



Company No. 03981468

Starvest plc

Report and Financial Statements

For the Year Ended 30 September 2019

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Officers and professional advisers

Directors Callum N Baxter – Chairman and Chief Executive
Gemma Cryan – Executive Director
Mark J Badros – Non-Executive Director

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Listing AIM Market of the London Stock Exchange (AIM)
Ticker: SVE

Website www.starvest.co.uk

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Chairman's Statement

I am pleased to present my annual statement to Shareholders for the year ended 30 September 2019 and the nineteenth since the Company was formed in 2000.

Results for the year

The trading environment for natural resources focused companies was subdued through most of fiscal 2019 period due to a stagnant market largely influenced by global market sentiment and Brexit negotiations. But the latter part of 2019 saw a marked improvement following UK elections and a jump in the gold price which refocused the attention of investors and we noted improved share prices in many of our investee companies.

Despite the flat trading environment throughout the period to 30 Sept 2019, several investee companies in our portfolio delivered strong exploration and operational results. We achieved an increase of 17% in our Trading Portfolio Value over the 12 months to 30 Sept 2019, and we saw a 25% increase in our Net Asset Value over the same period, along with a 21% increase in our Net Asset Value per Share. The Market Capitalisation of the company grew by 9% in the 12 months to 30 September 2019.

Greatland Gold plc remains one of our best-performing investee stocks for a second year running following its outstanding gold-copper discovery in Australia. The share price of Greatland Gold plc increased approximately 75% in the 12 months to 30 Sept 2019 and has continued its upward trend since. Sustained positive efforts by Ariana Resources at its 50/50 JV Kiziltepe mine continued to meet and often exceed forecasted production and generate revenue. Ariana also achieved good progress at its Salinbas exploration property. Cora Gold returned positive exploration results from its Sanankoro property, expanding the known mineralisation along strike and at depth.

We believe there are many undervalued opportunities available in the natural resource sector and we are actively evaluating new opportunities. Collectively, members of the Board have many years of experience in the natural resources industry and capital markets, and we can benefit by employing our sector knowledge and market experience in sourcing unrecognised opportunities.

Investing policy

The Company's investing policy is reproduced on page 3 of this report and made available on our website, www.starvest.co.uk. At our December 2017 AGM the shareholders approved a proposal to add Direct Investment in mining projects to our Investing Policy. This allows the Company to take ownership of its own mining projects and utilise these for stock positions in new and existing investee companies. We continue to monitor the markets and may take on projects in the near term.

Trading portfolio valuation

A brief review of the major portfolio companies follows from page 5. Other investee companies are listed on the websites from which further information may be obtained.

Shareholder information

The Company's shares are traded on AIM.

Announcements made to the London Stock Exchange are available from the Company's website, www.starvest.co.uk where historic reports and announcements are also available.

Callum N Baxter

Chairman and Chief Executive

11 February 2020

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Investing policy statement

About us

The Board, under the leadership of the previous Chairman, Bruce Rowan, had managed the Company as an investment company since January 2002. Following the appointment as Chairman of Callum Baxter, the Board continues with a similar investment strategy, that is, with a focus on the natural resources sector.

Collectively, the current Board has significant experience investing in small company new issues and pre-IPO opportunities in the natural resources and mineral exploration sectors.

Company objective

The Company was established as a source of early stage finance to fledgling businesses, to maximise the capital value of the Company and to generate benefits for Shareholders in the form of capital growth and modest dividends.

Investing strategy

Natural resources: Whilst the Company has no exclusive commitment to the natural resources sector, the Board sees this sector as having considerable growth potential in the medium term. Historically, investments were generally made immediately prior to an initial public offering on AIM or NEX as well as in the aftermarket. As the nature of the market has changed since 2008, it is more likely that the future investment portfolio will include companies that have completed an IPO but remain in the early stages of identifying or, with the appropriate financial backing, developing a commercial resource.

Direct Project: The Company's investing policy is to hold shares in companies. However, the Company believes there may be opportunities to acquire shares in companies on favourable terms by taking a direct interest in mining projects and using these projects as consideration for shares in such companies; those companies would therefore become Starvest investee companies. The projects will be operated by the investee company; Starvest will not manage any project. Prior to selling any projects to corporate entities, Starvest may therefore have an interest in a number of projects. The addition of the Direct Project strategy to the Company's Investing Policy was approved by shareholders at the Company's AGM held 1st December 2017.

Investment size: Initial investments are usually up to £100,000. These companies are invariably not generating cash, but rather they have a constant requirement to raise new equity in order to continue exploration and development. Therefore, after appropriate due diligence, the Company may provide further funding support and make later market purchases, so that the total investment may be greater than £100,000.

High risk: The business is inherently high risk and cyclical, dependent upon fluctuations in world economic activity which affects the demand for minerals. However, the Company affords investors the opportunity to participate in diverse early-stage ventures, which the Board believes will offer the potential for significant returns for the foreseeable future.

