

Red Leopard Holdings Plc
Financial statements
For the year ended 31 December 2013

Company information

Directors	J J May S J Adam S H Michaels H Crosby
Secretary	City & Westminster Corporate Finance LLP 50 Jermyn Street London SW1Y 6LX
Company registration number	05289187
Registered office	50 Jermyn Street London SW1Y 6LX
Auditor	Grant Thornton UK LLP Chartered Accountants Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Bankers	Barclays Bank Plc Bridgewater House, Counterslip, Finzels Reach, Bristol BS1 6BX
Solicitors	Irwin Mitchell 40 Holborn Viaduct London EC1N 2PZ
Nominated Adviser	Northland Capital Partners Limited 131 Finsbury Pavement London EC2A 1NT
Broker	Beaufort Securities Ltd 131 Finsbury Pavement London EC2A 1NT
Website	www.redleopardholdings.com

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Chairman's statement

I am pleased to present the financial statements for the year to 31 December 2013 for Red Leopard Holdings Plc and its wholly owned subsidiaries (together the "Group").

Total equity of the Group as at 31 December 2013 was £320,111 (2012: deficit £229,575) and the loss for the year attributable to the equity holders of the parent was £358,681 (2012: £169,233).

As at 31 December 2013 net cash for the Group was £120,999 (2012: £5,555).

On 23 July 2013, following shareholder approval at the 2012 AGM, the Company ceased its operations in the property sector and became an investing company pursuant to Rule 15 of the AIM Rules, at which time it adopted an investing policy which focused on the exploration and development of natural resources. On 6 September 2013, in accordance with this new policy, Red Leopard acquired the entire issued share capital of Red Leopard Mining Inc ('RLM'), a transaction which constituted a reverse takeover under the AIM Rules. RLM, an Idaho incorporated company, was established in 2013 as a special purpose vehicle into which 205 unencumbered claims (the "Claims") were transferred by Polaris Resources Inc, a wholly owned subsidiary of Quest Minerals Corporation.

The Claims are located in the vicinity of Shoshone County, Idaho, USA, commonly referred to as "Silver Valley". This area is well known as the premier silver district in North America, with total historic production to 2013 of around 1.2 billion ounces of silver and substantial lead, zinc, copper and gold. Most of the Claims, which cover a total land area of approximately 1,435 hectares (the equivalent to 3,546 acres), lie within the Panhandle National Forest and upon Bureau of Land Management ("BLM") land.

On the Claims land, sits the Idora Tunnel. The Company recently submitted to the BLM for review and comment, a detailed written plan of operations to reopen the Idora Tunnel for purposes of exploration. Whilst the Company cannot predict with certainty the ultimate timing or actual approval of such plan of operations, RLM management remains confident that approval will be obtained.

Whilst the directors have also been exploring other opportunities in the Coeur d'Alene mining district, the Company has also been proactive in considering other complimentary resource assets in particular in Chile and earlier this year, the Company established a wholly owned subsidiary, Minera Red Leopard Chile SpA ("MRLC"). Through MRLC, the Company has recently assisted in the facilitation of the sale by Sociedad De Asesoría Jurídica y Económica Minem S.A. ("Minem"), a private company, of two properties, TresAmantes and San Antonio, located in the Atacama Region of Chile, to TSXV listed Cougar Minerals Corp ("Cougar"). In consideration, Minem has paid the Company US\$25,000 in cash and 300,000 ordinary shares ("Consideration Shares") in Cougar representing a proportion of the consideration Minem received for the properties, as announced on 7 April 2014.

J J May
Chairman
25 June 2014

Strategic Report

PRINCIPAL ACTIVITY

Red Leopard Holdings plc is focussed on the natural resources sector (both exploration and production), with a particular emphasis on precious mining assets and interests.

BUSINESS REVIEW

Financial overview and performance

Loss for the group before tax for the year was £358,681 (2012: £169,233).

Strategy

The Company' strategy is to adhere to its investing policy focussed on natural resources which will add value to shareholders.

Investing Policy

The investing policy is to pursue investments in the natural resources sector, and in particular, precious metals.

The Directors intend initially to focus on North and South America, where the Directors believe that a number of opportunities exist to acquire interests in suitable projects, although other regions may be considered. Investments may be made in exploration, development and/or producing assets.

The Directors may consider it appropriate to purchase companies or interests in the assets themselves which may result in an equity interest in any proposed investment ranging from a minority position to 100 per cent ownership. Proposed investments may be made in either quoted or unquoted companies and structured as a direct acquisition, joint venture or as a direct interest in a project.

The Company intends to be involved as an active investor and operator. Accordingly, where necessary, the Company may seek participation in the management or with the board of directors of an entity in which the Company invests or in the event that it is acquired then in the on-going enlarged entity.

New investments will be held for the medium to longer term, although shorter term disposal of any investments cannot be ruled out should such an opportunity present itself.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate.

The Company's primary objective is that of securing for the Shareholders the best possible value consistent with achieving, over time, both capital growth and income for Shareholders through developing profitability coupled with dividend payments on a sustainable basis.

The Directors may undertake the initial project assessments themselves with additional independent technical advice as required. The Company will not have a separate investment manager.

The Directors may offer new Ordinary Shares by way of consideration as well as cash subject to its availability to the Company. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

Strategic Report (continued)

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

Going concern

The assessment of the going concern risk has been detailed in the Directors' Report.

