Brady Exploration plc

Financial Statements

for the year ended 31 December 2013

Company no: 4196004

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Company no: 4196004

COMPANY INFORMATION

DIRECTORS :	Michael Alexander Borrelli (Chairman) Nicholas Lee (Non-Executive Director)
SECRETARY :	Michael Alexander Borrelli
REGISTERED OFFICE :	40 Dukes Avenue London W4 2AE
COMPANY REGISTRATION NUMBER :	4196004
REGISTRAR AND TRANSFER OFFICE :	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA
BANKERS :	NatWest Bank plc 180 Brompton Road London SW3 1HL
SOLICITORS :	Ronaldsons LLP 55 Gower Street London WC1E 6HQ
AUDITORS :	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
NOMINATED ADVISOR AND JOINT BROKER	Allenby Capital Limited 3 St Helen's Place London EC3A 6AB
JOINT BROKER	Peterhouse Corporate Finance 31 Lombard Street London EC3V 9BQ

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 December 2013

I am pleased to report on the Company's audited results for the year ended 31 December 2013.

The results for the year show a loss before taxation of £190,568, principally comprising administrative expenses, and a loss per share of 0.3p. Net assets at 31 December 2013 amounted to £54,016 while cash and cash equivalents, at that date, were £14,389. The directors have maintained general overheads at a very modest level while focusing the Company's resources on pursuing a suitable reverse acquisition for the Company with the inherent due diligence costs that necessarily arise. Shareholders should note that it is a difficult balance to allocate resources in such pursuit while simultaneously protecting the Company's resources as well as the listing and I believe we have achieved a very satisfactory outcome for shareholders given such constraints.

Developments during the year and subsequent to the year end are set out within the Strategic Report on page 4.

I look forward to updating shareholders on our progress following the proposed fund raising and our new investing focus on projects in South East Asia and mining projects in production.

Alex Borrelli
Chairman
13 June 2014

STRATEGIC REPORT
FOR THE YEAR ENDED 31 December 2013

RESULTS

The results of the Company for the year ended 31 December 2013 are set out on page 11 and show a loss before taxation for the year ended 31 December 2013 of £190,568 (2012 – £237,035).

REVIEW OF THE BUSINESS

The Directors have continued with the policy to invest in companies that are active in the natural resources sector.

On 30 April 2013, the Company announced that it was at an advanced stage of acquiring the entire issued share capital of Energy Equity Resources (Norway) Limited ("EER"), a UK incorporated company with oil and gas interests in Nigeria, in conjunction with a fund raising and conditional upon shareholder approval. The proposed acquisition would have constituted a reverse takeover under the AIM Rules. Simultaneous with the announcement of the proposed acquisition, the Company's shares were suspended from trading on AIM.

On 12 December 2013, the Company announced that, while the proposed acquisition was at an advanced stage, it had not been possible to complete the necessary equity fundraising in the time available to the Company to effect such a transaction. Consequently, the Company and EER decided to terminate discussions in relation to the proposed acquisition. Accordingly, the suspension of trading in the Company's shares was lifted and it re-commenced on 12 December 2013.

As outlined in the Company's interim results announced on 30 September 2013, the Company and EER had entered into a cost agreement whereby, in the event that the proposed acquisition did not proceed, in certain circumstances, the costs incurred by the Company would be reimbursed by EER. The Company announced on 22 January 2014 that it was in active and continued dialogue with EER with regard to the full reimbursement of such costs, which currently amount to £221,000, and that EER fully recognised this liability. On 4 April 2014, the Company announced that it had received £50,000 in cash from EER in part payment of the total amount owed by EER. The directors remain confident that the outstanding debt will be repaid in full by EER although the exact timing of such repayment remains to be agreed.

FUTURE DEVELOPMENTS

On 21 May 2014, the Company also announced that it proposed to raise £400,000 (before expenses) by way of a conditional subscription for new ordinary shares in order to pursue a similar investing policy but focused on projects in South East Asia and mining projects in production. The Board will be strengthened with the appointment of Cameron Parry as Chief Executive Officer and Paul Johnson as a non-executive director while Nicholas Lee will be stepping down from the Board to whom I am grateful for his contribution to the Company. The Company's name will be changed to Metal Tiger plc. We believe the new management is well placed to access opportunities in line with the new investing policy.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

COMPANY STATISTICS	31 December 2013	31 December 2012	Change %
Net asset value	£54,016	£227,160	-76%
Net asset value – fully diluted per share	0.09p	0.37p	-76%
Closing share price	0.7p	0.8p	-13%
Share price premium to net asset value – fully diluted	87%	54%	61%
Market capitalisation	£433,341	£495,246	-13%

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013

PRINCIPAL RISKS AND UNCERTAINTIES

The main business risk is considered to be investment risk. The Directors intend to mitigate this risk by carrying out a comprehensive and thorough project review of any potential investment in which all material aspects will be subject to rigorous due diligence. The Directors believe that the Company has sufficient cash resources to pursue its investment strategy.

