Obtala
Resources Limited

Company number: 52184

Annual Report 2015

Obtala Resources Limited
CONTENTS

DIRECTORS

Miles Pelham	(appointed 16 August 2015)	*(Non-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)	(*Executive Deputy Chairman*)
Emma Priestley	(appointed 10 March 2015; resigned 30 April 2016)	*(Executive Director)*
Jean du Lac		*(Non-executive Director)*
Kevin Milne	(appointed 16 August 2015)	*(Deputy Chairman)*
Francesco Scolaro		(*Non-executive Director)*

COMPANY SECRETARY
William Place Secretaries Limited

COMPANY NUMBER
52184 (Guernsey)

COMPANY WEBSITE
www.obtalaresources.com

REGISTERED OFFICE
Dixcart House
Sir William Place
St Peter Port
Guernsey GY1 1GX

NOMINATED ADVISER
ZAI Corporate Finance Limited
1 Hobhouse Court
Suffolk Street
London SW1Y 4HH

BROKER
Brandon Hill Capital
1 Tudor Street
London EC4Y 0AH

AUDITOR
RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

LEGAL ADVISER
Carey Olsen
Les Banques
St Peter Port
Guernsey GY1 4BZ

REGISTRAR
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen, B63 3DA

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 2015.

The Company continued to make good progress in its transition to become a highly focussed African agriculture and forestry company through the year ended 31 December 2015. The production and supply chain development continues to advance, resulting in the successful creation of an asset platform from which we can expect significant growth.

The focus for the agribusiness has been the Tanzanian operations, which over the last three years have created an aspiring horticultural farming enterprise for fresh produce to supply the domestic market. This is complemented with an on-site processing facility, to produce a range of high quality dried fruits, which are packaged and branded under our own "Mama Jo's" label. During the year, considerable effort and investment was undertaken to successfully secure the two key farm and food safety certifications which are required to allow the Company to export fresh produce to higher margin export markets. The GlobalG.A.P. certification; the internationally accepted benchmark standard for farm production and BRC certification; focussing on food safety and quality, are pre-requisites for all international retailers.

With these certifications in place our attention has turned to developing the international distribution chain, and in November 2015 we announced a Memorandum of Understanding with Grupo Cabal, an established international fruit trading company to provide them with fresh produce for distribution through their supply and distribution chain, as well as working together for the planned creation of a banana plantation on our land. We look forward to reporting further progress in the coming year as our "plant to order" programme is implemented. As we currently utilise less than 5% of our land bank, there is significant existing capacity to increase production and output. It is also very pleasing to report that the required investment to get the necessary infrastructure in place for our agribusiness was executed without the need to secure any external investment or shareholder dilution.

The focus for our forestry business remains the operations in Mozambique. We continue, as in previous years, to supply timber products for national infrastructure upgrade programmes and for the domestic market. We also continue to develop the export market opportunities for our timber. We are aiming to capitalise on the market dynamic of increasing global demand for high quality timber products, whilst supply is becoming more constrained as sustainable harvesting practices cannot meet either current or predicted demand. We now have over 314,000 hectares of forestry concessions all with required management plans either agreed or advanced stages of being agreed with Mozambique government and authorities. Our "cut to order" programme is well advanced with initial orders received from South Africa, Asia and the Middle East. These orders are very encouraging and should lead to a significant acceleration of the growth of our forestry business. Global appetite for high quality and high value timber products is buoyant and we are well positioned by having access to large and environmentally sustainable supply of desirable timber species.

During the year we considered a number of strategic options to optimise shareholder value relating to our forestry assets, including spinning them out into a separate listed entity. After much consideration, it was concluded that, whilst the value, as evidenced by the 2014 independent valuation of the forestry assets, to which a further uplift of £8.6m was added in 2015 relating to further concession grants, was not fully reflected in the company's valuation, shareholder interest would be better served by the rollout of an in-house "cut to order" export program. It is pleasing to report that the export program is progressing well and results are promising.

Overall we feel the equity market has not recognised the value of the Company's assets, which is true of many companies, particularly on the AIM market. We believe that the company's strong focus on the two synergistic business platforms of agriculture and forestry will deliver strong growth, high margins and significantly increased, long-term, shareholder value. The business we are building is based on long-term investment programmes which, as we move from development to execution phase will provide a platform to deliver future sustainable profitability and growth, generating revenues with the focus on strong margins. Over the reporting period in 2015 we have made substantial capital investments into the projects without any dilution to shareholders.

Mineral exploration in Tanzania

The Board has taken the considered decision to relinquish these non-core licences to maintain our focus on our farming and timber projects. Given the limited interest in grassroots mineral exploration coupled with the sharp fall in commodity prices, and absence of funding opportunities for early stage mining exploration, the Board unanimously agreed to relinquish these licences resulting in an impairment charge of £16.08 million during the year.

Financial results

The Group remained largely development focused in the year ended 31 December 2015 and generated £3.69m of revenue versus 2014 of £1.69m. The loss after tax attributable to shareholders for the year amounted to £16.8m versus the 2014 loss of £13.4m. Before the impairment of the mineral assets, the group made a profit before tax of £5.7m (2014: loss before tax £3.14m) before loss on disposal of subsidiary.

The Group has a strong balance sheet with net equity attributable to shareholders of Obtala at 31 December 2015 amounting to £81.7m versus 2014 at £93.3m. Total assets amounted to £121.7m versus 2014 at £131.9m. Intangible exploration assets are now carried at nil value versus 2014 at £16.1m.

Directorate changes

I joined the Board as a Non-Executive director in August 2015, becoming Chairman in April 2016 in place of Francesco Scolaro who relinquished that role but remains on the Board as a Non-Executive director. Kevin Milne also joined the Board in August 2015 as Deputy Chairman. Emma Priestley, who was appointed to the Board in March 2015 as Executive Director relinquished her position in April 2016 due to other commitments. Timothy Walker and Grahame Vetch resigned from the Company Board in April 2015 to concentrate on managing the African Home Stores subsidiaries and the agriculture projects, respectively. Likewise Stephen Murphy, who joined us in April 2015, resigned from the Company Board in May 2015 to concentrate on African Home Stores and its subsidiaries.