Lack of liquidity: Shares of investee companies typically lack liquidity, even if they are quoted on AIM, NEX, ASX, or TSX-V. Therefore, in the early years it is rarely possible to sell an investment at the quoted market price so investors must remain patient until the investee company develops and ultimately attracts market interest. If and when an explorer finds a large exploitable resource, it may become the object of a third-party bid, or otherwise become a much larger entity; either way an opportunity to realise cash is expected to follow.

Success rate: Of the 25 to 30 investments held at any one time, it is expected that no more than five will prove to be 'winners'; from half of the remainder we may expect to see modest share price improvements. Overall, the expectation is that in time portfolio returns will be acceptable if not substantial. Accordingly, the Board is unable to give any estimate of the quantum or timing of returns.

Profit distribution: When profits have been realised and adequate cash is available, the Board intends to distribute up to half the profits realised.

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Investing policy statement, *continued*

Investing strategy, *continued*

Other matters: The Company currently has an investment in Equity Resources Limited, which itself is an investment company.

The Company takes no part in the active management of investee companies, although directors of the Company are, or have been, directors on the boards of several such companies. Callum Baxter, Chairman, is currently an Executive Director of one such company.

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Review of trading portfolio

Introduction

During the year to 30 September 2019, the portfolio comprised interests in the companies discussed below, as well as other active companies that are not discussed herein.

Market sentiment remained unchanged during the year to 30 September with a difficult trading environment for exploration and mining stocks prevailing. As a result, there was reduced capital market funding for important field exploration programmes and development work. Despite the adverse setting, several investee companies in our portfolio have weathered the poor market conditions and delivered strong exploration and operational results. Our Trading Portfolio Value has increased by 17% over the past 12 months. We have also seen a 25% increase in our Net Asset Value over the 12-month period to 30 September 2019, and a 21% increase in our Net Asset Value per Share. While the market capitalisation of the company has increased by 9% the equity value's discount to net asset value has increased from 35% to 44% year on year and reflects the difficult market environment for both investment companies and the natural resource sector.

Transactions

During the year the Company did not raise capital through placing and subscription.

The Company took part in two placings of Cora Gold Limited, an exploration company focused on West Africa, and acquired 357,142 and 571,429 additional shares, respectively, bringing the Company's total holding to 0.95% of Cora's issued shares.

Trading portfolio valuation

A continued flat economic climate and decreased investor confidence in the natural resources sector has been reflected in fluctuating share price valuations throughout the year. Despite this difficult environment some of our investee companies have seen gains and our portfolio value has increased by 17% in the 12 months to 30 September 2019 demonstrating the robustness of the portfolio to weather the difficulties in sector sentiment.

Against this background we continue to value our portfolio of investments conservatively and use closing market prices for all valuations. An applied discount is no longer included in the portfolio value or company net asset value.

The Company's Net Asset Value increased during the year to 30 September 2019 to £2.25m and the Company made a profit before and after tax of £386,850 compared with a loss of £316,242 in 2018. In addition, the Company:

- has no debt other than a bank overdraft facility;
- continues to believe that it is in a sound position to benefit from any emerging upturn in markets; and
- believes that the fundamentals have not changed: the world is becoming more affluent with an increasing number of people expecting consumer items, motor cars, air conditioning, computers and all other tools of 21st Century living which all require natural resources in order to both produce and power.

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Review of trading portfolio, *continued*

Trading portfolio valuation, *continued*

Company statistics

The Company considers the following statistics to be its Key Performance Indicators (KPIs) and is satisfied with the results achieved in the year given the uncertain market conditions.

	30 September 2019 at Closing values as adjusted	30 September 2018 at Closing values as adjusted*	Change %
• Trading portfolio value	£1.92 m	£1.64 m	+ 17%
• Company net asset value	£2.25 m	£1.80 m	+ 25%
• Net asset value per share	4.03 p	3.33 p	+ 21%
• Closing share price	2.25 p	2.15 p	+ 5%
• Share price discount to net asset value	44%	35%	+ 26%
• Market capitalisation	£1.26 m	£1.16 m	+ 9%

*Excludes formerly reported applied discount.

Since the year end values have improved marginally. As at the close of business on 31 December 2019 the Company's Net Asset Value was £2.39m.

Review of the current market

The basic resource sector saw continued subdued sentiment throughout 2019. Demand for raw materials continues to fluctuate and is likely to be volatile in the near term.

The gold price increased from a low of US\$1,211 per troy ounce in October 2018 to a peak of US\$1,520 in August 2019 and has continued to remain buoyant. Other metals such as copper, lead, and zinc have seen overall declines over the year with only nickel showing an increase year on year. Crude oil prices also fell over the period with Brent Crude decreasing from around US\$70/bbl to \$55/bbl.

