL IDENTIFIBLE ASSETS	527

LCS contributed £1 million to revenue and £57,448 to losses for the period between the date of acquisition and the reporting date. If it was acquired at the beginning of the year then it would have contributed £6,087 million in turnover and a loss of £562,400 to losses.

12. DISPOSAL OF SUBSIDIARY UNDERTAKING

Deemed Partial Disposal of Subsidiary Undertaking
On 10 January 2014 Paragon Diamonds Limited issued 6,000,000 new ordinary shares to Lanstead Capital L.P. to settle its fee for the equity swap at a price of 5p per share.

On 10 January 2014 Paragon Diamonds Limited issued 1,000,000 at a price of 5pence each to Directors

On 19 November 2013 and 14 January 2014 Paragon Diamonds Limited issued 60,000,000 and 6,000,000 new ordinary shares in Paragon at a price of 5 pence per share for consideration of £600,000 cash and £1,474,000 in respect of an equity swap agreement being accounted for as a derivative financial instrument. The issue of new shares in Paragon to non-controlling interests created a deemed disposal for the Group resulting in a dilution of interest in subsidiary of £3,709,000.

Disposal of Subsidiary Undertaking
At 21 August 2014, the Group entered into an agreement to settle the loan note due from Paragon for consideration of £998,000 leading to loss of control over the subsidiary. The loss before tax of Paragon from 1 January up to the date of disposal was £687,000 (2013: loss of £1,322,000).

Based on the book values of the net assets disposed of, the related sales proceeds and the fair value of remaining shares held, the loss on the disposal of Paragon is £20,987,000, as summarised below:

	£'000
Fair value of shares as at 21/08/14	3,189
Consideration for loan note	998
Total consideration	**4,187**
Net assets at date of disposal	25,175
Loss on Disposal	(20,987)

13. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Mindex licences £000	Paragon Diamonds licences £000	Montara & Altadis licences £000	Total licences £000
AT 1 JANUARY 2013	17,744	41,151	62	58,957
Expenditure on exploration and evaluation	-	1,241	-	1,241
Impairment charge for the year	(2,323)	-	-	(2,323)
Foreign exchange differences	(227)	(1,757)	-	(1,984)
AT 31 DECEMBER 2013	15,194	40,635	62	55,891
Disposal of subsidiary	-	(40,635)	-	(40,635)
Impairment charge for the year		-	-	-
Foreign exchange differences	824	-	-	824
AT 31 DECEMBER 2014	16,018	-	62	16,080

During the year depreciation of mining equipment of £nil was capitalised (2013: £267,000).

Impairment
The Directors have considered the following factors when considering whether there have been any indicators for impairment of the exploration and evaluation assets:

- Geology and lithology on each licence as outlined in the most recent CPRs (independent Competent Person's Reports from mining and earth resources consultants)
- The expected useful lives of the licences and the ability to retain the license interests when they come up for renewal
- Comparable information for large mining and exploration companies in the vicinity of each of the licenses
- History of exploration success in the regions being explored
- Local infrastructure
- Climatic and logistical issues; and
- Geopolitical environment

After considering these factors the Directors have recognised a charge of £nil (2013: £2.3 million) relating to the impairment of four licences that have expired and the Directors have not undertaken to renew.

As at 31 December 2014 applications to renew two licences with a carrying value of £12.5 million (2013: £16.3 million) had been submitted to the Tanzanian government but at the date of issuance of this report these renewals had not been completed. The Directors however, have no reason to believe the renewals will be unsuccessful.

14. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings £000	Motor vehicles £000	Plant & equipment £000	Fixtures & IT £000	Total £000
COST					
AT 1 JANUARY 2013	1,013	221	2,383	58	3,675
Additions	215	33	891	-	1,139
Effects of foreign exchange	(33)	(6)	(142)	1	181
AT 31 DECEMBER 2013	1,195	248	3,132	58	4,633
Additions	12	-	28	-	40
New acquisition	-	20	-	733	753
Part disposal of subsidiary	(123)	-	(1,382)	(56)	(1,561)
Effects of foreign exchange	-	68	68	1	137
AT 31 DECEMBER 2014	1,084	-	1,846	736	4,002
DEPRECIATION					
AT 1 JANUARY 2013	114	78	607	46	845
Charge for the year	101	73	707	1	882
AT 31 DECEMBER 2013	215	151	1,314	47	1,727
Part disposal of subsidiary	(150)	154	(845)	(45)	(886)
New acquisition	-	19	-	292	311
Charge for the year	40	11	232	12	295
AT 31 DECEMBER 2014	105	335	701	306	1,447
NET BOOK VALUE					
AT 31 DECEMBER 2014	979	1	1,145	430	2,555
AT 31 DECEMBER 2013	980	97	1,818	11	2,906
AT 31 DECEMBER 2012	899	143	1,776	12	2,830

*During the year depreciation of mining equipment of £nil (2013: £267,000) was capitalised to intangible exploration and evaluation assets.

15. BIOLOGICAL ASSET

	2014 £000	2013 £000
Carrying value at beginning of year	107,379	-
Change in Fair value of biological asset	-	107,379
Foreign exchange adjustment	(3,547)	-
Carrying value at end of year	103,832	107,379

With the work conducted in the year to ascertain a more accurate measure of timber specie within the concessions and to ensure operational viability to enable extraction of the timber to the local market this is the second year in which a fair value can be reliably assessed and therefore the standing timber can be fair valued. The increase in fair value is an unrealised gain and has been recognised along with the deferred tax liability in the consolidated statement of comprehensive income in the period.

The Group's main class of biological assets comprise forestry concessions which hold a range of hardwoods. Biological asset are carried at fair value less estimated costs to sell. The biological assets was fair valued by Crispin Golding MICFor of Honour Capital Limited.

Fair values have been determined by discounting a 10 year cash flow projection (Level 3 of the fair value hierarchy) for 11 concession areas located in 3 separate blocks in northern Mozambique after taking into account the following assumptions:

- NPV based on a 10 years cash flow on concessions valid for 50 years
- 10 year operational sales revenues forecast at $395million
- discount rate used of 12%. At a 8% discount rate the fair value would be £130.7m, at 15% £93.4 million
- total area of 279,965 hectares.
- total actual and estimated annual permitted cut ("APC") is 71,348m3/year on a 20 year cycle.
- not all the APC will be harvested in any one year;
- the proportion of the APC to be harvested in any one year will increase over the first three years and then remain constant.
- predicted production levels used in valuation report average 60% of the annual permitted cut
- average annual production of sawn timber is expected to be 23,580m3.
- production costs are an average of $308/m3 of product sold.
- the weighted average sale price of the sawn timber is $1,677/m3, this is heavily influenced by sales of black wood budgeted at $10,000/m3.

The Group has the secured the rights to the 11 concessions. Management plans for the concessions and a community consultation are underway and are being reviewed by the Mozambican Government. This process will be completed during 2015.

The following sensitivity analysis shows the effect of an increase or decrease in significant assumptions used:

	Fair value of biological asset £000
Effect of increase in discount rate by 1%	(4,956)
Effect of decrease in discount rate by 1%	5,299
Effect of 10% increase in volume of production	5,279
Effect of 10% decrease in volume of production	(5,576)
Effect of 10% increase in sales price	13,965
Effect of 10% decrease in sales price	(13,965)

16. TRADE AND OTHER RECEIVABLES

	2014 £000	2013 £000
Trade receivables	61	-
Other receivables	754	166
Prepayments and accrued income	15	27
	830	193

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

17. INVENTORIES

	2014 £000	2013 £000
Diamonds held for sale	-	38
Agriculture supplies	288	39
Retail merchandise	1,063	-
	1,351	77