GOING CONCERN

As disclosed in Note 2, after making enquiries, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future through the receipt of outstanding debtors and additional financing. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

Alex Borrelli
Chairman

13 June 2014

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 December 2013

The Directors present their report together with the audited financial statements for the year ended 31 December 2013.

A review of the business and principle risks and uncertainties has been included in the Strategic Report on page 4.

DIVIDENDS

No interim dividend was paid (2012 - £nil) and the Directors do not propose a final dividend (2012 - £nil) for the 12 months ended 31 December 2013.

DIRECTORS

The Directors of the Company who held office during the year were as follows:

Michael Alexander Borrelli
Nicholas Lee

Further details of the Directors' interests in transactions of the Company are given in note 18, details of the Directors' remuneration are given in note 5, and details of share options are given in note 15.

FINANCIAL INSTRUMENTS

Details of the Company's financial instruments are given in note 17.

SIGNIFICANT SHAREHOLDERS

As at 13 June 2014 the following were, as far as the Directors are aware, interested in 3% or more of the issued share capital of the Company:

Name	Number of Ordinary Shares	% of Issued Share Capital
Paternoster Resources plc *	*16,977,675	27.43%
Paul Jackson	7,293,950	11.78%
Ken Dulieu	6,095,225	9.85%
Peel Hunt LLP	5,980,792	9.66%
Charles Hall	3,200,000	5.17%
Ian Jefferson	2,635,986	4.26%

* Note: Nicholas Lee, a Director of the Company, is also Chairman of Paternoster Resources plc.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 17 to these financial statements.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 December 2013

POST YEAR END EVENTS

Since 31 December 2013, the following post year end events have taken place

- on 4 April 2014, the Company announced the part payment of £50,000 of the debt due of currently £221,000 from Energy Equity Resources (Norway) Limited;
- on 21 May 2014, the Company announced that the £60,000 term loan from Paternoster Resources plc due for repayment on 30 April 2014 had been extended for repayment on 31 October 2014; and
- on 21 May 2014, the Company announced the conditional subscription for £400,000 of new ordinary shares subject to shareholder approval at a General Meeting convened for 16 June 2014.

CORPORATE GOVERNANCE

The Company is not required to comply with the principles of corporate governance. This report sets out how the Company does incorporate good corporate governance practice where appropriate to its business.

BOARD OF DIRECTORS

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

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

INTERNAL CONTROL

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

REMUNERATION

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

Details of directors' fees and of payments made for professional services rendered are set out in Note 5 to the financial statements.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 December 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the strategic report, report of the directors 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 are have elected to prepare Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the directors are required to:

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

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

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

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

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

AUDITORS

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

By order of the Board

M A Borrelli
Secretary

13 June 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRADY EXPLORATION PLC
FOR THE YEAR ENDED 31 December 2013

We have audited the financial statements of Brady Exploration plc for the year ended 31 December 2013 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement 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.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

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

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 2 to the financial statements concerning the Company's ability to continue as a going concern. In order to settle the company's liabilities as they fall due within the foreseeable future, the company requires shareholder approval for the £400,000 new ordinary share subscription cash injection and also needs to recover the debt of £230,628 due from Energy Equity Resources (Norway) Limited ("EER"). Post year end £50,000 of the balance has been received and the directors are confident that the remainder of the balance will be received. However, there is no certainty at the date of signing of these financial statements that shareholders will approve the new ordinary share subscription or that EER will be able to settle their outstanding balance or the timing of the settlement. Should the share subscription not be approved or the EER debtor balance not be received, the company will need to source alternative funding. These conditions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRADY EXPLORATION PLC
FOR THE YEAR ENDED 31 December 2013

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

David Eagle (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom
13 June 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2013