Within the current environment, industry majors have continued to focus on returning capital and providing dividends to shareholders rather than putting investment into exploration and development of new mines. Some increase in exploration has been seen in Australia and North America but has yet to be seen in other regions such as Africa or SE Asia.

This lack of investment into exploration and development of world-class mines opens the field to junior explorers and developers to realise value and generate cash flow through increasing interest in the sector, and from majors in need of replenishing diminishing reserves.

The current market conditions allow for measured, strategic investment in undervalued, early-stage, natural resource projects.

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Portfolio review, *continued*

Interests in Gold exploration

Our primary interests in gold exploration companies include the following:

Ariana Resources plc (www.arianaresources.com)

Ariana Resources PLC (Ariana) is a United Kingdom-based company engaged in the exploration, development and mining of epithermal gold-silver and porphyry copper-gold deposits in Turkey.

The company is in a JV on the Kiziltepe mine and has continued to meet and often exceed forecasted production rates. Ariana earned revenue of £3.7m from the mine in the year ended December 2018 and £3.0m for the six months to June 2019, showing a potential increase in profit for the coming financial year.

Gold production in H1 2019 was forecast to increase by 14% year over year, and the company expects full-year production of 25,000oz. By 30 June 2019 69% of the US\$33m cap-ex loan had been repaid and the company is on target to complete repayments by April 2020.

Ariana has been developing its exploration projects. A new operating licence has been obtained for the Salinbas gold project with environmental impact assessments and pre-feasibility studies to commence in Q4 2019. At the Tavsan project the company is nearing completion of an environmental impact assessment and plans further resource definition work

Significant activities since year end: Ariana announced a conditional agreement to acquire 100% of Dogu Akdeniz Mineralleri San. ve Tic. Ltd. ("Dogu"), a subsidiary of KEFI Minerals plc ("KEFI"). Dogu holds a Net Smelter Return ("NSR") on the Kizilcukur Project and a valuable exploration database encompassing the Republic of Turkey. It also continued to release positive drill results from its exploration projects and preliminary figures for gold production are likely to exceed 2019 forecasts.

Cora Gold Limited (www.coragold.com)

Cora Gold has continued to develop its flagship Sanankoro project in Mali during the year, consistently delivery encouraging drill results with in-fill drilling along with step-out drilling testing the known mineralisation of the prospect (approx. 8km in strike length).

The company has cited an exploration target of 30-50mt of gold at an average grade of 1.0-1.3g/t equating to 1-2m oz of gold. Preliminary metallurgical test work results showed up to 97% gold recovery by cyanide leach processes. More recent drilling has not only expanded the Sanonkoro known mineralisation along strike but also extended it at depth, to up to 170m, with gold sulphide mineralisation present.

The company expects to release a resource figure for a limited portion of the Sanankoro project in Q4 2019, limiting the calculations to the weathered oxide material found from surface to 100m depth only. A scoping study is also due to be completed before the year end.

Several placings during the year leave the company well-funded to carry out further drilling and develop the project in 2020.

Significant activities since year end: Cora Gold released a maiden resource encompassing only part of the Sanankoro project as well as a scoping study which reports an IRR of 84%, low capex costs and a robust all-in sustaining cost of approx. \$950/oz.

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Portfolio review, *continued*

Interests in Gold exploration, continued

Greatland Gold plc (www.greatlandgold.com)

The AIM-listed exploration company holds 100% of six exploration areas in Western Australia and Tasmania. Greatland Gold's most significant development during the year was a US\$65m deal with Newcrest Mining Limited over its Havieron prospect. Under the agreement, Newcrest has established a Farm-In with Greatland on the Havieron Gold-Copper project, whereby through a series of staged investments, Newcrest may acquire up to 70% of the joint venture for expenditure of US\$65m (GBP£50m) over a six-year period.

Newcrest have established a large camp on site to support the multiple drill rigs currently in operation, with an intention to expand this in the near future. Drill results to date show an extension to known mineralisation in the zone both to the north and west as well as at depth. The limits of mineralisation remain open and we will be watching this project development with interest.

Elsewhere in the Paterson region Greatland has continued exploration on other parts of its Havieron licences with IP and soil sampling as well as early stage drilling on its Black Hills licence and geophysics modelling on the Paterson Range East licence.

Greatland Gold continued to advance its exploration target at Firetower in Tasmania with a 15-hole drill programme designed to test a 1km long IP anomaly with a chargeability signature which has been shown to be coincident with mineralisation in older drill holes. Results released to date from the first six holes are very encouraging with grades of 1g/t from or near surface. We await with interest results from the remaining drill holes.

Greatland Gold also carried out field exploration its Panorama licence in the Pilbara. Here gold nuggets were found which extended a known mineralised zone to over 6km in length which appears to run along strike from known historic mineralisation and mines further north.

Significant activities since year end: Greatland Gold has continued to release drill results from its Firetower project with encouraging gold mineralisation reported along with outstanding gold-copper drill intercepts from its Newcrest operated Havieron project showing an expanding footprint and increased depth of mineralisation.