Operating and environmental hazards

Hazards, incident to the operation of mining properties and unforeseen conditions, may be encountered when participating in exploration activities. Further, on occasion, substantial liabilities to third parties or governmental entities may be incurred. The Group could be subject to liability for pollution and other damages or hazards which cannot be insured against or which have not been insured against due to prohibitive premium costs or for other reasons. No member of the Group maintains any insurance for environmental damages. Governmental regulations relating to environmental matters could also increase the cost of doing business or require alteration or cessation of operations in certain areas.

Governmental Regulations risk

The proposed mining operations are subject to extensive regulation governing development, production, labour standards, occupational health, waste disposal, use of toxic substances, environmental regulations, mine safety and other matters. Some jurisdictions also require or may in the future require the payment of royalties. Changes in regulations can have material impacts on anticipated levels of production, costs and profitability. It is possible that exploration, development or operation of a mine may be delayed or terminated as a result of the inability to obtain all required permits and government approvals on an economic basis, or the imposition of royalty payments or other government regulations.

The Claims only permit the Company to undertake certain forms of exploration excluding drilling. In order to undertake drilling to establish a resource and then subsequently a mining operation, the Company will need the requisite permissions and there can be no guarantee they would be forthcoming.

Exploration risks

Exploration for minerals and precious metals is speculative and involves significant degrees of risk and the probability of an individual prospect having economically extractable mineral resources is remote. Exploration and feasibility activities may be delayed or disrupted by the availability of drilling rigs or other technical contractors, adverse weather conditions, difficulties in gaining access to the desired exploration sites, delays in approvals from authorities or technology providers or technical issues such as unexpected geological formations or process test work results.

No assurances can be given that the Group will delineate any commercially viable mineral deposits through its exploration and feasibility work.

The proposed work programme is based on certain assumptions with respect to the method and timing of exploration work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Therefore, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability, in addition to which the funds spent on exploration may not yield favourable results.

To establish a resource, the Group will need to undertake significantly more exploration work which will require further permits and funds neither of which can be guaranteed. The Group will not generate any income until mining commences.

Strategic Report (continued)

Market risk

The success of the business is reliant on capitalising on opportunities within the natural resources sector. In response to these risks, the directors aim to keep abreast of changes to the market conditions and adjust accordingly by curtailing discretionary spending and by seeking alternative opportunities.

Financial Risk Management Objectives and Policies

Liquidity risk

The group manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient resources to meet the operating needs of the business. Cash flow risk is managed by ensuring that sufficient funds are available to meet obligations to creditors by monitoring closely purchase commitments and activity levels, ensuring that these can be reduced or curtailed in the short term if required whilst further funds are secured. Historically, the directors have put loans into the Company to ensure liquidity at critical times.

The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements, by having adequate reserves, banking and borrowing facilities and by investing funds securely and profitably. The board further manages its exposure to liquidity risk by ensuring that cash flow forecasts and budgets are produced annually and monitored on a regular basis.

Credit risk

The group's principal financial assets are bank balances, cash and trade and other receivables.

The group's credit risk is primarily attributable to receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The amounts presented in the statement of financial position are net of these allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group manages the exposure to this risk by carrying out credit verification procedures on all clients and monitoring receivable balances on an ongoing basis.

KEY PERFORMANCE INDICATORS (KPIs)

The directors have monitored historically the progress of the overall group strategy by reference to certain financial and non-financial key performance indicators. The Directors are satisfied with the performance of the business against these KPIs for the current financial year.

	2013	2012
Cash	£120,999	£5,555
Number of pipeline opportunities	1	1

This report was approved by the board on 25 June 2014 and signed on its behalf.

J J May
Chairman

Report of the directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2013.

RESULTS FOR THE YEAR

The Group has made a loss of £358,681 (2012: £169,233). The majority of the losses were incurred as a result of professional fees in relation to the Group's change of strategic direction and subsequent acquisition of Red Leopard Mining Inc.

DIVIDENDS

The Directors are unable to recommend the payment of a dividend (2012: Nil).

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

The directors confirm that:

- in so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Report of the directors (continued)

GOING CONCERN

To ensure the full development of its assets and to actively pursue its investing policy, the Group will require further funds to finance its work programme. The Directors will be negotiating with its advisors and a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group to pursue its objectives. The Directors have prepared a cash flow forecast for the coming 12 months which demonstrates that there is sufficient funding to continue to trade for a period of 12 months if they were to curtail operations in the event that fundraising was unsuccessful. The ability for the Company to ensure the full development of its assets and to actively pursue its investing policy and continue to trade beyond 12 months is contingent upon raising of further funds.

The Directors are confident of being able to raise the necessary funding. The success of a future fundraise has been identified as a material uncertainty which may cast significant doubt over the going concern assessment. Whilst acknowledging this uncertainty, based upon the expectation of completing a successful fundraising in the near future, the Directors consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital as at 31 December 2013, were:

	Ordinary Shares	
	2013	2012
J J May*	26,794,016	17,627,416
S J Adam (appointed 24 September 2013)	7,600,000	-
S H Michaels **	17,699,933	8,533,333
H Crosby*** (appointed 24 September 2013)	-	-

* J J May holds the majority of his shares in his Self-Invested Personal Pension

** Held by S2 Solutions Limited in which S Michaels holds a majority interest. S Michaels resigned as a director on 7 April 2014.

*** H Crosby is a 50% shareholder in Quest Minerals Corporation (Note 10) and therefore has an indirect holding in the Company.

DIRECTORS' INDEMNITY

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

GROUP'S POLICY FOR PAYMENT OF CREDITORS

It is the Group's policy to agree to the terms of transactions, including payment terms, with suppliers and that payment is made accordingly. At 31 December 2013 the average creditor payment period was 102 days (2012: 226 days) for both the group and company. Creditors have been made aware that the Company has been looking to find an appropriate further business for the Company and as such have continued to be supportive. The directors have also put considerable further loans into the Company to ensure liquidity at critical times.