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 and skills transference, infrastructure improvement, support for localised industries and improved food security. The Group is also committed, where possible, to provide educational and vocational training facilities and programmes in the communities in which we operate. In Mozambique the Group has completed the construction of a primary school, 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. We are also in discussion with the local government to establish a carpentry school.

I am pleased to report that in the summer of 2015 we applied to be listed on the Social Stock Exchange in London and were accepted after a rigorous application process that included an independent assessment of our social impact activities and commitment, and an independent admissions panel hearing. This gives the company a high profile within the Social Impact investment community as well as being a great endorsement of our business practices and commitment to working with local communities.

Outlook

2015 was a year of heightened focus for the Group as we continued to direct investment and activity into completing the development of our agricultural and forestry platforms. The benefits of this groundwork and further investment is being realised through new orders for our produce from new markets from new customers. To date, we have created a highly focussed, multi-country African based business which provides an exciting and tangible platform for sustainable growth.

The valuation and expansion of the timber assets not only underpins the potential of the business but also demonstrates a great opportunity to expand our revenue potential with important initial orders received for key export markets where demand for high value timber products is strong. We believe that it provides the company significant sustainable growth opportunities in both the near and longer term. With the required food and safety certification, as well as working with strategic distribution partners, we expect that the agribusiness will also 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 and the Group has significant expansion capacity.

We continue to review and manage costs with a view to ensure that optimised margins are achieved. The Board manages Obtala in a diligent and controlled manner whilst focussing investment into our two key business lines of agriculture and forestry to maximise shareholder value.

I am confident 2016 will prove to be exciting and look forward to reporting on the further development of our 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 2016.

Miles Pelham
Non Executive Chairman
29 June 2016

Operations Review – 2015
Introduction

The Group's operational focus for the period was the continued development of its sustainable agricultural and timber operations in Tanzania and Mozambique, respectively. These business units are now transitioning into operational production, with the required certification standards achieved to enter export markets in 2016. We will adopt a dual approach in both Tanzania and Mozambique for exporting premium international grade fresh and dried fruit and vegetable produce and timber, while continuing to supply local markets.

Increased sales are expected with the recent engagement of experienced off-take partners for both the farming and timber units. The platform for consistent growth in sales across the group is in place and our focus and direction is with our partners to deliver attractive returns, whilst monitoring costs. The business model facilitates control of the value chain, positioning the Group to produce value added commodities and improved margins branded under our "Mama Jo's" label.

Agriculture and Food Processing
Tanzania – Morogoro

Horticultural and food processing on the Morogoro project remains the focus for the agribusiness. During the year we achieved the internationally recognized GlobalG.A.P. and BRC certification standards. GlobalG.A.P. is the benchmark standard for farm production, with BRC Global Standards being a leading food safety and quality certification programme and a fundamental requirement of many retailers. To support our growth, the Group secured an additional farming lease covering over 1,200 hectares located 15km east from existing operations, bringing our total area under lease to 1,735 hectares. Currently we are using only c.5% of the available land with plans for near-term expansion of operations to increase capacity.

In November 2015, the drying and processing unit achieved the "AA" grade from the BRC Global Standard for Food Safety. The Group has invested substantially on the Morogoro farm to achieve the significant BRC standard. The receipt of this standard allows Obtala to market its produce to a much expanded range of potential customers for whom BRC compliance is a mandatory requirement. While the food safety standard audit and certification were in process, the farm started evaluating a domestic fresh fruit and vegetable distribution business opportunity with over a dozen varieties being sold in Tanzania. The sales were initially focused on the higher income areas of Dar es Salaam, targeting supermarkets and hotels. From the understanding gained through this exercise we are currently implementing a revised sales model for the domestic market opportunity. We are creating a sales and distribution network which will target the lower income, mass market in Dar es Salaam, with the objective of providing quality produce, both for wholesale and retail, via branded "Mama Jo's Fresh" outlets.

In November the Group signed a Memorandum of Understanding with international fruit trading company Grupo San Carlos, part of Grupo Cabal, and one of the largest Mexican banana producers, to establish a "plant to order" export program for their buyers in Middle East and Europe. Moreover, Grupo Cabal owns and operates extensive banana plantations in West Africa and Central America and has expressed its intention to work with the Group to establish a new banana plantation, on the recently leased land in Morogoro, for target markets-in the UAE and Persian Gulf, neighbouring East Africa nations and the strong domestic market.

The Group has now secured trial or proof of concept export orders for our products from a number of buyers in the Middle East and Europe which we are working towards. In early 2016 we completed the installation of a new fresh vegetable pack house on the farm, allowing for the correct post-harvest handling procedures and management practices of the products prior to loading onto refrigerated export shipping containers. To ensure the cold chain is maintained from farm to the customer we have activated the Export Processing Zone ("EPZ") on site, which facilitates on-site customs clearance and container sealing.

Tanzania – Songea

The Group no longer has an interest in this project and has terminated the JV Agreement to focus efforts on the Morogoro farms, which are located closer to the main domestic market and export facilities in Dar es Salaam. In comparison Morogoro has greater water availability, more fertile soil and exceptional transport links. With the farming operations needing significant investment it was in the Group's best interests to focus resources on Morogoro.

Lesotho – Canning facility

In light of the BRC certification and the increased interest being generated for produce from the Morogoro farm in Tanzania, the Board took the decision to withdraw from its joint venture on the cannery operation in Lesotho, as announced in November 2015. The Group believes it is better served concentrating and focusing its effort and its resources and time on developing the Morogoro farm operations.