	Note	2013 £	2012 £
Loss on disposal of investments		(29,875)	(5,909)
Movement in fair value of investments		13,300	(13,300)
Net loss on investments		(16,575)	(19,209)
Administrative expenses		(169,966)	(218,814)
OPERATING LOSS	4	(186,541)	(238,023)
Finance income		–	1,611
Finance costs	6	(4,027)	(623)
LOSS FOR THE YEAR BEFORE TAXATION		(190,568)	(237,035)
Tax on loss on ordinary activities	7	–	–
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(190,568)	(237,035)
LOSS PER SHARE - basic and diluted	8	(0.3)p	(0.4)p

All amounts relate to continuing activities.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2013

	Share capital £	Share premium £	Share based payment reserve £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2012	577,472	2,887,296	8,260	(3,065,986)	407,042
Loss for the year and total comprehensive loss for the year	–	–	–	(237,035)	(237,035)
Share options reserve transfer	–	–	(8,260)	8,260	–
Cost of share based payments	–	–	9,298	–	9,298
Share issue	41,586	6,269	–	–	47,855
BALANCE AT 31 DECEMBER 2012	619,058	2,893,565	9,298	(3,294,761)	227,160
Loss for the year and total comprehensive loss for the year	–	–	–	(190,568)	(190,568)
Cost of share based payments	–	–	17,424	–	17,424
BALANCE AT 31 December 2013	619,058	2,893,565	26,722	(3,485,329)	54,016

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 December 2013

	Note	2013 £	2012 £	2011 £
CURRENT ASSETS				
Trade and other receivables	11	236,116	190,345	13,592
Investments held for trading	10	–	46,616	–
Cash and cash equivalents	12	14,389	64,984	463,816
		250,505	301,945	477,408
CURRENT LIABILITIES				
Short term borrowings	13	60,000	–	25,000
Trade and other payables	14	136,489	74,785	45,366
		196,489	74,785	70,366
NET ASSETS		54,016	227,160	407,042
EQUITY				
Share capital	15	619,058	619,058	577,472
Share premium account	15	2,893,565	2,893,565	2,887,296
Share based payment reserve		26,722	9,298	8,260
Retained earnings		(3,485,329)	(3,294,761)	(3,065,986)
TOTAL EQUITY		54,016	227,160	407,042

These Financial Statements were approved by the board of Directors on 13 June 2014 and were signed on its behalf by:

Alex Borrelli
Chairman

Company number: 04196004

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 December 2013

	Notes	2013 £	2012 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(190,568)	(237,035)
Adjustments for:			
Loss on disposal of trading investments		16,575	19,209
Share based payment charge for year		17,424	9,298
Finance income		–	(1,611)
Finance costs		4,027	623
Operating cashflow before working capital changes		(152,542)	(209,516)
(Increase)/decrease in trade and other receivables		(45,771)	(176,753)
Increase/(decrease) in trade and other payables		57,677	29,419
Net cash outflow from operating activities		(140,636)	(356,850)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased		–	(300,233)
Proceeds from investment disposals		30,041	234,408
Finance income		–	1,611
Net cash inflow/(outflow) from investing activities		30,041	(64,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	47,855
Proceeds from short term loan		60,000	–
Repayment of loan stock		–	(25,000)
Interest paid		–	(623)
Net cash inflow from financing activities		60,000	22,232
NET DECREASE IN CASH AND CASH EQUIVALENTS		(50,595)	(398,832)
Cash and cash equivalents brought forward		64,984	463,816
CASH AND CASH EQUIVALENTS CARRIED FORWARD	12	14,389	64,984

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

1 GENERAL INFORMATION

Brady Exploration plc is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the AIM stock exchange. The Company's principal activities are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. The Financial Statements have also been prepared under the historical cost basis, except for investments held for trading which are recognised at fair value.

For all periods up to and including the year ended 31 December 2012, the Company prepared its Financial Statements in accordance with UK GAAP. These Financial Statements for the year ended 31 December 2013 are the first the company has prepared in accordance with IFRS. Accordingly, the Company has prepared financial statements which comply with IFRS applicable for the period ending on 31 December 2013, together with the comparative period data as at and for the year ended 31 December 2012. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2012 the Company's date of transition to IFRS. No adjustments are required to be made by the Company in restating its UK GAAP financial statements, including the statement of financial position as at 1 January 2012 and the financial statements as at and for the year ended 31 December 2012.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed later in these accounting policies. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements. Figures are all presented in pounds sterling.