AUDITOR

Pursuant to section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Companies next annual general meeting.

This report was approved by the board on 25 June 2014 and signed on its behalf.

J J May
Chairman

Report of the independent auditor to the members of Red Leopard Holdings Plc

We have audited the financial statements of Red Leopard Holdings plc for the year ended 31 December 2013 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the independent auditor to the members of Red Leopard Holdings Plc (continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £358,681 during the year ended 31 December 2013 and, to further the future plans for the Group, the Directors' have determined that additional funds are required in the forthcoming period. As explained in note 1, the company is preparing to commence discussions with its advisors and with potential investors but as yet no funding commitments have been obtained.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Giles Mullins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes
25 June 2014

Consolidated statement of comprehensive income

	Note	2013 £	2012 £
OVERHEADS			
Administrative expenses		<u>(358,681)</u>	<u>(169,041)</u>
OPERATING LOSS	2	<u>(358,681)</u>	<u>(169,041)</u>
Finance income	5	-	2
Finance cost	6	<u>-</u>	<u>(194)</u>
LOSS FROM CONTINUING ACTIVITIES BEFORE TAXATION		(358,681)	(169,233)
Tax expense	7	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		<u>(358,681)</u>	<u>(169,233)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		<u>(358,681)</u>	<u>(169,233)</u>
Loss per share - basic	8	(0.28)p	(0.19)p
Loss per share – diluted	8	<u>(0.28)p</u>	<u>(0.19)p</u>

Consolidated statement of financial position

	Note	2013 £	2012 £
NON CURRENT ASSETS			
Intangible assets	10	<u>433,333</u>	<u>-</u>
		433,333	-
CURRENT ASSETS			
Trade and other receivables	11	28,758	21,357
Cash and cash equivalents		<u>120,999</u>	<u>5,555</u>
TOTAL CURRENT ASSETS		149,757	26,912
TOTAL ASSETS		<u>583,090</u>	<u>26,912</u>
EQUITY			
Share capital	14	1,500,800	1,368,334
Share premium account		3,862,860	3,097,263
Share based payment reserve		60,002	60,002
Retained earnings		<u>(5,103,551)</u>	<u>(4,755,174)</u>
TOTAL EQUITY		<u>320,111</u>	<u>(229,575)</u>
CURRENT LIABILITIES			
Trade and other payables	12	<u>262,979</u>	<u>256,487</u>
TOTAL CURRENT LIABILITIES		262,979	256,487
TOTAL LIABILITIES		<u>262,979</u>	<u>256,487</u>
TOTAL EQUITY AND LIABILITIES		<u>583,090</u>	<u>26,912</u>

These financial statements were approved by the directors on 25 June 2014 and are signed on their behalf by:

J J May
 Director

S J Adam
 Director

Company statement of financial position

	Note	Year ended 31 December 2013 £	Year ended 31 December 2012 £
NON-CURRENT ASSETS			
Investments	10	<u>433,433</u>	<u>100</u>
TOTAL NON-CURRENT ASSETS		433,433	100
CURRENT ASSETS			
Trade and other receivables	11	27,704	20,309
Cash and cash equivalents		<u>120,992</u>	<u>5,555</u>
TOTAL CURRENT ASSETS		148,696	25,864
TOTAL ASSETS		<u>582,129</u>	<u>25,964</u>
EQUITY			
Share capital	14	1,500,800	1,368,334
Share premium account		3,862,860	3,097,263
Share based payment reserve		60,002	60,002
Retained earnings		(5,110,113)	(4,762,572)
TOTAL EQUITY		<u>313,549</u>	<u>(236,973)</u>
CURRENT LIABILITIES			
Trade and other payables	12	<u>268,580</u>	<u>262,937</u>
TOTAL CURRENT LIABILITIES		268,580	262,937
TOTAL LIABILITIES		<u>268,580</u>	<u>262,937</u>
TOTAL EQUITY AND LIABILITIES		<u>582,129</u>	<u>25,964</u>

These financial statements were approved by the directors on 25 June 2014 and are signed on their behalf by:

J J May
 Director

S J Adam
 Director

Registered number:05289187

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of changes in equity

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2013	1,368,334	3,097,263	60,002	(4,755,174)	(229,575)
Loss for the year	-	-	-	(358,681)	(358,681)
Total comprehensive income	1,368,334	3,097,263	60,002	(5,113,855)	(588,256)
Transactions with owners:					
Equity component of compound instrument	-	-	-	10,304	10,304
Issue of share capital	132,466	765,597	-	-	898,063
Total transactions with owners	132,466	765,597	-	10,304	908,367
At 31 December 2013	1,500,800	3,862,860	60,002	(5,103,551)	320,111

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2012	1,350,334	3,097,263	60,002	(4,585,941)	(78,342)
Loss for the year	-	-	-	(169,233)	(169,233)
Total comprehensive income	-	-	-	(169,233)	(169,233)
Transactions with owners:					
Issue of share capital	18,000	-	-	-	18,000
Total transactions with owners	18,000	-	-	-	18,000
At 31 December 2012	1,368,334	3,097,263	60,002	(4,755,174)	(229,575)