Forestry

Whilst sales focused during the year on the domestic market in Mozambique, the Group reviewed a number of strategic options for the timber business. One option involved identifying an experienced logging partner to work on increasing production levels. However, the Board felt that it was more appropriate to continue operations in-house, rather than farm-out, and as result discussions with a potential operator and the possible venture into Brazilian timber were suspended.

A subsequent strategy evaluated was divesting the forestry division and "spinning out" the business in order for the significant inherent value to be fully recognized and to provide a vehicle to attract timber focused investors. This process is currently on hold given our early success in 2016 at raising direct investment at asset level and it is in the interests of the Group to continue this line of funding.

During the year, the group completed an acquisition of 50 year leases for two new timber concessions totalling 35,000 hectares in Mozambique to bring the total forestry area to 314,965 hectares. The new blocks are located adjacent to our main operational centre and, together with the existing holdings, provide a critical mass in terms of approved annual permitted cut. Over the last 10 years global demand for high quality timber and prices have increased whilst supply is constrained as sustainable harvesting practices in the world's major timber producing areas have difficulty to meet the current or predicted demand. The concessions owned by the Group give access to a large and environmentally sustainable supply of over 20 different types of quality hard wood.

A sales and marketing agreement for Asia and the Middle East was recently concluded with Basic Materials Ltd ("BML"). BML have been marketing our timber extensively in Asia and have received initial orders from number of countries which we are presently processing. Additional orders have been raised from South Africa, with the domestic market showing signs of growth as a number of orders have been placed for a handful of timber species.

African Home Stores

The Group continues the re-structuring of LCS with cost reduction and cost management controls taking effect. We have taken the decision to close four outlying branches to re-group and consolidate on smaller premises and are currently operating two shops, including a new premises in the capital city of Maseru. The Company has reduced existing product lines and is sourcing new goods for improved margins.

We have reduced staff by 80% and re-trained the purchasing and sales team to focus on selling the new selective range of goods. The inherited creditors have been reduced by over 70%. However trading conditions have been difficult in a generally depressed local business environment, impacted by a depreciated currency which is pegged to South African Rand and retrenchments from the local and regional diamond and precious metal mining industry. Nevertheless, we believe that our revised operating model may be able to grow and expand even in these conditions. We consider this business to be non-core as we concentrate our efforts towards the agriculture and timber projects in East Africa.

Tanzania exploration portfolio

No field work was undertaken on the licences which are considered non-core assets for the Group with our focus being the development of the agro-forestry projects. Consequently, the Board has decided to relinquish all mineral licences to concentrate all resources on our farming and timber projects. This has been cautiously considered given the limited interest in mineral exploration, the sharp fall in commodity prices, and absence of funding opportunities for early stage mining exploration.

Investments
Paragon Diamonds Limited

In the year, the group sold all the shares held in Paragon. This was as a result of the Group receiving a notice for a call option over 60 million shares held in Paragon being exercised by Titanium Capital Investments Limited.

Outlook

The outlook for the Group remains encouraging with a high-quality asset platform in place and a sales pipeline which is set for growth. The time consuming process of portfolio building is largely complete with capital equipment purchased and infrastructure mostly developed, ready for sales and growth. We intend to reinvest profits back into the business sectors to increase production capacity and we firmly believe that the customer base will expand significantly with our new off-take partners. The revised domestic selling model in Tanzania looks very positive and going forward we hope will generate domestic sales revenues to off-set farm and export costs.

Africa remains a favourable investment opportunity with encouraging business fundamentals and growth opportunities. GDP in Tanzania expanding 7.1% year-on-year in the last three months of 2015, higher than a 6.3% growth in the previous period, and the Mozambican economy advanced 6.3% year-on-year in 2015. Despite this many sub-Saharan African economies have experienced local currency devaluations in response to a strengthening US dollar and easing commodity prices. The effect on business is that some input costs have increased but it also makes potential exports more price competitive.

Simon Rollason
Managing Director
29 June 2016

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 2015.

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 2015 are given in note 10 of the financial statements. The main subsidiary companies comprise:

UNDERTAKING	SECTOR
Obtala Services Limited	Professional & Administration services
Mindex Invest Limited	Resources
Obtala Resources (T) Limited	Resources
Montara Continental Limited	Agriculture & Forestry
Magole Agriculture Limited	Agriculture & Processing
Montara Land Company Limited	Agriculture
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 6.

KEY PERFORMANCE INDICATORS

Key performance indicators are set out below:

	2015	2014
	£000	£000
Net assets	81,668	93,342
(Loss) before taxation from continuing operations	(10,392)	(24,131)
Cash and cash equivalents	660	3,269
Turnover	3,692	1,690

RESULTS AND DIVIDENDS

The consolidated loss for the year after taxation attributable to shareholders was £14.9m (2014 loss: £13.9m).

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 23. 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 31 for details.

DIRECTORS

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

Miles Pelham	*(Non-executive Chairman)*
Simon Rollason	*(Managing Director)*
Philippe Cohen	*(Finance Director)*
Emma Priestley	*(Executive Director)*
Kevin Milne	*(Executive Deputy Chairman)*
Jean du Lac	*(Non-executive Director)*
Francesco Scolaro	*(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 2015	Ordinary shares of 1p each 2014
Francesco Scolaro[1]	2,150,000	2,150,000
Simon Rollason	556,260	556,260
Philippe Cohen	-	-
Kevin Milne[2]	122,252	122,252
Jean du Lac	-	-
Miles Pelham[3]	12,800,000	12,800,000

[1]In addition Grandinex International Corp, a company in which Francesco Scolaro holds a controlling interest, holds 70,000,000 (26.59%) shares in the Company.

[2.]Kevin Milne , Non-executive Director of Obtala, together with his wife holds 122,252 shares in the Company

[3] Miles Pelham, Chairman of Obtala, together with his wife holds 12,800,000 shares (4.86%) of which 11,800,000 shares in the Company are held through HSBC Global Custody Nominee (UK) Limited with the remainder being held through other nominee companies.