18. INVESTMENTS

	Short term Investments £000	Available for sale investments £000	Investments in associate £000	Total £000
COST AND FAIR VALUE AT 1 JANUARY 2013	-	261	25,370	25,631
Disposals	-	-	(24,800)	(24,800)
Share of losses	-	-	(570)	(570)
COST AND FAIR VALUE AT 31 DECEMBER 2013	3,189	261	-	261
Additions	(272)	-	-	-
Share of losses	1,021	(171)	-	(171)
COST AND FAIR VALUE AT 31 DECEMBER 2014	3,938	90	-	90

The addition to other investments in the year represents the fair value of the 90,470,582 shareholding in Paragon Diamonds Limited as at 21 August 2014. In November 2014 the Group disposed of a further 24,000,000 shares for consideration of £780,000 as part of the agreement with Titanium Capital Investments Limited, creating a loss on disposal of £272,000.

In October 2013 the Group disposed of its entire interest in Bushveld minerals for consideration of £3,630,000. This generated a loss on disposal of £21,170,000.

Bushveld Minerals has a reporting date of 28 February and as such the results included with these financial statements are the latest publicly available, being the unaudited loss for the period to 31 August 2013. In 2013 the investment in association contributed a loss of £570,000 for the year.

19. DERIVATIVE FINANCIAL ASSET

	2014 £000	2013 £000
Derivative financial asset – current	-	751
Derivative financial asset – non-current	-	607
	-	1,358

During 2013 Paragon Diamonds Limited (“Paragon”) entered into two financing agreements with Lanstead Capital L.P (“Lanstead”) which included an equity swap price mechanism in the region of 75% of the shares issued.

All of the voting rights are transferred on the date of the transaction with the consideration received monthly over a 24 month period. The actual consideration receivable will vary to the extent Paragon’s actual share price is greater or lower than the reference point of 6.67p. As the consideration is variable depending upon the Paragon’s share price, the agreement is treated as a derivative financial asset and revalued through the income statement with reference to the Group’s share price.

	Lanstead (June 2013)	Lanstead (November 2013)	Total
Number of unpaid shares outstanding 01/01/14	14,062,500	43,125,000	57,187,500
Share price at date of inception	6.13p	4.17p	
Disposal of subsidiary	(14,062,500)	(43,125,000)	(57,187,500)
Number of unpaid shares outstanding 31/12/14	-	-	-

	Lanstead (June 2013)	Lanstead (November 2013)	Total
Value of derivative at 01/01/14	332	1,026	1,358
Cash received during the year	(166)	(562)	(728)
Loss on fair value remeasured	(48)	(113)	(161)
Disposal of subsidiary	(118)	(351)	(469)
Value of derivative at 31/12/14	-	-	-

	Lanstead (June 2013)	Lanstead (November 2013)	Total
Number of unpaid shares outstanding 31/12/12	14,062,500	43,125,000	57,187,500
Share price at date of inception	6.13p	4.17p	
Disposal of subsidiary	(14,062,500)	(43,125,000)	(57,187,500)
Number of unpaid shares outstanding 31/12/13	-	-	-

	Lanstead (June 2013)	Lanstead (November 2013)	Total
Value of derivative at 31/12/12	322	1,026	1,358
Cash received during the year	166)	(562)	(728)
Loss on fair value remeasured	(48)	113)	(161)
Disposal of subsidiary	(118)	(351)	(469)
Value of derivative at 31/12/13	-	-	-

20. FINANCIAL DERIVATIVE INVESTMENTS

	Quoted investments 2014 £000	Quoted investments 2013 £000
Financial assets carried at fair value through profit or loss		
Derivative assets	-	1,358
Derivative liabilities	(2,960)	(2,578)

21. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are exploration, credit, foreign exchange and liquidity risks. The management of these risks is vested in the Board of Directors.