Company statement of changes in equity

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2013	1,368,334	3,097,263	60,002	(4,762,572)	(236,973)
Loss for the year	-	-	-	(357,845)	(357,845)
Total comprehensive income	1,368,334	3,097,263	60,002	(5,110,113)	(594,818)
Transactions with owners:					
Equity component of compound instrument	-	-	-	10,304	10,304
Issue of share capital	132,466	765,597	-	-	898,063
Total transactions with owners	132,466	765,597	-	10,304	908,367
At 31 December 2013	1,500,800	3,862,860	60,002	(5,110,113)	313,549

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2012	1,350,334	3,097,263	60,002	(4,593,507)	(85,908)
Loss for the year	-	-	-	(169,065)	(169,065)
Total comprehensive income	-	-	-	(169,065)	(169,065)
Transactions with owners:					
Issue of share capital	18,000	-	-	-	18,000
Total transactions with owners	18,000	-	-	-	18,000
At 31 December 2012	1,368,334	3,097,263	60,002	(4,762,572)	(236,973)

Consolidated statement of cash flows

	Note	2013 £	2012 £
CASH FLOWS USED IN OPERATING ACTIVITIES	16	(205,953)	(46,428)
INVESTING ACTIVITIES			
Interest received		-	2
Interest paid		-	(194)
CASH FLOWS USED IN INVESTING ACTIVITIES		-	(192)
FINANCING ACTIVITIES			
Issue of share capital	14	321,397	-
Proceeds from issue of convertible loan note	13,14	-	13,000
Proceeds from issue of short term loans	13	-	29,046
CASH FLOWS USED IN FINANCING ACTIVITIES		321,397	42,046
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		115,444	(4,574)
Cash and cash equivalents brought forward		5,555	10,129
CASH AND CASH EQUIVALENTS CARRIED FORWARD	19	120,999	5,555

The accompanying accounting policies and notes form part of these financial statements.

Company statement of cash flows

	Note	Year to 31 December 2013 £	Year to 31 December 2012 £
CASH FLOWS USED IN OPERATING ACTIVITIES	16	(205,960)	(45,406)
INVESTING ACTIVITIES			
Interest received		-	2
Interest paid on loans		-	(194)
CASH FLOWS USED IN INVESTING ACTIVITIES		-	(192)
FINANCING ACTIVITIES			
Issue of share capital	14	321,397	-
Proceeds from issue of convertible loan note	13,14	-	13,000
Proceeds from issue of short term loans	13	-	29,046
CASH FLOWS USED IN FINANCING ACTIVITIES		321,397	42,046
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		115,437	(3,552)
Cash and cash equivalents brought forward		5,555	9,107
CASH AND CASH EQUIVALENTS CARRIED FORWARD	19	120,992	5,555

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards ('IFRSs'), IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented on the going concern basis and, based upon the expectation that further funds will be raised in the near future, the Directors believe there are sufficient resources to continue trading for at least twelve months from the date of approval of these financial statements. The completion of a successful fundraise has been identified as a material uncertainty over the going concern assessment. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2013:

- Disclosures – Offsetting Financial Assets and Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective 1 January 2013)

There are no significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement. The implementation of IFRS 13 has expanded the disclosure requirements for the Group with the introduction of the three-level value hierarchy. The impact of the new disclosure requirements can be found in Note 14. An overview of standards, amendments and interpretations to IFRSs issued but not yet effective is given in note 1(k).

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial statements and operating policies of an investee entity so as to obtain benefits from its activities.

The accounting policies of all subsidiaries are uniform with the parent company. The results of all subsidiaries are included in the consolidated financial statements.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Segment reporting

In identifying its operating segments management generally follows the Group's service lines, which represent the main products and services provided by the Group.

Management consider that all activities undertaken by the Group are from one operating segment.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

d. Taxation

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

The tax currently payable is based on a taxable loss for the year. Taxable profit/(loss) differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and recognised to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on rates that are substantively enacted at the balance sheet date.

e. Investments

Subsidiary Undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

f. Intangible assets – exploration and evaluation

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- acquisition and maintenance of mining claims
- researching and analysing existing exploration data
- conducting geological studies, exploratory drilling and sampling
- examining and testing extraction and treatment methods and/or
- compiling pre-feasibility studies

Exploration expenditure relates to the initial search for deposits with economic potential, evaluation expenditure arises from a detailed assessment of deposits or other projects that have been identified as having economic potential. Exploration expenditure is not capitalised, except where it relates to the acquisition of rights to carry out exploration where there is a high degree of confidence that the project will be commercially viable. Exploration and evaluation expenditure is categorised as intangible assets except where it relates to items of plant and machinery used in the evaluation process.

The carrying values of capitalised evaluation expenditure are reviewed for impairment annually in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". For mines which have not yet been developed which have arisen through acquisition, there may only be inferred resources to form a basis for that review. The review is based upon the best information available to management, including the reports of independent expert evaluators. For the purposes of impairment review, exploration and evaluation assets are allocated to cash generating units based upon the geographical location of the mining claims to which they relate.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

g. Operating leases

Rent applicable to operating leases where substantially all of the benefits and risks of ownership are not transferred to the lessee are charged to the income statement on a straight line basis over the term of the lease.

h. Financial assets and liabilities

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

(i) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade and other receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows

(ii) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. A financial liability is any liability which gives rise to a contractual obligation to deliver cash or another financial asset to another entity.

(iv) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs and subsequently at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

(v) Convertible loan notes containing embedded derivatives

The Group has issued convertible loan notes which carry an option for the issuer to convert the liability into a variable number of equity shares.

Contracts which result in the entity delivering a variable number of its own equity instruments are classed as financial liabilities.