Options

The following Directors held share options at 31 December:

	Number of share options 2015	Average exercise price (p) 2015	Number of share options 2014	Average exercise price (p) 2014
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 2015 was 6.38 pence. The highest and lowest share prices in the year were 12 pence and 6 pence respectively. The terms of the options are detailed in note 28.

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 2015	Average purchase price (p) 2015	Number of shares 2014	Average purchase price (p) 2014
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 2015 was:

	Salary & fees £000	Bonus £000	Benefits £000	Total 2015 £000	Total 2014 £000
Francesco Scolaro	123	-	16	139	226
Simon Rollason	142	-	-	142	160
Grahame Vetch	16	-	-	16	82
Emma Priestley	65	-	-	65	-
Phillippe Cohen	65	-	-	65	65
Tim Walker	18	-	-	18	29
Stephen Murphy	8	-	-	8	-
Kevin Milne	44	-	-	44	-
Miles Pelham	-	-	-	-	-
Jean du Lac	15	-	-	15	15
Total	496	-	16	512	577

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 is £123,000 and to Emma Priestley is £65,000 and Simon Rollason received £142,000 per annum. Philippe Cohen receives £65,000 per annum. Stephen Murphy, 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. Miles Pelham received no salary for 2015.

Travelling and accommodation expenses of £15,600 (2014: £76,000) 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

MILES PELHAM, AGED 38, NON-EXECUTIVE CHAIRMAN
Miles Pelham is Hong Kong based and has worked in finance for the past 18 years, during which time he has held senior investment banking positions at some of the worlds' largest financial institutions. His experience ranges from running trading desks to bond and financial instrument management.

KEVIN MILNE, AGED 54, EXECUTIVE DEPUTY CHAIRMAN
Kevin is a Chartered Fellow of the CISI, with over 30 years' experience in Global Financial Services, covering both developed and developing economies. Kevin has extensive experience operating in highly regulated environments including being a member of the Executive Committee of the London Stock Exchange Group. Kevin has held a number of leadership and senior management positions in the financial sector in the UK, Europe, Asia and Australia and has built a wealth of contacts in Global Financial Markets.

SIMON ROLLASON, AGED 50, 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 58, 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.

JEAN DU LAC, AGED 64, 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.

FRANCESCO SCOLARO, AGED 52, NON-EXECUTIVE DIRECTOR
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.

SUBSTANTIAL SHAREHOLDERS

The Company is aware that the following have at 16 June 2016 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
HSBC Global Custody Nominee (UK) Limited**	33,222,870	12.60
Commerzbank	18,736,807	7.11
HSBC Client Holdings Nominee (UK) Limited	14,375,187	5.45
Barclays Capital Nominees (No 2) Ltd	12,675,000	4.81
Beaufort Nominees Limited	8,284,792	3.14

* 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 (27.41%).
** Miles Pelham, Chairman of Obtala, together with his wife holds 12,800,000 shares (4.86%) of which 11,800,000 shares in the Company are held through HSBC Global Custody Nominee (UK) Limited with the remainder being held through other nominee companies.

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 how, at 31 December 2015, the Group was dealing with corporate governance issues.

THE BOARD

The Board in 2015 comprises four executive Directors and three non–executive Directors.

AUDIT COMMITTEE

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee is chaired by the non–executive Director, 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 of 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 directors have made reasonable enquiries and are satisfied that current cash balances together with forward looking statements are sufficient. The Company has marketable securities with a nominal value of £600,000 which they intend to realise and access to a credit line of £450,000 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

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.. 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 forestry and retail. Any changes in policy may result in changes in laws affecting ownership of assets, land tenure, taxation, environmental protection and repatriation of income and capital, which may adversely impact the Group's ability to carry out its activities.

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

This comprises of a number of risks explained below.

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 £0.66 million as at 31 December 2015 (2014: £3.3m).

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 (2014: £ nil). Charitable donations amounting to nil (2014: £6,000) 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

In the year, Baker Tilly Channel Islands Limited resigned as auditors and RSM UK Audit LLP were appointed. 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
29 June 2016

We have audited the group financial statements on pages 18 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with 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 set out on page [ ], 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 the other financial and non-financial information contained in the annual report and consider the implications for our report if we become aware of any material inconsistency with the financial statements or with knowledge acquired by us in the course of performing the audit, or any material misstatement of fact within the other information. We also read the information in the directors' report and consider the implications for our report if we become aware of any material inconsistency with the financial statements.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements arising from the requirements of International Standards on Auditing (UK and Ireland) 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:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements are in accordance with IFRSs as adopted by the European Union; and
- the group financial statements comply with the requirements of The Companies (Guernsey) Law, 2008.

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 29 to 30 and in note 15 on page 41 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 £118,220,000 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.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the Group's ability to continue as a going concern and the uncertainty surrounding the amount and timing of future equity funding. This, along with the other matters explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
29 June 2016

Obtala Resources Limited

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015	2014
Continuing operations		£000	£000
TURNOVER	3	3,692	1,690
Cost of sales		(2,614)	(855)
Gross Profit	3	1,078	835
Loss on derivative financial instruments	2	(1,083)	(736)
Operating costs	4	(675)	(1,191)
Administrative expenses	4	(2,905)	(2,616)
Depreciation	14	(340)	(294)
Impairment of intangible assets	13	(16,080)	-
OPERATING LOSS	4	(20,005)	(4,002)
Gain on fair value of Biological assets	15	8,600	-
Gain on fair value of investment	18	1,046	749
Loss on disposal of subsidiary	12	-	(20,987)
Finance income	6	6	109
Finance costs	7	(39)	-
(LOSS) BEFORE TAXATION		(10,392)	(24,131)
Taxation	8	(4,504)	10,198
(LOSS) FOR THE YEAR		(14,896)	(13,933)
ATTRIBUTABLE TO:			
Owners of the parent		(16,805)	(13,392)
Non-controlling interests		1,909	(541)
		(14,896)	(13,933)
Items that may be subsequently released to profit or loss:			
Exchange differences on translation of foreign operations		3,242	(752)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(11,654)	(14,685)
ATTRIBUTABLE TO:			
Owners of the parent		(13,563)	(14,144)
Non-controlling interests		1,909	(541)
		(11,654)	(14,685)