At the year end Brady Exploration plc had one wholly owned subsidiary, Brady Exploration (Operations) Limited. Since incorporation, Brady Exploration (Operations) Limited has not commenced operations and has no material assets or liabilities. As such, no consolidated financial statements have been prepared on the basis that in accordance with section 405 of the Companies Act 2006 its inclusion is not material for the purpose of giving a true and fair view.

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

GOING CONCERN

The financial statements are required to be prepared on the going concern basis unless it is inappropriate to do so. The directors have considered their ongoing working capital requirements and the need to raise £400,000 from the new share issue still to be approved by shareholders via special resolution at an annual general meeting on 16 June 2014. The directors have also considered the recoverability of other debtors of £230,628 which represent an amount due from Energy Equity Resources (Norway) Limited (EER). As noted in the director's report, part payment of £50,000 has been received after the financial year end. The directors are confident that shareholders will approve the new ordinary share issue and that the remainder of the balance from EER will be recovered in the foreseeable future. The company needs the ordinary share issue to be approved and the outstanding balance to be received to enable the company to settle its liabilities as they fall due. There is however no certainty that the special resolution will be passed or over the exact timing of recovery and whether EER will be able to settle the balance due. Should these monies not be raised and recovered in an appropriate time frame, the directors will be reliant on raising alternative funding. On this basis, the directors have concluded that the company is a going concern. However, the above indicates a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value cannot be readily established, the Group is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards at the date of grant.

STATEMENT OF COMPLIANCE

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

		Effective for accounting periods beginning on or after:
IFRS 2,3,8,13,16,24,38	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IFRS 1,3,13, IAS 40	Amendments resulting from Annual Improvements 2011-2013	1 July 2014
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – requirements for where control is difficult assess	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities – Amendments for investment entities	1 January 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contribution from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates and Joint Ventures	1 January 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STATEMENT OF COMPLIANCE (continued)

IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014

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

SEGMENTAL REPORTING

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

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

TAXATION

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

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

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

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position reporting date. All exchange differences are dealt with through the statement of comprehensive income as they arise.

FINANCIAL ASSETS

The Company's financial assets comprise investments held for trading, loans and receivables, and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS HELD FOR TRADING

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

LOANS AND RECEIVABLES

Loans and receivables from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

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

CASH AND CASH EQUIVALENTS

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

FINANCIAL LIABILITIES

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

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

SHARE-BASED PAYMENTS

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Share based payment reserve” represents the cumulative cost of share based payments.
- “Retained losses" represents retained losses.

3 SEGMENTAL INFORMATION

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

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

4 OPERATING LOSS

	2013 £	2012 £
Loss from operations is arrived at after charging:		
Wages and salaries	44,671	47,608
Share based payment expense	17,424	9,298

AUDITOR’S REMUNERATION

During the year the Group obtained the following services from the Company’s auditor:

	2013 £	2012 £
Fees payable to the Company’s auditor for the audit of the company’s financial statements	12,000	12,000
Fees payable to the Company’s auditor and its associates for other services:		
Other services relating to corporate finance	–	12,000
	12,000	24,000

5 EMPLOYEE AND DIRECTORS' REMUNERATION

The Company has no employees and the key management of the Company are the Directors. The amount paid to the Directors, is as follows:

	2013	2012
	£	£
Short-term employee benefits	44,000	46,000
Social security costs	671	1,608
Share based remuneration	17,424	9,298
	62,095	56,906

Details of Directors' employee benefits expense are as follows:

Name of director	Remuneration	Consultancy fees	Total 2013	Total 2012
	£	£	£	£
Alex Borrelli	12,000	10,000	22,000	24,000
Nicholas Lee	12,000	10,000	22,000	22,000
	24,000	20,000	44,000	46,000

Average number of persons employed:

	2013 Number	2012 Number
Office and management	2	2

6 FINANCE COSTS

	2013	2012
	£	£
Interest on short term borrowings	4,027	–
Interest on redeemable loan stock	–	623
	4,027	623

7 TAXATION

	2013	2012
	£	£
Current tax on income for the period	–	–

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

	2013	2012
	£	£
FACTORS AFFECTING THE TAX CHARGE		
Loss before tax	(190,568)	(237,035)
Loss before tax multiplied by rate of corporation tax in the UK of 20% (2012: 20%)	(38,114)	(47,407)
Unrelieved tax losses and other deductions arising	33,114	42,887
Non-deductible expenses/(Non-taxable income)	5,000	4,520
Total tax	–	–