CATEGORISATION OF FINANCIAL INSTRUMENTS

2014 Financial assets/(liabilities)	Held for trading/ designated as FVTPL £000	Available for sale investments £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Total £000
Trade and other receivables	-	-	830	-	830
Available for sale investments	-	3,938	-	-	3,938
Cash and cash equivalents	-	-	3,269	-	3,269
Trade and other payables	-	-	-	(5,222)	(5,222)
Loan	-	-	-	(155)	(155)
	-	3,938	4,099	(5,377)	(2,660)

2013 Financial assets/(liabilities)	Held for trading/ designated as FVTPL £000	Available for sale investments £000	Loans and receivables £000	Financial liabilities at amortised cost £000	Total £000
Trade and other receivables	-	-	193	-	193
Available for sale investments	-	261	-	-	261
Derivative liabilities	(2,578)	-	-	-	(2,578)
Derivative asset	1,358		-	-	1,358
Cash and cash equivalents	-	-	2,138	-	2,138
Trade and other payables	-	-	-	(1,186)	(1,186)
Loan	-	-	-	(614)	(614)
	(1,220)	261	2,331	(1,800)	(428)

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 1 fair value measurements at 31 December 2014:

Derivative financial instruments	2014 £000	2013 £000
Opening balance	1,358	-
Additions	-	2,137
Repayment	-	(221)
Disposal	(1,358)	-
Net loss recognised in income statement	-	(558)
Total	-	1,358

EQUITY PRICE RISK

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for both strategic and trading purposes.

The Group’s sensitivity to equity prices has decreased in 2014 as the Group has reduced its investment portfolio.

MANAGEMENT OF EXPLORATION RISK

The Group is exposed to exploration risk in respect of its mineral licence projects. The Group mitigates this risk by having established mineral investment project appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

MANAGEMENT OF MARKET RISK

The most significant area of market risk to which the Group and Company are exposed is interest rate risk.

As the Group has no significant borrowings its risk is limited to the reduction of interest received on cash surpluses held.

GROUP	2014 Fixed rate £000	2013 Fixed rate £000	2014 Floating rate £000	2013 Floating rate £000	2014 Total £000	2013 Total £000
Cash and cash equivalents	-	-	3,269	2,138	3,269	2,138

The impact of a 10% increase/decrease in the average base rates would be £nil (2013: £nil) on the total cash and cash equivalents balances and on equity.

MANAGEMENT OF CREDIT RISK

The principal financial assets of the Company and Group are bank balances and derivative financial assets. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings. Cash is sometimes placed with certain institutions in support of trading positions. The Group deposits such funds with large well known institutions and the Directors consider the credit risk to be minimal.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

	2014 Carrying Value £000	2014 Maximum Exposure £000	2013 Carrying Value £000	2013 Maximum Exposure £000
Cash and cash equivalents	3,269	3,269	2,138	2,138
Derivative financial asset	-	-	1,358	1,358
Total	3,269	3,269	3,496	3,496

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

MANAGEMENT OF FOREIGN EXCHANGE RISK

The Group has a limited level of exposure to foreign exchange rate risk through their foreign currency denominated cash balances.

	2014 £000	2013 £000
Cash and cash equivalents		
GBP	2,789	2,074
ZAR	456	2
TZS	23	57
MZN	1	1
USD	-	4
Total	3,269	2,138

The table below summarises the impact of a 10% increase/decrease in the relevant foreign exchange rates versus the pound sterling rate, on the Group's pre tax profit for the year and on equity:

IMPACT OF 10% RATE CHANGE	2014 £000	2013 £000
Cash and cash equivalents	-	-

MANAGEMENT OF LIQUIDITY RISK

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at 31 December as set out below.