The conversion option is an embedded derivative and is carried at fair value through profit and loss. The convertible loan is also classified as a financial liability. It is recorded initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

When shares are issued in consideration for extinguishment of debt any difference between the face value of the loan notes and the fair value of shares issued is recognised in profit and loss.

(vi) Convertible loan notes accounted for as compound instruments

The Group has issued convertible loan notes which carry an option for the issuer to convert the liability into a fixed number of equity shares.

Contracts which result in the entity delivering a fixed number of its own equity instruments are classed as compound instruments, containing both a financial liability and an equity instrument.

Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the compound financial instrument is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

No gain or loss arises from initially recognising the components of the instrument separately.

(vii) Trade and other payables

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

(viii) Equity instruments

Equity instruments issued by the group or company are recorded at the proceeds received, net of direct issue costs.

(ix) Held for trading financial assets

Assets held in this category are measured at fair value with gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined with reference to active market transactions.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

i. Equity and reserves

(i) Share capital

Share capital represents the nominal value of shares that have been issued.

(ii) Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, to the extent there is a premium on that issue, net of any related income tax benefits.

(iii) Equity-settled share based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in profit and loss with a corresponding credit to equity reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

j. Key estimates and judgements

The directors have identified the following as key judgements in the preparation of the group accounts:

- assessment of the exploration and evaluation intangible asset for impairment (Note 10)
- assessment of the acquisition of Red Leopard Mining Inc as falling outside of the definition of a business combination as set out in IFRS 3 (Note 10)
- measurement of the fair value of the financial liability component within compound instruments (Note 13)
- estimation of fair values of share options (Note 15)
- deferred tax asset (Note 7)
- assessment of going concern

To ensure the full development of its assets and to actively pursue its investing policy, the Group will require further funds to finance its work programme. The Directors will be negotiating with its advisors and a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group to pursue its objectives. The Directors have prepared a cash flow forecast for the coming 12 months which demonstrates that there is sufficient funding to continue to trade for a period of 12 months if they were to curtail operations in the event that fundraising was unsuccessful. The ability for the Company to ensure the full development of its assets and to actively pursue its investing policy and continue to trade beyond 12 months is contingent upon raising of further funds.

Notes to the financial statements

1. ACCOUNTING POLICIES (continued)

The Directors are confident of being able to raise the necessary funding, however recognise that this future event represents a material uncertainty for the going concern assessment. Whilst acknowledging this uncertainty, based upon the expectation of completing a successful fundraising in the near future, the Directors consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

The group has a potential deferred tax asset of £650,155 in respect of losses. This asset has not been recognised at 31 December 2013 due to the history of trading losses in the group and the uncertainty around the source of the Group's future trade.

The directors have identified the following as a key source of estimation in the preparation of the Group accounts:

Share-based payment expenses are calculated by reference to the estimated fair values of share options as at their date of grant. These fair values have been estimated using a Black-Scholes option valuation model. The inputs to the model are disclosed in Note 15.

k. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

The following standards, amendments and interpretations to existing standards, relevant to the financial statements of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods, but the Group has not adopted them early:

IFRS 9, 'Financial Instruments' (no mandatory effective date). In November 2009, the IASB issued IFRS 9 'Financial Instruments' as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied for all accounting periods beginning on or after 1 January 2015 (once endorsed by the EU), with early adoption permitted. Of particular relevance to the Group will be the measurement of equity instruments. All equity investments within the scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There will be no 'cost exception' for unquoted equities. From 1 January 2015, there will be no exemption from the requirement to measure such instruments at fair value where the underlying securities are unquoted.

IFRS 10, 'Consolidated Financial Statements' (effective 1 January 2014). IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. We do not expect the adoption of this standard to have a significant impact on the financial statements of the Group.

IFRS 12, 'Disclosure of Interests in Other Entities' (effective 1 January 2014). IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. We do not expect the adoption of this standard to have a significant impact on the financial statements of the Group.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014). The Amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is: not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

Notes to the financial statements

2. OPERATING LOSS

Operating loss is stated after charging:

	2013	2012
	£	£
Auditor's remuneration		
- audit services	12,500	12,500
- non audit services	19,000	-
Operating lease rentals:		
- other operating leases	<u>-</u>	<u>1,731</u>

Non-audit services relate to transaction advisory support for the re-admission to AIM.

3. STAFF COSTS

Staff costs, being amounts paid to key management personnel, were as follows:

	2013	2012
	£	£
Wages and salaries	<u>58,333</u>	<u>50,000</u>
	58,333	50,000

The average monthly number of employees during the year, including directors was as follows:

	No.	No.
Directors	<u>4</u>	<u>2</u>

4. DIRECTORS' REMUNERATION

Directors' emoluments were as follows:

Director	Salary	Total
	£	emoluments
	£	£
J J May	25,000	25,000
S J Adam	8,333	8,333
S H Michaels	20,833	20,833
H Crosby	4,167	4,167
Total	<u>58,333</u>	<u>58,333</u>

The directors have chosen for the Company to accrue £25,000 (2012: £50,000) of their salaries until such time as they believe it is in a position to pay them. Directors' fees accrued at the year end amounted to £25,000 (2012: £63,207). Following the Company's general meeting on 24 September 2013, it was approved that a portion of accrued Directors' fees be paid with the allotment of 18,333,200 new ordinary shares of 0.1 pence (Note 15). Following the year end, the amounts accrued at 31 December 2013 were paid with the allotment of 4,166,666 ordinary shares at a price of 0.6 pence.

No retirement benefits were accruing to directors at 31 December 2013 (2012: £ nil). The directors received £nil (2012: £nil) in respect of share based payments.