Kefi Minerals plc (www.kefi-minerals.com)

Kefi Minerals is an exploration and development company focused on gold and copper deposits in the Arabian-Nubian Shield. Its main projects are Tulu Kapi in Ethiopia and the Jibal Qutman project in Saudi Arabia.

Kefi have progressed with project development on their Tulu Kapi Gold Project in Ethiopia and received Prime Ministerial go-ahead in March 2019.

Project financing now comprises a consortium of Kefi, the government of Ethiopia, project contractors Lycopodium and Ausdrill, ANS Mining Share Company and proposed infrastructure financiers, with an overall cost of US\$242m, excluding the US\$60m invested through year-end 2018 and US\$50m of mining equipment being supplied by the mining contractors.

Community resettlement was undertaken and construction contracts commenced for off-site infrastructure roads and power. The 24-month mine development is scheduled to begin in October 2019 with full production expected in 2021.

The company is also progressing with work on the Hawiah copper-gold exploration licence in Saudi Arabia. Kefi entered into a JV with Gold and Minerals Ltd in June 2019, with Kefi maintaining operational control and carrying out satellite multi-spectral and ground geophysics, which was used to plan scout drilling which commenced at the end of September 2019.

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Portfolio review, *continued*

Interests in energy

We own positions in two companies in the energy sector, Alba Mineral Resources and Oracle Power.:

Alba Mineral Resources plc (www.albamineralresources.com)

Alba Mineral Resources is a diversified mineral exploration company focused on oil and gas, gold and base metals with holdings in Greenland (heavy minerals and copper), the UK (oil and gas, gold) and Ireland (base metals).

The Company's UK oil and gas interests focus on the Horse Hill-1 project where Alba hold approximately a 10% stake in the HHDL consortium developing the project. HHDL have submitted planning and environmental applications to allow for a seven-well permanent production development. Extended well tests continued during the year and oil production reached 60,000 barrels in August.

The Clogau Gold Mine, in which Alba hold a 90% stake, has had significant exploration work done on the historic mine area and surrounding areas, with ten significant anomalies identified away from the major mine and gold mineralisation confirmed across approximately 9km of strike extent in the Dolgellau Gold Belt. Potential extension of the former mine has also been identified.

Alba reported a maiden JORC compliant inferred resource of 19m tonnes at 43.6% total heavy metals, with an in-situ ilmenite grade of 8.9% and a contained ilmenite of 1.7m tonnes at its Greenland Thule Black Sands project. The project lies in a strategic position with Bluejay Mining in an agreement with Rio Tinto further along the same black sands coastline.

The Company raised over £1.29m (before expenses) during the year and are funded to continue exploration work on the projects under their operation.

Oracle Power plc (www.oraclepower.co.uk)

Naheed Memon became CEO in July 2019 when Shahrukh Khan stepped down. Ms Naheed is based primarily in Pakistan, a move that we hope will speed up progress with the mine and power plant. However, the company are still awaiting completion of due diligence by the Chinese investment partners.

Oracle signed an MOU with Beijing Jingneng Power Company and PowerChina International Group in December 2018. With assistance from these partners, the company plans to develop the mine in a single phase of 8 million tonnes a year, instead of the previous two-phased development, reduced the required cap-ex. The company intends to develop the power plant as a single-phase, 2.660MW unit with applications submitted to this end. Any required review of feasibility work relating to the restructuring of the plans is underway, as are updates to environmental and social impact assessments.

In order to sustain administration and running costs Oracle entered into a loan facility with Bandon Hill Capital for up to £200,000. The company also raised £500,000 in March and again in August 2019 through placings.

Significant activities since year end: Oracle announced it has entered into a Joint Development Agreement with the Private Office of H.H. Sheikh Ahmed Dalmook Juma Al Maktoum China National Coal Development Company Limited a subsidiary of China National Coal Group Corporation

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Portfolio review, *continued*

Interests in Agricultural Products

Salt Lake Potash Limited (www.saltlakepotash.com.au)

Salt Lake Potash is the owner of the Goldfields Salt Lakes Project (GSLP), which comprises nine large salt lakes in the Northern Goldfields Region of Western Australia. The company's aim is to develop the first salt-lake brine Sulphate of Potash (SOP) operation in Australia.

During the year Salt Lake Potash completed a scoping study for the commercial scale 200,000pa SOP development at Lake Way, with positive results for low cap-ex and op-ex together with a sustainable mine/operating life. A bankable feasibility study is due to be realised in late 2019.

The company completed construction of the first evaporation pond at Lake Way in June 2019 and is gathering data on methodology and costs to complete a feasibility study.

Salt Lake also completed a deal for access to process water and power rights in the Lake Way tenement area, considerably de-risking the project and finance costs.