	2014 £000	2013 £000
Cash at bank	1,103	2,138
Cash with institutions in support of trading	2,166	-
	3,269	2,138

22. TRADE AND OTHER PAYABLES

	2014 £000	2013 £000
Trade and other payables	2,064	1,126
Accruals	35	60
	2,260	1,186

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

23. BORROWINGS

	2014 £000	2013 £000
Borrowings from non-controlling interests	155	614

24. SITE RESTORATION PROVISION

	£000
AT 1 JANUARY 2013	148
Foreign exchange differences	(30)
AT 31 DECEMBER 2013	118
Part disposal of subsidiary	(118)
AT 31 DECEMBER 2014	-

The Group was exposed to restoration, rehabilitation and environmental liabilities relating to its mining operations. Estimates of the cost of this work, including reclamation costs, close down costs and pollution control, were made on an ongoing basis, based on the estimated life of the mine.

25. SHARE CAPITAL

	Number	£000
Authorised:		
Ordinary shares of 1p each		
AT 1 JANUARY 2011, 31 DECEMBER 2011 AND 2012	Unlimited	Unlimited
Allotted, issued and fully paid:		
Ordinary shares of 1p each		
AT 1 JANUARY 2013	250,129,352	2,501
Issued in period	13,131,312	132
AT 31 DECEMBER 2013 AND 2014	263,260,664	2,633

Balances classified as share capital include the nominal value on issue of the Company's equity share capital, comprising ordinary shares of 1p each.

26. SHARE PREMIUM ACCOUNT

	2014	2013
	£000	£000
AT 1 JANUARY	11,528	10,441
Premium on issue of shares (see note 25)	-	1,087
AT 31 DECEMBER	11,528	11,528

Balances classified as share premium include the net proceeds in excess of the nominal share capital on issue of the Company's equity share capital.

27. MERGER RESERVE

	2014	2013
	£000	£000
AT 31 DECEMBER	28,543	28,543

The merger reserve arose on shares issued by Obtala Services Limited to acquire Obtala Resources Limited and on shares issued by Obtala Resources Limited to the previous owners of Obtala Services Limited under a scheme of arrangement concluded in August 2010.

28. MOVEMENT IN REVENUE RESERVE AND OWN SHARES

	Retained earnings	Own shares	Revenue reserve
	£000	£000	£000
AT 1 JANUARY 2013	17,009	(1,416)	15,593
Profit for the year	22,975	-	22,975
Purchase of own shares	-	(881)	(881)
Transfer from foreign exchange	1,940	-	1,940
Part disposal of subsidiary	(3,709)	-	(3,709)
AT 31 DECEMBER 2013	38,215	(2,297)	35,918
Loss for the year	(13,392)	-	(13,392)
Part disposal of subsidiary	8,546	-	8,546
AT 31 DECEMBER 2014	33,369	(2,297)	31,072

Retained earnings represents the cumulative profit attributable to the equity holders of the parent company.

Own shares represents the cost of Obtala Resources Limited shares purchased in the market and held by the Obtala Resources Limited Employee Share Trust jointly with a number of the Group's employees. At 31 December 2014 4,350,000 (2013: 4,350,000) shares in the Company were held by the trust (refer to note 30 for details of own shares).

29. CAPITAL AND OPERATING LEASE COMMITMENTS

The Group had total commitments at the reporting date under non-cancellable operating leases falling due as follows:

	Land & buildings and mining licences 2014	Land & buildings and mining licences 2013
	£000	£000
Within one year	68	17
Between one and two years	-	68
	68	85

30. SHARE BASED PAYMENTS

Obtala Option Scheme

The Group operates a share option plan, under which certain Directors and employees have been granted options to subscribe for ordinary shares. All options are equity settled. The options have an exercise price of 37.6p which was based upon the average value of the Group's ordinary shares for the ten days prior to the date of grant. The vesting period was generally 1 or 2 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The number and weighted average exercise prices of share options are as follows:

		2014		2013
	Number of share options	Weighted average exercise price per share (pence)	Number of share options	Weighted average exercise price per share (pence)
At beginning of year	1,000,000	37.6	1,000,000	37.6
Lapsed during the year	-	37.6	-	37.6
OUTSTANDING AT 31 DECEMBER	1,000,000	37.6	1,000,000	37.6