EARNINGS PER SHARE			
From operations attributable to the owners of the parent			
Basic and diluted (pence)	9	(5.44)	(5.09)

The notes on pages 22 to 50 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 2015

	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 2014	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)
Share based payment	-	-	-	-	(220)	220	-	-	-
Dilution of interest in subsidiary	-	-	-	1,828	(664)	8,326	9,490	(23,858)	(14,368)
AT 31 DECEMBER 2014	2,633	11,528	28,543	1,515	1,014	31,072	76,305	17,037	93,342
Loss for the year	-	-	-	-	-	(16,805)	(16,805)	1,909	(14,896)
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	3,242	-	-	3,242	-	3,242
Total comprehensive income for the year	-	-	-	3,242	-	(16,805)	(13,563)	1,909	(11,654)
Transactions with owners:									
Reserve transfer	-	-	-	(2,740)	-	2,740	-	-	-
AT 31 DECEMBER 2015	2,633	11,528	28,543	2,017	1,014	17,007	62,742	18,946	81,688

The notes on pages 22 to 50 form an integral part of the consolidated financial statements.

Obtala Resources Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 £000	2014 £000
ASSETS			
NON-CURRENT ASSETS			
Available for sale investments	18	90	90
Intangible exploration and evaluation assets	13	-	16,080
Biological asset	15	118,220	103,832
Property, plant and equipment	14	1,902	2,555
TOTAL NON-CURRENT ASSETS		120,212	122,557
CURRENT ASSETS			
Trade and other receivables	16	275	830
Inventory	17	579	1,351
Short term investments	18	-	3,938
Cash and cash equivalents	20	660	3,269
TOTAL CURRENT ASSETS		1,514	9,388
TOTAL ASSETS		121,726	131,945
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	21	(2,228)	(2,260)
Financial investment liabilities	20	-	(2,960)
Current tax liabilities		20	(2)
TOTAL CURRENT LIABILITIES		(2,208)	(5,222)
NON-CURRENT LIABILITIES			
Borrowings	22	-	(155)
Deferred tax	8	(37,830)	(33,226)
TOTAL NON-CURRENT LIABILITIES		(37,830)	(33,381)
TOTAL LIABILITIES		(40,058)	(38,603)
NET ASSETS		81,688	93,342
EQUITY			
Share capital	23	2,633	2,633
Share premium	24	11,528	11,528
Merger reserve	25	28,543	28,543
Foreign exchange reserve		2,017	1,515
Share based payment reserve		1,014	1,014
Retained earnings		17,007	31,072
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		62,742	76,305
Non-controlling interests	29	18,946	17,037
TOTAL EQUITY		81,688	93,342

The notes on pages 22 to 50 form an integral part of the consolidated financial statements.

Approved by the Board and authorised for issue on 29 June 2016

Miles Pelham
Non-executive Chairman

Philippe Cohen
Finance Director

Obtala Resources Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Loss before taxation		(10,392)	(24,131)
Adjustment for:			
Depreciation of property, plant and equipment	14	340	294
Fair value adjustment of biological asset	15	(8,600)	-
Impairment of intangible assets		16,080	-
Foreign exchange (gains)/losses		(2,500)	2,402
Loss on derivative financial instruments	2	1,083	736
Finance costs	7	(39)	(109)
Loss on disposal of subsidiary	12	-	20,987
Gain on fair value of investments		(1,046)	(749)
Decrease in trade and other receivables		555	-
(Decrease)/Increase in trade and other payables		(209)	332
Decrease in inventory		772	387
CASH (OUTFLOW)/INFLOW FROM OPERATIONS		(3,956)	149
Income taxes received	8	-	-
NET CASH (OUTFLOW)/INFLOW FROM CONTINUING OPERATIONS		(3,956)	149
INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	14	(10)	(40)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(10)	(40)
FINANCING ACTIVITIES			
Proceeds from sale of subsidiary (net of cash acquired)	12	-	1,022
Proceeds from sale of investments	18	1,357	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,357	1,022
INCREASE IN CASH AND CASH EQUIVALENTS		(2,609)	1,131
Cash and cash equivalents at beginning of year		3,269	2,138
Effect of foreign exchange rate variation		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		660	3,269

The notes on pages 22 to 50 form an integral part of the consolidated financial statements
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1. ACCOUNTING POLICIES

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 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.

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

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 2015	Annual average for 2015	At 31 December 2014	Annual average for 2014
US dollars	1.4763	1.5309	1.5586	1.5740
South African Rand	22.835	19.8296	17.9976	17,653
Mozambique Metical	70.878	59.9578	48.846	49.392
Tanzanian shilling	3,017	3,214	1,750	1,750

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 and buildings	over the lease period
Motor vehicles	over 3 years
Fixtures and equipment	over 3 - 10 years
Plant and 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; or
- 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 service, and regulated and authorised to conduct investment appraisals and analysis of forestry by the Royal Institution of Chartered Surveyors (RICS).

The reports consider 12 concession areas of Miombo hardwood forest in locations or blocks within northern Mozambique with a total area of 314,965 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 rights to all 12 concessions. Management plans for the concessions and a community consultation have been reviewed and approved 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 70% 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 £16,080,000(2014: £nil) was recognised in the year and the carrying value of intangible exploration and evaluation assets at 31 December 2015 was £nil (2014: £16,080,000).

ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

There have been no new standards during the year therefore 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 2018

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
IFRS 16	Leases	The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.	1 January 2019

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

	2015 £000	2014 £000
Loss on disposal	-	(736)
Loss on derivative financial instruments	-	(736)

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 2015:

	Exploration and development £000	Agriculture and forestry £000	Investing activities £000	Retail £000	Intra-group elimination £000	Total £000
INCOME STATEMENT						
Turnover	-	567	-	3,125	-	3,692
Cost of Sales	-	(126)	-	(2,488)	-	(2,614)
Gross profit	-	441	-	637	-	1,078
Loss on disposal of investment	-	-	(1,083)	-	-	(1,083)
Loss on impairment of assets	(16,080)	-	-	-	-	(16,080)
Gain on valuation of biological assets	-	8,600	-	-	-	8,600
Gain on fair value of investment	-	1,046	-	-	-	1,046
Operating costs	-	(675)	-	-	-	(675)
Administrative expenses	-	(106)	(1,499)	(1,300)	-	(2,905)
Depreciation	-	(254)	(9)	(77)	-	(340)
Segment operating (loss)/profit before interest	(16,080)	9,052	(2,591)	(740)	-	(10,359)
Finance income	-	6	-	-	-	6
Finance costs	-	(26)	-	(13)	-	(39)
(Loss)/Profit before tax	(16,080)	9,032	(2,591)	(753)	-	(10,392)
Taxation	-	(4,504)	-	-	-	(4,504)
(Loss) after tax	(16,080)	4,528	(2,591)	(753)		(14,896)
NET ASSETS						
Assets	-	121,152	13,738	574	(13,738)	121,726
Liabilities:						
Deferred tax liability	-	(37,830)	-	-	-	(37,830)
Other	-	(14,406)	(832)	(708)	13,738	(2,208)
Net assets	-	68,896	12,906	(134)	-	(81,688)

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	-	-	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	-	-	-	-	-	-

4. OPERATING LOSS

	2015 £000	2014 £000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	340	295
Staff costs (see note 5)	1,207	829
Agriculture and forestry costs	781	425
Professional and regulatory fees	-	147
Impairment of assets (see notes 13)	16,080	-
Foreign exchange (gain) on operating activities	-	(8)
Auditor's remuneration:		
Audit services		
- fees payable to the Company auditor for the audit of the consolidated accounts	40	52
Fees payable to associates of the Company auditor for other services		
- auditing the accounts of subsidiaries pursuant to legislation	6	6

5. STAFF COSTS

	2015 Number	2014 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	13	14
Agriculture and forestry	7	201
Retail	140	28
	160	243

	£000	£000
The aggregate remuneration comprised:		
Wages and salaries	1,207	803
Social security costs	-	26
	1,207	829

Directors' remuneration included in the aggregate remuneration above comprised:	£000	£000
Emoluments for qualifying services	371	577

Included above are emoluments of £124,000 (2014: £226,000) in respect of the highest paid Director.
No pension contributions were made on behalf of the Directors.

6. FINANCE INCOME

	2015 £000	2014 £000
Bank interest receivable	6	109

7. FINANCE COSTS

	2015 £000	2014 £000
Bank interest payable	39	-

8. TAXATION

	2015 £000	2014 £000
CURRENT TAX:		
Corporation tax on loss for the year	-	-
DEFERRED TAX:		
Origination and reversal of temporary differences	(4,504)	(10,198)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	(4,504)	(10,198)

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	(10,392)	(24,131)
Loss on ordinary activities multiplied by the average rate of corporation tax of 24.5% (2014: 24.5%)	(2,546)	(5,912)
Effects of:		
Different tax rates in areas of operations	-	72
Difference in tax rates on intangible assets	-	(2,165)
Non-deductible expenditure of disposal of subsidiary/associate	-	(2,193)
Effect of movement in fair value of intangible assets	(1,958)	-
GROUP TAX CHARGE/(CREDIT) FOR THE YEAR	(4,504)	(10,198)

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 £25.2 million (2014: £8.7 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	2015 £000	2014 £000
At 1 January	33,226	43,310
Increase in deferred tax liability	2,752	-
Part disposal of subsidiary	-	(8,949)
Effects of foreign exchange	1,852	(1,135)
At 31 December	37,830	33,226

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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.

	2015 £000	2014 £000
Loss for the year from continuing operations :	(14,320)	(13,392)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	263,260,664	263,260,664
Less: weighted average number of own shares held during the year	-	-
Weighted average number of ordinary shares used in calculating earnings per share	263,260,664	263,260,664
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	263,260,664
Earnings per share from continuing operations		
Basic (pence)	(5.44)	(5.09)
Diluted (pence)	(5.44)	(5.09)
(Loss)/Profit per share from continuing operations:		
Earnings from continuing operations	**(14,320)**	**(13,392)**
Basic (pence)	(5.44)	(5.09)
Diluted (pence)	(5.44)	(5.09)

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 2015 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 Lda [5]	Dormant	Mozambique	58.5
Montara Mozambique Limitada	Forestry	Mozambique	58.5
Montara Land Company Limited [3]	Agriculture	Tanzania	52.5
Montara Forest Lda [5]	Dormant	Mozambique	73.1
Jardim Zambezia Limitada[5]	Forestry	Mozambique	75.0
Wami Agriculture Co. Limited	Agriculture	Tanzania	52.5
Madeiras S.L. Lda[5]	Forestry	Mozambique	75.0
Baia Branca Limitada	Forestry	Mozambique	75.0
Ligonha Timber Products Limitada	Forestry	Mozambique	75.0

UNDERTAKING	Sector	Country of incorporation	% of issued ordinary share capital and voting rights
African Home Stores Limited	Holding Company	British Virgin Islands	75.0
Lifes' Comfort Solutions (Pty) Ltd	Retail	Lesotho	54.5
Magole Agriculture Limited[5]	Agriculture	Tanzania	60.0
Argento Continental Corp[5]	Forestry	Seychelles	75.0
Argento Mozambique Limitada[5]	Forestry	Mozambique	74.6
Dillane Corp[1]	Holding Company	British Virgin Islands	100.0
Milama Agricultural Company Ltd	Agriculture	Tanzania	60.0
Milama Processing Company Ltd	Agriculture	Tanzania	60.0
African Home Stores Lesotho (Pty)Ltd	Retail	Lesotho	67.5
African Home Stores SA (Pty) Ltd	Retail	South Africa	75.0
Meradell Inc	Forestry	British Virgin Islands	61.9
Mama Jo's Limited	Food Processing	England & Wales	100.0
Niassa Florestal Plantations Limitada	Forestry	Mozambique	75.0
Gemstones of Africa Limited [6]	Dormant	England & Wales	100
Altadis International Limited [1]	Dormant	British Virgin Islands	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 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	657
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Fixed Assets	367
Inventory	1,699
Trade and other receivables	187
Cash	6
Trade Payables	(1,354)
Non Controlling Interests	(248)
TOTAL IDENTIFIABLE ASSETS	657

The board have assessed the fair value and have concluded that no further adjustments are required.