During the year the company secured US\$150m debt financing from Taurus. They have a US\$30m stage 1 debt to fast-track early construction and have secured a further AUS\$28 from three strategic investors.

The company plans to initially develop their Lake Way project with a further eight large potassium rich salt lakes licenced to them which could allow for significant scaling up of production.

Post Year End

A bankable feasibility study returned positive results with estimated post-tax NPV8 of AUS\$479m and 28% IRR. Low development and operating costs will allow for a strong cash flow and early payback period of 3.5 years, based on a sales price of US\$550/t. The study shows a 20-year mine life is probable with an estimated 245,000t pa premium grade SOP with approx. 42,000t pa KCl.

Sunrise Resources plc (www.sunriseresourcesplc.com)

Sunrise Resources holds ground in Nevada (USA) and Australia with commodities ranging from precious and base metals as well as industrial minerals. Its main focus is developing pozzolan-perlite deposits while looking to JV its other tenements.

The company is currently focusing on the development of its 100% owned CS Pozzolan-Perlite project in Nevada USA. Sunrise had targeted first production in the first half of 2019 but permitting delays had slowed this timeline. Sunrise has continued to progress development of its pozzolan-perlite project in Nevada with operation and reclamation permit applications along with emissions inventory submission. The updated target for permitting completion is Q4 2019.

Its JV with VR Resources on the copper-silver-gold project in Nevada is also advancing with plans for drilling on the porphyry system.

Other investments

The remaining non-core investments are available for sale when the conditions are deemed to be right. These include **Marechale Capital plc** (www.marechalecapital.com), and **Block Energy plc** (www.blockenergy.co.uk). In addition, there are a number of failed or almost failed ventures to which we attribute no value, although we always hope and seek to crystallise value where possible.

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Board of directors

Callum N Baxter – Chairman and Chief Executive

Callum is a qualified Geologist (MSc Geol) and investor. His primary experience lies in Exploration Geology and he has been involved in several discoveries throughout his 25 years in the industry. Callum has more than 20 years exposure to capital markets with many investments focusing on early-stage exploration opportunities. He is also an executive director of AIM-quoted company, Greatland Gold plc, a Starvest investee company.

Gemma Cryan – Executive Director

Gemma holds formal qualifications in geology (BSc Hons) and has over 15 years industry experience in the oil and gas industry, followed by mineral exploration, in both private and public companies throughout North America, Europe, Australasia and Africa. Her time has been spent in the field, and in management roles assisting with corporate matters. Gemma is well-versed in pre-IPO activities and early stage mineral exploration ventures.

Mark J Badros – Non-Executive Director

Mark graduated from Princeton University and received his law degree from Harvard Law School. He began his career practicing securities, mergers and acquisitions, and corporate law in New York. Mark has more than 15 years of investment experience in public and private equities and has worked as an analyst and investment manager at mutual funds and hedge funds, including Merrill Lynch Investment Managers, Zweig-DiMenna Associates, Highland Capital and Ironbound Capital.

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Strategic report

Principal activities and business review

Since Bruce Rowan was appointed Chief Executive on 31 January 2002, the Company's principal trading activity was the use of his expertise to identify and, where appropriate, support small company new issues, pre-IPO and on-going fundraising opportunities with a view to realising profit from disposals as the businesses mature in the medium term. The directors expect this to continue under the leadership of Callum Baxter, appointed Chief Executive in September 2015.

The Company's investing policy is stated on page 3.

The Company's key performance indicators and developments during the year are given in the Chairman's statement and in the trading portfolio review, all of which form part of the Directors' & Strategic reports.

Finance Review

Over the past 12 months the Company recorded a profit before and after tax of £386,850, equating to a profit of 0.70 pence per share with net cash outflow for the year of £93,682. This compares to a loss of £316,242 in the previous year that equated to a basic loss of 0.60 pence per share. The Company's cash deposits stood at £60,167 at the period end.

Key risks and uncertainties

This business carries with it a high level of risk and uncertainty, although the rewards can be outstanding. The risk arises from the very nature of early-stage mineral exploration where there can be no certainty of outcome. In addition, often there is a lack of liquidity in the Company's trading portfolio, even for securities quoted on AIM or NEX, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company.

By order of the Board

Callum Baxter

Chairman and Chief Executive

11 February 2020

Company registration number: 03981468

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Directors' report

The Directors present their nineteenth annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2019.

Results and dividends

The Company's results are set out in the income statement on page 31. The audited financial statements for the year ended 30 September 2019 are set out on pages 31 to 43.

The Directors do not recommend the payment of a dividend for the year (2018: £nil).