There were 1,000,000 share options outstanding at 31 December 2013 which were eligible to be exercised with a weighted average remaining contractual life of 4 years and 10 months (2013: 5 years and 10 months). To date no share options have been exercised. There are no market based vesting conditions attached to any of the share options outstanding at 31 December 2014.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. This is estimated based on the Black Scholes model which is considered most appropriate considering the effects of the vesting conditions, expected exercise price and the payment of the dividends by the Company. The fair value of each option is 5.14p (2013: 5.14p). A charge has been recognised in profit or loss of £nil (2013: £nil) for the year.

Jointly Owned Shares

The Obtala Resources Employee Share Trust ("the Trust") was established with Marlborough Trust Company Limited appointed as trustee ("the Trustee") to enable the Trust to acquire shares in the Company and to make interests in those shares available for the benefit of current and future employees of the Company and its subsidiaries.

On 18 October 2011, the Trustee purchased 2,100,000 ordinary shares of 1p each in the Company at a price of 32.75p per share. These shares were acquired jointly with a number of employees of the Group ("the Employees") pursuant to certain conditions set out in Joint Ownership Agreements ("JOAs"). Purchase of all the shares was initially funded in full by way of a loan contribution from the Company of £687,750 to the Trustee and the Employees have subsequently repaid to the Company the 1% of the purchase cost attributable to their initial interest in the jointly owned shares, amounting to £6,877. The Trust's interest in all the above shares have been classified as own shares and deducted from equity (see note 28).

Subject to meeting the conditions set out in the JOAs, most of any future increase in the value of the shares will accrue to the Employees by way of receipt of a proportionate number of wholly owned shares or at the option of the Trustee, an alternative realisation mechanism for an equivalent amount. The consequence of these conditions is that in most instances an Employee will only be able to benefit from an increase in the value of the Shares in equal tranches on or after each of the two consecutive annual anniversaries of purchase and provided the Employee has not ceased employment with the Group on or before the date that these conditions are met.

The Employees are also, under certain circumstances, able to benefit from an increase in the value of the shares on a takeover, change of control, scheme of arrangement or a voluntary winding-up of the Company. Where these conditions are not met, the Trustee has an option to acquire the Employee interests in the shares at a price equal to the original purchase cost paid by the Employee so that none of any increase in the value of the shares will accrue to the Employee. The following tables illustrate the number and weighted average market purchase prices of, and movements in, jointly owned shares during the year:

	2014 Number of shares	2014 Weighted average purchase price per share (pence)	2013 Number of shares	2013 Weighted average purchase price per share (pence)
At beginning of year	4,350,000	32.9	4,350,000	32.9
Jointly purchased during the year	-	-	-	-
OUTSTANDING AT 31 DECEMBER	4,350,000	32.9	4,350,000	32.9

The market purchase price for all of the jointly owned shares purchased during the year was nil (2013: 32.75p). No jointly owned shares were sold or redeemed during the year.

None of the relevant JOA conditions had been met by 31 December 2014.

The fair value of jointly owned shares purchased is estimated as at the date of purchase using a Black Scholes model, taking into account the terms and conditions upon which the jointly owned shares were purchased. The weighted average fair value of each share is 8p and a charge of £nil has been recognised as an expense in the year (2013: £nil).

On 20 March 2013 the Company issued 4,377,104 warrants with an exercise price of 18.56p per share. The warrants have been values using the Black Scholes model and charge taken in the income statement in 2013.

On 8 April 2013 the Company issued 4,377,104 warrants with an exercise price of 8.44p per share. The warrants have been values using the Black Scholes model and charge taken in the income statement in 2013.