Notes to the financial statements

5. FINANCE INCOME

	2013 £	2012 £
Bank interest	-	2
	<u>-</u>	<u>2</u>

6. FINANCE COST

	2013 £	2012 £
Total interest expense for financial liabilities	-	194
Finance costs	-	194
	<u>-</u>	<u>194</u>

7. TAX EXPENSE

Recognised in the statement of comprehensive income

	2013 £	2012 £
Loss on ordinary activities before tax	<u>(358,681)</u>	<u>(169,233)</u>
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 23% (2012: 24%)	(82,497)	(40,616)
Effects of:		
Income not taxable	-	-
Increase in tax losses	82,497	40,616
Current charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The group has tax losses in respect of excess management expenses carried forward of £2,826,761 (2012: £2,468,080) that are available for offset against future taxable profits.

If the group pays tax at a rate of 23% on profits in future periods, the current tax losses represent a potential deferred tax asset of £650,155 (2012: £592,339). This asset has not been recognised at 31 December 2013 due to the history of trading losses in the group.. These remain un-provided as it is not anticipated that the Group will make qualifying profits against which these may be offset in the foreseeable future but they are available indefinitely for offset against future taxable income.

Notes to the financial statements

8. (LOSS)/EARNINGS PER SHARE

Basic earnings per ordinary share for the year is based on the loss of £358,681 (2012: £169,233) and a weighted average of 127,690,964 (2012: 90,830,543) ordinary shares.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. Items included in the calculation are options for ordinary shares.

The effect of conversion of all potential dilutive ordinary shares would have an anti-dilutive effect on earnings per share and therefore they have not been incorporated in the diluted earnings per share calculation. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease profit per share or increase loss per share.

9. SEGMENT REPORTING

Following the Group's change in strategy to be an investing company, management currently considers that the group has one operating segment as described in accounting policy 1(c). Segment information can be analysed as follows for the reporting periods under review.

	Mining and mineral exploitation 2013 £	Leisure & Hospitality 2012 £
Segment operating loss	(358,681)	(169,041)
Segment assets	583,090	26,912

The group's operations are currently limited to the United States and there are no major customers.

Notes to the financial statements

10. INTANGIBLE ASSETS

	Mining Exploration and development claims £	Mining Total £
Cost:		
At 1 January 2013	-	-
Additions	433,333	433,333
Net book value:		
At 31 December 2013	433,333	433,333

Following shareholder approval at General Meeting on 24 September 2013, the Company acquired the entire issued share capital of Red Leopard Mining Inc ("RLM") for £600,000. The consideration was satisfied by the issue of 33,333,333 new ordinary shares at a price of 1.8p per share. The Directors consider that the acquisition of RLM did not constitute the acquisition of a business as defined in IFRS 3, and as the fair value of the intangible assets acquired cannot readily be determined by reference to the value of the mining claims in the evaluation phase, the fair value has been determined by reference to the fair value of equity instruments issued as consideration. The fair value price of £600,000 was initially calculated with reference to the anticipated market value of the share price at the time of the drafting of the acquisition agreement. This was subsequently adjusted for movements in the share price and the calculation of the fair value of the consideration was adjusted to reflect the actual open market price of the shares on AIM at the date of acquisition of 1.3p. The overall impact resulted in a restatement to the valuation of £166,667. There was no Income Statement impact of this adjustment. In addition the Company paid £17,938 (\$28,700) in respect of the annual rental fees of \$140 per claim to keep the claims in good standing for the following year, which has been recognised within current assets.

There were no assets or liabilities in RLM at the acquisition date other than the mining claims, which have been recognised as a separately identifiable intangible assets in respect of exploration and development rights.

RLM was established in 2013 as a special purpose vehicle into which 205 unencumbered claims (the "Claims") were transferred by Polaris Resources Inc, a wholly owned subsidiary of Quest Minerals Corporation (the "Vendor"). The Claims cover a total land area of approximately 1,435 hectares the equivalent to 3,546 acres.

The Claims are located in the vicinity of Shoshone County, Idaho, USA, commonly referred to as "Silver Valley". This area is well known as the premier silver district in North America, with total production to date of around 1.2 billion ounces. Most of the Claims lie within the Panhandle National Forest and upon Bureau of Land Management land.

The Directors assess the asset at each reporting date for indications of impairment. The mining claims acquired have not yet been developed, therefore there are only inferred resources to form a basis for the impairment review. The directors have commissioned a report from an independent expert which has formed part of the basis for determining that no impairment is required.

Company investment in subsidiaries - Shares in Group undertakings

	Company	
	2013 £	2012 £
Non-current		
At 1 January	100	100
Additions	433,333	-
At 31 December	<u>433,433</u>	<u>100</u>

Subsidiaries are listed in Note 22.

Notes to the financial statements

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Current				
Other receivables	28,758	21,357	27,704	20,309
	28,758	21,357	27,704	20,309

An impairment of £15,000 (2012: £nil) has been recorded.

The age of receivables past their due date but not impaired is as follows:

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Not more than three months	7,845	6,357	6,971	5,309
More than one year	-	15,000	-	15,000
	7,845	21,357	6,971	20,309

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Current				
Trade payables	14,364	112,933	14,364	112,933
Loans (Note 14)	218,742	109,046	218,742	109,046
Amounts owed to group undertakings	-	-	5,601	6,450
Accruals	29,873	34,508	29,873	34,508
	262,979	256,487	268,580	262,937

With the exception of accrued directors' salaries, which are being accrued until the group is in a position to pay them, all amounts are short term. The carrying values are considered to be a reasonable approximation to fair value.