LCS contributed £3,125,000 (2014 £1,054,000) to revenue and 753,000 (2014 £46,000) 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)

During the year, all shares held in Paragon were sold at a loss of £1,046,000 (see note 18).

13. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Mindex licences £000	Paragon Diamonds licences £000	Montara & Altadis licences £000	Total licences £000
AT 1 JANUARY 2014	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
Impairment charge for the year	(16,018)	-	(62)	(16,080)
AT 31 DECEMBER 2015	-	-	-	-

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 licence
- 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 £16,080,000 (2014: nil) relating to the impairment of four licences that have expired and the Directors have decided not to renew.

14. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Motor vehicles	Plant & equipment	Fixtures & IT	Total
	£000	£000	£000	£000	£000
COST					
AT 1 JANUARY 2014	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	336	1,846	736	4,002
Additions	10	-	-	-	10
Effects of foreign exchange	(118)	-	(124)	(81)	(323)
AT 31 DECEMBER 2015	976	336	1,722	655	3,689
DEPRECIATION					
AT 1 JANUARY 2014	215	151	1,314	47	1,727
Part disposal of subsidiary	(150)	154	(844)	(45)	(885)
New acquisition	-	19	-	292	311
Charge for the year	40	11	231	12	294
AT 31 DECEMBER 2014	105	335	701	306	1,447
Charge for the year	19	-	244	77	340
AT 31 DECEMBER 2015	124	335	945	383	1,787
NET BOOK VALUE					
AT 31 DECEMBER 2015	852	1	777	272	1,902
AT 31 DECEMBER 2014	979	1	1,145	430	2,555
AT 31 DECEMBER 2013	980	97	1,818	11	2,906

15. BIOLOGICAL ASSET

	2015	2014
	£000	£000
Carrying value at beginning of year	103,832	107,379
Change in Fair value of biological asset	8,600	-
Foreign exchange adjustment	5,788	(3,547)
Carrying value at end of year	118,220	103,832

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 brought forward biological assets were assessed at fair value by Crispin Golding MICFor on 11 June 2014 and the additional concession on 1 June 2015 by Edward Anderson-Bickley MRICS, both of Honour Capital Limited.

During the year the company acquired another concession namely Northern Ridge in Mozambique. 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 Ltd - a wholly owned subsidiary of Montara. Northern Ridge is secured on a 50 year concession basis (renewable thereafter for a further 50 years) from the Mozambique government. Honour Capital has been appointed to value the Northern Ridge concession.

Fair values have been determined by discounting a 10 year cash flow projection (Level 3 of the fair value hierarchy) for 12 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 $431million
- The 2014 valuation, based on 274,965 hectares, used a discount rate 12%. At a 8% discount rate the fair value would be £130.7m, at 15% £93.4 million. There was no change in the fair value of the brought forward concessions given the slow growing nature of the forestry assets.
- The 2015 valuation for the additional 35,000 hectares, based on the same assumptions and modelling as the 2014 valuation uses a 15% discount rate with a value or £8.6 million. The higher discount rate was considered appropriate given the new concessions were peripheral to our existing operations where we are currently operationally active.
- Total area of 314,965 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 the brought forward valuation report average 60% of the annual permitted cut, 70% in the additional concession report for 2015
- Average annual production of sawn timber is expected to be 23,580m^3, with an additional 2,800m^3 from the new concession for 10 years after year three of operations
- Production costs are an average of $308/$m^3$ of product sold.
- The weighted average sale price of the sawn timber is $1,677/$m^3$, this is heavily influenced by sales of black wood budgeted at $10,000/$m^3$.

The Group has the secured the rights to the 12 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 2016.

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%	(5,506)
Effect of decrease in discount rate by 1%	5,849
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

	2015 £000	2014 £000
Trade receivables	55	61
Other receivables	205	754
Prepayments and accrued income	15	15
	275	830

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

17. INVENTORIES

	2015 £000	2014 £000
Agriculture supplies	349	288
Retail merchandise	230	1,063
	579	1,351

18. INVESTMENTS

	Short term Investments £000	Available for sale investments £000	Total £000
COST AND FAIR VALUE AT 1 JANUARY 2014	-	261	261
Additions	3,189	-	3,189
Disposal	(272)	-	(272)
Gain on fair value	1,021	-	1,021
Share of losses	-	(171)	(171)
COST AND FAIR VALUE AT 31 DECEMBER 2014	3,938	90	4,028
Losses	(2,892)	-	(2,892)
Disposal	(1,046)	-	(1,046)
COST AND FAIR VALUE AT 31 DECEMBER 2015	-	90	90

The addition to other investments in 2014 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 2015, all the remaining shares held in Paragon Diamonds Limited were sold at a loss of £1,046,000.