No deferred tax asset has been recognised as Directors cannot be certain that future profits will be sufficient for this asset to be realised. As at 31 December 2013 the Company has tax losses carried forward of approximately £1,113,000 (2012: £948,000)

8 EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2013 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2013	2012
	£	£
Loss attributable to equity holders of the Company:		
Continuing and total operations	(190,568)	(237,035)
	No of shares	No of shares
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	61,905,803	58,839,864
	Pence per share	Pence per share
LOSS PER SHARE - BASIC AND DILUTED:		
- Continuing and total operations	(0.3)p	(0.4)p

At the year end date there were 5,800,000 options exercisable which, if exercised, would have a dilutive effect in financial periods in which the Company makes a profit. All these options were cancelled on 21 May 2014.

Because the effect of exercise of the options is anti-dilutive in both years the diluted loss per share is the same as the basic loss per share.

The Company has conditionally agreed to issue 80,000,000 shares at 0.5p per share, subject to shareholder approval, which will also have a dilutive effect.

9 SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings at the end of the year. As discussed in note 2, these have not been included in consolidated financial statements.

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Brady Exploration (Operations) Limited	England and Wales	100%	Non-trading

Since incorporation, Brady Exploration (Operations) Limited has not commenced operations and has no material assets or liabilities therefore no consolidated financial statements have been prepared as at 31 December 2013.

10 INVESTMENTS HELD FOR TRADING

	2013 £	2012 £	2011 £
At 1 January - at fair value	46,616	–	–
Acquisitions	–	300,233	–
Disposal proceeds	(30,041)	(234,408)	–
Loss on disposal of investments	(29,875)	(5,909)	–
Movement in fair value of investments	13,300	(13,300)	–
At 31 December - at fair value	–	46,616	–

All investments held during the year were quoted.

11 TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000	2011 £'000
Other debtors	230,628	183,857	9,000
Prepayments and accrued income	5,488	6,488	4,592
Total	236,116	190,345	13,592

Other debtors include amounts owed by EER.

The fair value of trade and other receivables is considered by the directors not to be materially different to carrying amounts.

12 CASH AND CASH EQUIVALENTS

	2013 £	2012 £	2011 £
Cash at brokers	16	–	–
Cash at bank	14,373	64,984	463,816
Cash and cash equivalents	14,389	64,984	463,816

The fair value of cash and cash equivalents at 31 December 2013 is considered by the Directors not to be materially different to carrying amounts

13 BORROWINGS

	2013 £	2012 £	2011 £
Short term loan	60,000	–	–
Redeemable loan stock	–	–	25,000
Total	60,000	–	25,000

The short term loan was received from Paternoster Resources plc (see note 18), and was repayable on 29 April 2014. The loan bears interest at 10% per annum, payable on redemption. On 21 May 2014 the date of repayment of the loan was extended to 31 October 2014.

The fair value of borrowings is considered by the Directors not to be materially different to carrying amounts.

14 TRADE AND OTHER PAYABLES

	2013 £	2012 £	2011 £
Trade payables	91,179	38,031	32,934
Tax and social security	2,105	2,771	1,670
Accrued charges	43,205	33,983	10,762
Total	136,489	74,785	45,366

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

15 SHARE CAPITAL

	Number of shares	Nominal value £	Share premium £
CALLED UP, ISSUED AND FULLY PAID:			
At 31 December 2011			
Ordinary shares of 1p each	57,747,192	577,472	2,887,296
Share issues:			
Ordinary shares of 1p each	4,158,611	41,586	6,269
At 31 December 2012 and 2013	61,905,803	619,058	2,893,565

15 SHARE CAPITAL (continued)

SHARE OPTION SCHEME

At 9 May 2012, the Company granted, under the company's share option scheme, options over 5,800,000 ordinary shares to the directors of the Company. Each option carries the right to subscribe for one Ordinary Share in the capital of the Company at a price of 1.55 pence per Ordinary Share. These options vest over a period of three years from the date of the Grant, with a third of the options becoming exercisable on the first, second and third anniversaries of the Grant respectively. These options are exercisable for a period of ten years from the date of the Grant.

	2013 Weighted average exercise price (pence)	2013 Number	2012 Weighted average exercise price (pence)	2012 Number
Outstanding at the beginning of the year	1.55	5,800,000	–	–
Granted during the year:-				
Alex Borrelli	–	–	1.55	2,900,000
Nicholas Lee	–	–	1.55	2,900,000
Outstanding at the end of the year	1.55	5,800,000	1.55	5,800,000

All share options were cancelled on 21 May 2014.