Notes to the financial statements

13. BORROWINGS

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Current				
Short term loans	109,046	109,046	109,046	109,046
Convertible Loan Note	109,696	-	109,696	-
Loans	218,742	109,046	218,742	109,046

The Company has short term loans outstanding amounting to £109,046 repayable on demand. Following the acquisition (Note 10) the holders have agreed not to call upon any loan notes until sufficient new funds are received that allow the business to finance itself going forward and waived the right to the receipt of the 6% interest above base rate as provided for under the loan agreement. This support will be for a period of at least 18 months following the re-admission of Red leopard Holdings Plc on AIM which took place on 25 September 2013. These loans do not carry and conversion options.

On 5 September 2013, the Company issued convertible loan notes to the value of £120,000 for outstanding fees for professional services relating to the re-admission of the company on AIM. The notes are interest free and unsecured. They are fully transferrable by the noteholder and the conversion price is 0.5 pence. At any time prior to the redemption date (being 18 months from the date of issue), the Company may repay the amounts due on the next quarter date (unless the noteholder then serves a conversion notice in which case, the amounts will be converted into ordinary shares at the fixed price detailed above.) Unless a conversion notice has been served, all notes will be redeemed immediately prior to a sale or delisting of the Company. Following the year end the company received a Notice of Conversion from a loan noteholder to convert £100,000 of the outstanding principal (Note 23).

The £120,000 of convertible loan notes issued in the year contain both a financial liability and an equity component. These components have been accounted for and presented separately according to their substance. The equity component has been assigned the residual value having deducted the fair value of the liability component from the fair value of the instrument as a whole.

The fair value of the liability has been determined by applying a 6% discount rate, which equates to the interest rate for other comparable unsecured loans issued by the Group. This represents a level 3 fair value assessment in the IFRS 13 hierarchy as the inputs are not based on observable market data. The Directors have assessed that there is no material difference between the discount rate applied and a commercial rate of interest that could be obtained in an arm's length transaction.

No subsequent adjustment is made to the split of equity and liability components for any changes in market interest rates, share price or other events that change the likelihood that the conversion option will be exercised. The Directors believe that there is no material difference between the fair value of financial instruments and their carrying value at the balance sheet date.

Notes to the financial statements

14. SHARE CAPITAL

	2013 £	2012 £
Authorised, Allotted, called up and fully paid		
Ordinary shares		
Beginning of the year	924,875	906,875
Share restructure	(832,388)	-
New Shares issued	132,466	18,000
As at 31 December (224,954,062 ordinary shares of 0.001 pence (2012: 92,487,529 ordinary shares of 1p each))	224,953	924,875
Deferred shares		
At the beginning of the period	443,459	443,459
Share restructure	832,388	-
As at 31 December (832,387,761 deferred shares of 0.001 pence (2012: 443,458,630 deferred shares of 0.1 pence))	1,275,847	443,459
	1,500,800	1,368,334

In September 2013 the Company held a General Meeting at which it was approved that there would be a capital reorganisation with a subdivision to reduce the nominal value of its ordinary shares. Each ordinary share in issue was subdivided into ten new ordinary shares of £0.001 (0.1 pence) in the capital of the Company. Following this Subdivision, 9 of the resultant new ordinary shares from each ordinary share was reclassified as deferred shares, ranking pari passu with the existing deferred shares.

The Company also issued in respect of an Acquisition (Note 10) 33,333,333 new ordinary shares at 1.8p; and placed 70,000,000 new ordinary shares at 0.5p per share to raise £350,000 before expenses. In addition to the shares issued pursuant to the Placing, the Company issued a further 29,133,200 new ordinary shares in lieu of certain fees and expenses, also at 0.5p per share.

Notes to the financial statements

15. SHARE-BASED PAYMENTS

Outstanding options at the start of the year amount to 6,057,442 exercisable at 2.0 pence.

A reconciliation of option movements is shown below:

	Year ended 31 December 2013		Year ended 31 December 2012	
	No. of share options	Weighted average exercise price	No. of share options	Weighted average exercise price
Outstanding at the beginning of year	6,057,442	2.0p	6,057,442	0.21p
Expired during the year	-	-	-	(0.2p)
Cancelled on capital reorganisation	-	-	-	(0.1p)
Outstanding at the end of the year	6,057,442	2.0p	6,057,442	2.0p
Exercisable at the end of the year	6,057,442	2.0p	6,057,442	2.0p

Details of options at 31 December are set out below:

Date of Grant	Date of expiry	Exercise price	Outstanding options	
			2013	2012
22 November 2004 (10-year period)	22/11/2014	2.0p	4,179,843	4,179,843
22 November 2004 (10-year period)	22/11/2014	2.0p	1,629,034	1,629,034
23 March 2005 (10-year period)	23/03/2015	2.0p	248,565	248,565
			6,057,442	6,057,442

Until the options have been exercised in full the consent of the option holders will be required if the company proposes to issue a class of share with any right which is preferential to the ordinary shares.

16. RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

	2013	2012
Group	£	£
Operating loss	(358,681)	(169,041)
Impairment of held for trading financial assets	-	35,000
Liabilities extinguished via issue of loan notes and equity shares	153,637	-
Decrease/(increase) in receivables	(7,402)	6,563
Increase/(decrease) in payables	6,493	81,050
Net cash outflow used in operations	(205,953)	(46,428)
Company		
Operating loss	(357,786)	(168,873)
Impairment of held for trading financial assets	-	35,000
Liabilities extinguished via issue of loan notes and equity shares	153,637	-
Decrease/(increase) in receivables	(7,396)	6,568
Increase/(decrease) in payables	5,585	81,899
Net cash outflow used in operations	(205,960)	(45,406)

Notes to the financial statements

17. PARENT COMPANY RESULT

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £357,786 (2012: £169,065).