19. FINANCIAL INVESTMENTS

	Quoted investments 2015 £000	Quoted investments 2014 £000
Financial assets carried at fair value through profit or loss		
Investment liabilities	-	(2,960)

20. 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

2015 Financial assets/(liabilities)	Held for trading/ designated as FVTPL £000	Available for sale investments £000	Loans and receivables at amortised cost £000	Financial liabilities at amortised cost £000	Total £000
Trade and other receivables	-	-	275	-	275
Investments	-	90	-	-	90
Cash and cash equivalents	-	-	660	-	660
Trade and other payables	-	-	-	(2,228)	(2,228)
	-	90	935	(2,228)	(1,203)

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
Investments	3,938	90	-	-	4,028
Derivative liabilities	(2,960)	-	-	-	(2,960)
Cash and cash equivalents	-	-	3,269	-	3,269
Trade and other payables	-	-	-	(2,064)	(2,064)
Loan	-	-	-	(155)	(155)
	978	90	4,099	(2,219)	(2,948)

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:

	2015	2014
Derivative financial instruments	£000	£000
Opening balance	-	1,358
Disposal	-	(1,358)
Total	-	-

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.

	2015	2014	2015	2014	2015	2014
	Fixed rate	Fixed rate	Floating rate	Floating rate	Total	Total
GROUP	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	-	-	660	3,269	660	3,269

The impact of a 10% increase/decrease in the average base rates would be £nil (2014: £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:

	2015 Carrying Value £000	2015 Maximum Exposure £000	2014 Carrying Value £000	2014 Maximum Exposure £000
Cash and cash equivalents	660	660	3,269	3,269
Derivative financial asset	-	-	-	-
Total	660	660	3,269	3,269

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.

	2015 £000	2014 £000
Cash and cash equivalents		
GBP	602	2,789
ZAR	16	456
TZS	3	23
MZN	20	1
USD	19	-
Total	660	3,269

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	2015 £000	2014 £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.

IMPACT OF 10% RATE CHANGE	2015 £000	2014 £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.

	2015 £000	2014 £000
Cash at bank	660	1,103
Cash with institutions in support of trading	-	2,166
	660	3,269

21. TRADE AND OTHER PAYABLES

	2015 £000	2014 £000
Trade and other payables	2,228	2,064
Accruals	-	35
	2,228	2,260

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

22. BORROWINGS

	2015 £000	2014 £000
Borrowings from non-controlling interests	-	155

23. SHARE CAPITAL

	Number	£000
Authorised: Ordinary shares of 1p each		
AT 1 JANUARY 2014, 31 DECEMBER 2014 AND 2015	Unlimited	Unlimited
Allotted, issued and fully paid: Ordinary shares of 1p each		
AT 1 JANUARY 2014	263,260,664	2,633
Issued in period	-	-
AT 31 DECEMBER 2014 AND 2015	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.

24. SHARE PREMIUM ACCOUNT

	2015 £000	2014 £000
AT 1 JANUARY	11,528	11,528
Premium on issue of shares	-	-
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.

25. MERGER RESERVE

	2015 £000	2014 £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.

26. MOVEMENT IN REVENUE RESERVE AND OWN SHARES

	Retained earnings £000	Own shares £000	Revenue reserve £000
AT 1 JANUARY 2014	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
Loss for the year	(14,896)	-	(14,896)
AT 31 DECEMBER 2015	18,473	(2,297)	16,176

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 2015 4,350,000 (2014: 4,350,000) shares in the Company were held by the trust (refer to note 30 for details of own shares).

27. 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 2015 £000	Land & buildings and mining licences 2014 £000
Within one year	69	68
Between one and two years	-	-
	69	68

28. 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:

		2015		2014
	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	-	-	-	-
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 2015 which were eligible to be exercised with a weighted average remaining contractual life of 3 years and 10 months (2014: 4 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 2015.

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 (2014: 5.14p). A charge has been recognised in profit or loss of £nil (2014: £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:

		2015		2014
	Number of shares	Weighted average purchase price per share (pence)	Number of shares	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 (2014: nil). No jointly owned shares were sold or redeemed during the year.

None of the relevant JOA conditions had been met by 31 December 2015.

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 (2014: £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 valued 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 valued 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.

29. NON-CONTROLLING INTERESTS

	£000
AT 1 JANUARY 2014	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 partial disposal of subsidiary	(28,643)
AT 31 DECEMBER 2014	17,037
Non-controlling interests share of profits in the year	(576)
Non-controlling interests in share of foreign exchange movements	-
AT 31 DECEMBER 2015	16,461

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

30. RELATED PARTY TRANSACTIONS

TRADING TRANSACTIONS

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

	2015 Transactions in year £000	2015 Balance at 31 December £000	2014 Transactions in year £000	2014 Balance at 31 December £000
Loans to subsidiary undertakings	(1,488)	6,822	(5,756)	4,309
Loans from subsidiary undertakings	-	-	10	(166)
Loans between subsidiary undertakings	1,335	7,030	1,336	8,457

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

2015	Short-term employment benefits				
	Salaries & fees £000	Employer's national insurance contributions £000	Benefits £000	Share based payments £000	Total £000
Francesco Scolaro	123	-	16	-	139
Simon Rollason	142	-	-	-	142
Grahame Vetch	16	-	-	-	16
Emma Priestley	65	-	-	-	65
Phillippe Cohen	65	-	-	-	65
Tim Walker	18	-	-	-	18
Stephen Murphy	8	-	-	-	8
Kevin Milne	44	-	-	-	44
Miles Pelham	-	-	-	-	-
Jean du Lac	15	-	-	-	15
	496	-	16	-	512

2014	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	-	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

31. POST BALANCE SHEET EVENTS

In February 2016 the Group received a US$3m investment in the forestry division from three independent, international timber investors, in return for minority equity interests and certain off-take rights over specified forest concessions in Mozambique. The investment was completed at asset level and as such is non-dilutive to our existing shareholders and provides capital to increase the on-site production capacity. Also in February 2016 and a sales and marketing arrangement for Asia (including Russia) and the Middle East was signed with Basic Materials Ltd, who have been actively marketing our timber and have secured a number of trial orders.

32. ULTIMATE PARENT COMPANY

At 31 December 2015 the Directors do not believe that there was an ultimate controlling party.