On 21 May 2013 the Company issued 4,377,104 warrants with an exercise price of 7.69p per share. The warrants have been valued using the Black Scholes model and charge taken in the income statement in 2013

20,000,000 Warrants with an exercise price of 40p were issued to GEM as part of an equity line of credit agreement that was signed in November 2012, providing the Group with access to placing up to £10 million of new shares over a period of 3 years at a price of 10% below the market price prior to the instalments being requested. As at the date of this report, no funds had been drawn down under this agreement. The warrants have been valued using the Black Scholes model and will be charged through the profit and loss over the life of the equity line of credit. The assumptions used in valuing the warrants are a risk free rate of 2.5%, volatility of 50% an expected life of 3 year and a fair value calculated at 3.27p each.

There were no options exercisable at the reporting date.

31. NON-CONTROLLING INTERESTS

	£000
AT 1 JANUARY 2013	17,546
Non-controlling interests share of profits in the year	17,473
Non-controlling interests in share of foreign exchange movements	(513)
Non-controlling interests in net assets on partial disposal of subsidiary	6,930
AT 31 DECEMBER 2013	41,436
Non-controlling interests share of profits in the year	(541)
Non-controlling interests in share of foreign exchange movements	785
Non-controlling interests in net assets on part disposal of subsidiary	(24,643)
AT 31 DECEMBER 2014	17,037

The non-controlling interest in net assets on partial disposal represents the interest attributable to non-controlling interest as a result of the dilution of the Group's interest in Paragon Diamonds Limited to 31.35% at 31 December 2013.

The share of losses in the year represents the losses attributable to non-controlling interests for the year.

32. RELATED PARTY TRANSACTIONS

TRADING TRANSACTIONS

During the year the Group companies entered into the following transactions with related parties:

	2014		2013	
	Transactions in year £000	Balance at 31 December £000	Transactions in year £000	Balance at 31 December £000
Loans to subsidiary undertakings	(5,756)	4,309	2,524	10,065
Loans from subsidiary undertakings	341	166	(65)	(176)
Loans between subsidiary undertakings	1,336	8,457	2,293	7,121

	2014		2013	
	Transactions in year £000	Balance at 31 December £000	Transactions in year £000	Balance at 31 December £000
Transactions with other related parties:				
Property recharges	-	-	68	-

The advisory fees and property recharges are from ORA Capital Services Limited, a subsidiary of a former shareholder of the Company.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel comprised the Directors of the Company.

2014	Short-term employment benefits				
	Salaries & fees £000	Employer's national insurance contributions £000	Benefits £000	Share based payments £000	Total £000
Francesco Scolaro*	150	-	76	-	226
Simon Rollason	155	-	5	-	160
Grahame Vetch	78	-	4	-	82
Philippe Cohen	65	-	-	-	65
Tim Walker	29	-	-	-	29
Jean du Lac	15	-	-	-	15
	492	-	85	-	577

2013	Short-term employment benefits				
	Salaries & fees £000	Employer's national insurance contributions £000	Relocation expenses £000	Share based payments £000	Total £000
Francesco Scolaro*	150	-	37	-	187
Simon Rollason	160	-	-	-	160
Grahame Vetch	75	-	-	-	75
Philippe Cohen	17	-	-	-	17
	393	-	37	-	439

* In addition for Francesco Scolaro received a salary of £175,000 and bonus of £69,000 from Paragon Diamonds Limited for 2013

33. POST BALANCE SHEET EVENTS

The Company is, subject to Government approval, completing the acquisition of 50 years leases for two new concessions totalling 35,000 hectares in Mozambique to bring the total forestry area to 314,965 hectares. This provides a 13% increase in its current land holdings. The Board is pleased to announce that they have received a valuation from Honour Capital on forestry report on the Mozambique assets. This report was concluded on 1 June 2015. The area being valued consists of two blocks, totalling 35,000 hectares, of native forest concession in Mozambique. These two blocks are held by Northern Ridge Lda, a wholly-owned subsidiary of Montara.