18. COMMITMENTS UNDER OPERATING LEASES

Lease payments recognised as an expense during the period amount to £nil (2012: £1,731). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. As at 31 December 2013 £nil (2012: £nil) future minimum lease payments were due.

19. FINANCIAL INSTRUMENTS

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Group	2013 £	2012 £
Financial assets		
<i>Loans and receivables:</i>		
Trade and other receivables	28,758	21,357
Cash and cash equivalents	120,999	5,555
	149,757	26,912
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Current:		
Loans	(218,742)	(109,046)
Trade and other payables	(44,237)	(147,441)
	(262,979)	(256,487)
Company	2013 £	2012 £
Financial assets		
<i>Loans and receivables:</i>		
Trade and other receivables	27,704	20,309
Cash and cash equivalents	120,992	5,555
	148,696	25,864
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Current:		
Loans	(218,742)	(109,046)
Trade and other payables	(49,838)	(153,891)
	(268,580)	(262,937)

Notes to the financial statements

19. FINANCIAL INSTRUMENTS (continued)

The carrying values of the Group's financial assets and liabilities approximate to their fair values.

The financial liabilities are all short-term liabilities and due on demand or within agreed contractual terms.

Risk management

The board is charged with managing the various risk exposures, including those which arose through holding the following financial instruments which apply to both the Group and the Company:

(a) Capital risk management

The Group manages its capital to ensure that all the companies within the Group will be able to continue as a going concern while maximising the return to equity holders, through optimisation of debt equity balance. The capital structure of the Group includes debt, consisting of borrowings, cash and cash equivalents and equity attributable to the equity holders of the parent. Where necessary additional loans are provided to the Group to ensure liquidity at critical times. Information on management's funding plans are included in the director's report on page 8.

Capital for the reporting period under review is summarised as follows:

	2013 £	2012 £
Total equity	320,111	(229,575)
Borrowings	(218,742)	(109,046)
Cash and cash equivalents	120,999	5,555
Capital	222,368	(333,066)

(b) Interest rate risk

The Group is exposed to interest rate risk as it has borrowings and cash and cash equivalent balances that are subject to variable interest rates. The Group does not enter into hedging transactions for the purposes of minimising its exposure to interest rate risk, but manages its exposure by monitoring the levels of interest payable and receivable on a regular basis.

At 31 December 2013 amounts on short term deposits totalled £120,999. Loans receivables and loan notes are contracted at a fixed rate of interest.

(c) Liquidity rate risk

The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements, by having adequate reserves, banking and borrowing facilities and by investing funds securely and profitably. The board further manages its exposure to liquidity risk by ensuring that cash flow forecasts and budgets are produced annually and monitored on a regular basis.

(d) Credit rate risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group manages the exposure to this risk by carrying out credit verification procedures on all clients and monitoring receivable balances on an ongoing basis. The Company's receivable balance principally comprises amounts due from other group companies for financing purposes.

Notes to the financial statements

20. RELATED PARTY TRANSACTIONS

The Company entered into an agreement with City & Westminster Corporate Finance LLP (“CWCF”) in which John May is Managing Partner, whereby CWCF has subscribed for £20,000 of interest free convertible loan notes in lieu of fees due from the Company in respect of corporate advisory services relating to the acquisition of Red Leopard Mining Inc (Notes 10,13).

Transactions between the company and its subsidiaries are summarised below:

	2013 £	2012 £
Intra-group receivable outstanding at year end	-	-
Intra-group payable outstanding at year end	-	-

21. ULTIMATE CONTROLLING PARTY

As at 31 December 2013 and 31 December 2012 there is no single ultimate controlling party.

22. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage shareholding	Description
Harrell Hotels (Europe) Limited	England & Wales	100%	Hotel management
Red Leopard Management Limited	England & Wales	100%	Property management
Red Leopard Mining Inc	Idaho, United States of America	100%	Holding of silver mining claims

23. POST REPORTING EVENTS

The directors have been proactive in considering other complimentary resource assets in particular in Chile and in January 2014, the Company established a wholly owned subsidiary, Minera Red Leopard Chile SpA (“MRLC”). Through MRLC, the Company assisted in the facilitation of the sale by Sociedad De Asesoría Jurídica y Económica Minem S.A. (“Minem”), a private company, of two properties, TresAmantes and San Antonio, in the Atacama Region of Chile, to TSX-V listed Cougar Minerals Corp (“Cougar”). Minem paid the Company US\$25,000 in cash and 300,000 ordinary shares (“Consideration Shares”) in Cougar representing a proportion of the consideration Minem received for the properties.

In April 2014, the Board deemed it appropriate to satisfy the directors’ accrued aggregate gross salaries and fees from the last seven months to 31 March 2014 amounting to £43,750. The directors therefore agreed to capitalize the amounts outstanding at an equivalent of 0.6 pence per share. Accordingly, the Company issued 7,291,666 Ordinary Shares of 0.1p.

In April 2014, the Company raised US\$75,000 before expenses via a private subscription for 7,575,000 new Ordinary Shares of 0.1p per share at a price of 0.6p per share

In June 2014 the company received a Notice of Conversion from a loan note holder to convert £100,000 of the outstanding principal. This will result in the issue of 20,000,000 Ordinary shares on 1st July 2014.