Directors

The Directors who served during the year are as follows:

Callum N Baxter
Gemma Cryan
Anthony CR Scutt – resigned 12 March 2019
Mark J Badros – appointed 21 December 2018

Substantial shareholdings

At the close of business on 30 September 2019, the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	Ordinary shares of £0.01 each	Percentage of issued share capital
Ronald Bruce Rowan	12,670,000	22.65%
Rock (Nominees) Limited (of which 6,284,402 representing 11.24% are beneficially owned by Callum N Baxter)	7,740,897	13.84%
Barclays Direct Investing Nominees Limited	6,800,276	12.16%
Hargreaves Lansdown (Nominees) Limited	5,218,487	9.33%
Interactive Investor Services Nominees Limited	4,028,137	7.20%
HALB Nominees Limited	1,813,500	3.24%

Charitable and political donations

During the year there were no charitable or political contributions (2018: £nil).

Payment of suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 14 days of receipt of invoice. At 30 September 2019, the Company's trade creditors were equal to costs incurred in 57 days (2018: 40 days).

Events after the end of the Reporting Period

There are no other material events to disclose other than those included in Note 21.

Auditor

A resolution to reappoint Chapman Davis LLP as auditor for the coming year will be proposed at the forthcoming AGM in accordance with section 489 Companies Act 2006.

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 without paying more than is necessary.

Details of Directors' fees and of payments made for professional services rendered are set out in Note 7 to the financial statements.

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Directors' report, *continued*

Management incentives

The Company has no share purchase, share option or other management incentive scheme.

As required by legislation, the Company has introduced a stakeholders' pension plan for the benefit of any future employees.

Going concern

The Company's day to day financing is from its available cash resources or via a bank overdraft and, on occasion, by the use of short-term loans. The continuation of the Company's formal overdraft facility was last confirmed by the bank in early 2019.

Whilst the Directors fully expect a sufficient overdraft facility to remain in place for the foreseeable future, they are confident that adequate funding can be raised as required to meet the Company's current and future liabilities without resorting to this facility, which has been confirmed within the cash flow forecast prepared by the Board for the 12 months ending 28 February 2021. In the very unlikely event that such finance could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments.

To assist the Company with its financing obligations, a shareholder provided a loan of £100,000. In January 2017, £50,000 of this loan was satisfied by the issue of 2,500,000 new Ordinary shares and the remaining balance of £50,000 was repaid in full in December 2018. As at 30 September 2019, the Company has no Borrowings.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving the financial statements. The preparation of the financial statements on a going concern basis is therefore considered to remain appropriate.

Management of capital

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by trading its current asset investments.

The Company sets the level of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Control procedures

The Board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with applicable accounting standards and effective reporting.

Financial instruments

The Company uses financial instruments, comprising cash, bank overdraft, short term loan, trade investments and trade creditors, which arise directly from its operations. The main purpose of these instruments is to further the company's operations.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures.

Trade investments

Trade investments are stated at market/fair value less any provision for impairment. The movements between fair and book value are set out in Note 11. The Board meets quarterly to consider investment strategy in respect of the Company's portfolio.

Interest rate risk

The Company finances its operations through retained profits and new investment funds raised. The Board utilises short term floating rate interest bearing accounts to ensure adequate working capital is available whilst maximising returns on deposits.

Starvest plc

2019 annual report and financial statements

Directors' report, *continued*

Liquidity risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. More information about the company's liquidity risk, and the management of that risk, is given under 'going concern' in Note 2 and in Note 19 to the financial statements.

Borrowing facilities

As at 30 September 2019, the Company had an unsecured overdraft facility of £25,000 arranged with its bankers (2018: £100,000 secured on certain investments with a market value at 30 September 2018 of £467,000). The overdraft facility is renewable annually with the next review due in February 2020.

Currency risk

The Company trades substantially within the United Kingdom and all transactions are denominated in Sterling. Consequently, the Company is not significantly exposed to currency risk.

Fair values

Except where shown above, the fair values of the Company's financial instruments are considered equal to the book value.

Market price and credit risk

Management do not consider credit risk to be material to the Company. The Company is naturally exposed to market price risk, by the nature of its trade in investments, and the fluctuation of market and fair prices of its investment portfolio.

By order of the Board

Callum Baxter

Chairman and Chief Executive
11 February 2020

Company registration number: 03981468

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Statement of directors' responsibilities

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Directors' report, the Strategic 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards 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 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 the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are 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.

Starvest plc

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Corporate governance statement

The board of Starvest plc are committed to the principles of good corporate governance and believe in the importance and value of robust corporate governance and in our accountability to our shareholders and stakeholders.

The AIM Rules for companies, updated in early 2018, required AIM companies to apply a recognised corporate governance code from 28 September 2018. Starvest has chosen to adhere to the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") and listed below are the 10 broad principles of the QCA Code and the Company's disclosure with respect to each point.

The board recognises the importance of good governance, agrees to the principals set out in the QCA Code, and is compliant with the vast majority of the QCA Code. However, the Company does not achieve full compliance with the QCA Code; specifically, Principles 5 and 7. The areas of non-compliance will be readily addressed as the Company grows and additional members are added to the board.