The Northern Ridge concession is valued at £8.6 million at a 15% discount.

34. ULTIMATE PARENT COMPANY

At 31 December 2014 the Directors do not believe that there was an ultimate controlling party.

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of Obtala Resources Limited (registration number 52184) will be held at the Company's registered office, Dixcart House, Sir William Place, St Peter Port, Guernsey, GY1 1GX on 11th August 2015 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

1. To receive and adopt the Directors' Report, the Audited Statement of Accounts and Auditor's report for the year ended 31 December 2014.

2. To re-elect Francesco Scolaro as a director of the Company, who retires by rotation pursuant to the Articles of Incorporation of the Company.

3. To re-elect Simon Rollason as a director of the Company, who retires by rotation pursuant to the Articles of Incorporation of the Company.

4. To re-elect Emma Priestley as a director of the Company, who retires by rotation pursuant to the Articles of Incorporation of the Company.

5. To re-appoint Baker Tilly Channel Islands Limited as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass the following resolutions, of which Resolution 6 will be proposed as an ordinary resolution and Resolutions 7 and 8 will be proposed as special resolutions:

Allotment of shares

6. THAT the Directors be hereby generally and unconditionally authorised, in substitution for all previous powers granted to them, pursuant to Article 8 of the Company's Articles of Incorporation ("the Articles") to exercise all the powers of the Company to allot and make offers to allot equity securities (as defined in Article 8 of the Articles) up to an aggregate nominal amount of £789,518.73 provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2016 save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as the authority conferred hereby had not expired.

Disapplication of pre-emption rights

7. THAT the Directors be authorised and empowered, in substitution for all previous powers granted to them, pursuant to Article 9 of the Articles to allot equity securities (as defined in Article 8 of the Articles) for cash pursuant to the authority referred to in resolution 6 above as if Article 9.2 of the Articles did not apply to any such allotment provided that this power should be limited to the allotment of equity securities:

   a. on a pro rata basis to the holders of ordinary shares in the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;

b. with an aggregate nominal amount of £394,759.36 otherwise than pursuant to paragraph 7a above; and

c. this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2016 save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as the authority conferred hereby had not expired.

Buy-back of shares

8. THAT, the Company be generally and unconditionally authorised for the purposes of Article 50.3 of the Articles to make market purchases (as defined in Article 50.5 of the Company's Articles) of ordinary shares of the Company on such terms and in such manner as the directors of the Company shall determine provided that:

a. the maximum aggregate number of ordinary shares which may be purchased is 52,652,132 ordinary shares;

b. the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;

c. the maximum price (excluding expenses) which may be paid for any ordinary share does not exceed 5 per cent. above the average closing price of such shares for the five business days on the London Stock Exchange prior to the date of purchase; and

d. this authority shall expire at the conclusion of the next annual general meeting of the Company unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority, in which case such purchase may be concluded wholly or partly after such expiry).

On behalf of the Board

Philippe Cohen
Director

30th June 2015

Registered office:
Dixcart House
Sir William Place
St Peter Port
Guernsey
GY1 1GX

Entitlement to attend and vote

1. The time by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting is 6.00 pm on 11th August 2014. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midland B63 3DA; and received by Neville Registrars no later than 11.00 a.m. on 11th August 2014.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midland B63 3DA.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 11.00 a.m. on 11th August 2014. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

9. As at 6.00 p.m. on 25th June 2014, the Company's issued share capital comprised 263,260,664 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 25th June 2014 was 263,260,664.

Documents on display

10. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends excepted) from the date of this notice until 13th August 2014 and at the place of the Meeting for 15 minutes prior to and during the Meeting:

a) copies of the service contracts of executive directors of the Company; and
b) copies of letters of appointment of the non-executive directors of the Company.

Crest proxy instructions

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 11.00am on 13 August 2014 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Neville Registrars Limited (CREST Participant ID: **7RA11**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.