16 SHARE BASED PAYMENTS

EMPLOYEE EQUITY BASED PAYMENTS

On 9 May 2012, the Company granted, under the company's share option scheme, options over 5,800,000 ordinary shares to the directors of the Company (see note 15 for further details)

Using the Black Scholes option pricing model, and assuming an average market price of Brady shares of 1.7p, a risk free interest rate of 0.5% and a share volatility of 40%, the fair value of these options on issue is 0.93p per share option. The options are due to vest over a three year period from when they were granted so the pro-rata fair value of the transaction charged to profit and loss as share based remuneration is £17,424 (2012: £9,298). Expected volatility was estimated using historic volatility rates.

	2013 Weighted average exercise price (pence)	2013 Number	2012 Weighted average exercise price (pence)	2012 Number
Outstanding at the beginning of the year	1.55	5,800,000	1.15	4,347,826
Lapsed during the year	–	–	1.15	(4,347,826)
Granted during the year	–	–	1.55	5,800,000
Outstanding at the end of the year	1.55	5,800,000	1.55	5,800,000

17 FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity funding. Currently the Company's capital structure consists entirely of shareholders equity, comprising issued share capital and reserves.

The Company uses financial instruments, other than derivatives, comprising cash to provide funding for its operations.

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

CREDIT RISK

The Group's exposure to credit risk is limited to the carrying amounts of trade and other receivables, and cash and cash equivalents recognised at the balance sheet date, as follows:

	2013	2012
	£	£
Trade and other receivables	230,628	183,857
Cash and cash equivalents	14,389	64,984
	245,017	248,841

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

As explained in note 2 under Going Concern the amount shown above as trade and other receivables is owed by one debtor. Since the year end £50,000 has been received in part settlement and agreement has been received that the outstanding balance will also be settled.

LIQUIDITY RISK

The Company makes investments for the long term. Accordingly the Company rarely trades investments in the short term. Whilst the Company has no quoted investments at present, if it holds such investments these may be sold to meet the Company's funding requirements. However, the market in small capitalised companies can be illiquid. Any unquoted investments in the portfolio are normally subject to greater liquidity risk. This risk is taken into account by the Directors when arriving at the valuation of these assets.

As the Company has no significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The short term borrowing which is repayable on 31 October 2014 bears interest at a fixed rate of 10% per annum.

The following table shows the contractual maturities of the Company's financial liabilities, including repayments of both principal and interest where applicable.

	Trade and other Payables	Short term Borrowing	Total
As at 31 December 2013	£	£	£
6 months or less	93,284	66,000	159,284
Total contractual cash flows	93,284	66,000	159,284
As at 31 December 2012			
6 months or less	40,802	-	40,802
Total contractual cash flows	40,802	-	40,802

17 FINANCIAL INSTRUMENTS (continued)

CATEGORIES OF FINANCIAL INSTRUMENTS

	2013	2012
	£	£
FINANCIAL ASSETS:		
Cash and bank balances	14,389	64,984
Loans and receivables	230,628	183,857
Held for trading financial assets	–	46,616
FINANCIAL LIABILITIES AT AMORTISED COST:		
Borrowings	60,000	–
Trade and other payables	93,284	40,802

18 RELATED PARTY TRANSACTIONS

A list of significant shareholders is included in the report of the directors. No ultimate controlling party has been identified by the directors.

During the period under review, consultancy fees amounting to £10,000 (2012: £12,000) were payable to Borrelli Capital Limited, a company connected with Alex Borrelli, director and £10,000 (2012: £10,000) were payable to ACL Capital Limited, a company connected with Nicholas Lee, director. These amounts have been included in the directors' remuneration note 5. At the year end £18,400 was owed to Borrelli Capital Limited (2012: £8,400), and £17,000 was owed to ACL Capital Limited (2012: £7,000)

On 29 April 2013 Paternoster Resources plc provided a short-term loan of £60,000 to the Company. The loan is unsecured, bears interest at 10% per annum and is due to be repaid on 31 October 2014. Paternoster is the largest shareholder of the Company (holding 27.4% of the shares) and Nicholas Lee, a director of the Company, is also executive chairman of Paternoster Resources plc.

19 POST YEAR END EVENTS

Details of the significant post year end events are included in the Report of the directors.