The board recognises that it is non-compliant with Principle 5 where the QCA Code recommends that the Chairman and CEO positions are separate roles, and at least two directors are independent. The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors. At the present time Starvest has one independent, non-executive director, Mr. Mark Badros, and Mr. Callum Baxter is joint Chairman and CEO. The board believes, at this time in the Company's development and with respect to the Company's size and goals of achieving good shareholder value through preserving cash for investment opportunities, that the positions within the board are sufficient to carry out good corporate governance with a balanced approach to decisions. As the Company grows this matter will be reviewed and addressed with the goal of appointing additional board members and separating the Chairman and CEO roles.

The board recognises that it does not fully comply with Principle 7 in that Starvest currently does not have formal evaluation procedures for individual board members but the board recognises that a formal evaluation process may become necessary in the near future.

QCA CODE:

1: Establish a strategy and business model promoting long-term value for shareholders:

The Company is established as a source of early stage finance to fledgling businesses, to maximise the capital value of the Company and to generate benefits for Shareholders in the form of capital growth and modest dividends.

Investing strategy

Natural resources: Whilst the Company has no exclusive commitment to the natural resources sector, the Board sees this as having considerable growth potential in the medium term. Historically, investments were generally made immediately prior to an initial public offering, on AIM or NEX as well as in the aftermarket. As the nature of the market has changed since 2008, it is more likely that the future investment portfolio will include a spread of companies that generally have moved beyond the IPO stage but remain in the early stages of identifying a commercial resource and/or moving towards development with the appropriate finance.

Direct Project: The Company's investing policy is to hold shares in companies. However, the Company believes there may be opportunities to acquire shares in companies on favourable terms by taking a direct interest in mining projects and using these projects as consideration for shares in such companies; those companies would therefore become Starvest investee companies. The projects will be operated by the investee company; Starvest will not manage any project. Prior to selling any projects to corporate entities, Starvest may therefore have an interest in a number of projects.

Investment size: Initial investments are for varying amounts but usually up to £100,000. These companies are invariably not generating cash, rather they have a constant requirement to raise new equity in order to continue exploration and development. Therefore, after appropriate due diligence, the Company may provide further funding support and make later market purchases, so that the total investment may be greater than £100,000.

Starvest plc

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Corporate governance statement, *continued*

High risk: The business is inherently high risk and of a cyclical nature dependent upon fluctuations in world economic activity which impacts on the demand for minerals. However, it offers the investor a spread of investments in an exciting sector, which the Board believes will continue to offer the potential of significant returns for the foreseeable future.

Lack of liquidity: The investee companies, being small, almost invariably lack share market liquidity, even if they are quoted on AIM, NEX, ASX, or TSX-V. Therefore, in the early years it is rarely possible to sell an investment at the quoted market price with the result that extreme patience is required whilst the investee company develops and ultimately attracts market interest. If and when an explorer finds a large exploitable resource, it may become the object of a third party bid, or otherwise become a much larger entity; either way an opportunity to realise cash is expected to follow.

Success rate: Of the 25 to 30 investments held at any one time, it is expected that no more than five will prove to be 'winners'; from half of the remainder we may expect to see modest share price improvements. Overall, the expectation is that in time Shareholder returns will be acceptable if not substantial. Accordingly, the Board is unable to give any estimate of the quantum or timing of returns.

Profit distribution: When profits have been realised and adequate cash is available, it is the intention of the Board to recommend the distribution of up to half the profits realised.

Other matters: The Company currently has investments in the following companies, which themselves are investment companies: Equity Investors plc and Equity Resources Limited. The Company takes no part in the active management of the companies in which it invests, although directors of the Company are also directors on the boards of other investee companies. Callum Baxter, Chairman/CEO, is also an Executive Director of one such company.

2: Seek to understand and meet shareholder needs and expectations

The Board recognises that it is accountable to Shareholders for the performance and activities of the Company and to this end is committed to providing effective communication with the Shareholders of the Company.

Unpublished price sensitive information is disclosed in as timely a manner as possible and within regulatory requirements for disclosure via Regulatory News Services through the stock exchange.

Significant developments of investee companies are disseminated through stock exchange announcements and by regularly updating the Company's website, where descriptions of the investee company projects are available and updated quarterly or whenever there is a significant event. In addition, copies of any third party comment are available.

The Board views the Annual General Meeting as an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance. Previous shareholder engagements at AGMs and other functions have been productive with many questions answered by the board. During other times of the year shareholder contact is primary through the executive directors at investor events and via the company's email: info@starvest.co.uk. Shareholder comments or issues are disseminated to the board and taken into account when reviewing the performance and development of the Company.

The Board, through the Executive Chairman, the Executive Director and the Non-executive Director, also maintains regular contact with its advisors in order to ensure that the Board develops an understanding of the views of major Shareholders about the Company. The main point of shareholder contact is the Chairman/CEO Mr Callum Baxter and other executive director Ms Gemma Cryan who are contactable via email at info@starvest.co.uk, by telephone +44 (0)2077 696 876, or in writing to the following address; Starvest plc 33 St.James's Square London UK SW1Y 4JS

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2019 annual report and financial statements

Corporate governance statement, *continued*

3: Take in to account wider stakeholder and social responsibilities and their implications for long-term success.

The Board recognises that the success of the Company is reliant on the stakeholders of the business and, to this effect, the Company engages with these stakeholder groups, both internal and external on a regular basis.

The Company's strategy to investment immediately prior to an initial public offering, on AIM or NEX dictates that we foster good relationships with broking firms, other professional service providers to the natural resource industry and members of mining and exploration companies in order to keep abreast of potential investment opportunities.

The company engages with numerous established broking firms and a network of professionals within the natural resource industry to keep abreast of new companies and investment opportunities becoming available. The company deals only with ethically sound entities and, as such, reduces any risk to investment capital by unethical business practices.

Investee companies and potential investee companies are reviewed with respect to country and community commitments to social and environmental responsibility. It is the company's belief that a good CSR (corporate social responsibility) policy enhances an investee company's standing and thus progress of a project/resource on a local, regional and government scale.

Investment by the Company in resource projects generally brings positive benefits to local communities who gain from employment, improved infrastructure and access to health facilities.

4: Embed effective risk management, considering both opportunities and threats throughout the organisation

The business is inherently high risk and of a cyclical nature dependent upon fluctuations in world economic activity which impacts on the demand for minerals. However, it offers the investor a spread of investments in an exciting sector, which the Board believes will continue to offer the potential of significant returns for the foreseeable future.

Through the board's collective industry experience and thorough research and investigation into potential investments, including but not limited to: geological setting, board and management experience, financial plans, jurisdictional risk and market conditions both current and forecast; we strive to minimise the inherent risks yet still avail of opportunities that will deliver good returns on investment capital in the medium to long term. The Company maintains an Audit Committee and Remuneration Committee with each reporting directly to the Board. Each Committee comprises one Executive Director and one Non-Executive Director.

The Company maintains a risk register that identifies key risks in the areas of corporate strategy, and finances as well as a comprehensive register for assessing investment opportunities. The register is reviewed periodically and updated as and when necessary. If there are any significant changes to the trading environment then the register is reviewed and updated as required.

Within the scope of the annual audit, specific financial risks are evaluated in detail, including in relation to foreign currency, liquidity and credit.

5: Maintain the board as a well-functioning, balanced team led by the chair

Information on the company board members is available on the following website page as well as in the company's annual reports and accounts disclosures.

<http://www.starvest.co.uk/board/>

Board of Directors

The Board of Directors currently comprises three Directors, two of whom are Executive Directors; of these, one is Executive Chairman and Chief Executive. There is one Independent non-executive director.

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Corporate governance statement, *continued*

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties; executive Directors commit a minimum of twenty hours per week, with periods where this is increased considerably, such as mid-term and end of year reporting periods as well as times when investment transactions are being undertaken. Non-executive directors are expected to commit at least one hour per week to the company and, as with the executive team, are likely to exceed this many times throughout any twelve-month period.

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director; through various activities including but not limited to: researching and reviewing potential investments, shareholder engagement, stakeholder engagement, administrative and accounting tasks, monitoring of market conditions and investee company activities.

Responsibilities of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

Executive Chairman

The Board acknowledges that, in having an Executive Chairman who is also the Chief Executive Officer, best practice, as stated in the QCA Code, is not being followed. However, it is the opinion of the Board as a whole that the current arrangements are appropriate to the Company at this stage of development. The board feels that, given the experience of the directors and their current practice to preserve capital for investment opportunities, combining the roles of Chairman and CEO is justifiable at present; but is kept under regular review by the board.

Board meetings

All Directors are required to attend board and board committee meetings, every quarter at a minimum throughout the year and to be available at other times as required for face-to-face and telephone meetings. Board meetings are led by the Chair and follow an agenda that is circulated prior to the meeting. Every board meeting is minuted and every Director is aware of the right to have any concerns minuted and to seek independent advice at the Company's expense where appropriate.

The Board meets regularly throughout the year.

Board member attendance during the financial year to 30 September 2019:

Position	Member	AGM attendance	No. of board meetings	Attended
Chairman/CEO	C Baxter	Yes	12	12
Executive Director	G Cryan	Yes	12	12
Non-Executive Director	M Badros (joined 21 st Dec 2018)	Yes	9	9
Non-Executive Director	A Scutt (retired 12 th Mar 2019)	N/A	5	4

Board committees

The Board has established an Audit committee and separate Remuneration Committee. There is no Nominations Committee as it is not seen relevant to the company at this stage of development.

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Corporate governance statement, *continued*

6: Ensure that between them directors have the necessary up-to-date experience, skills and capabilities.

Information on the company board members is available on the following website page as well as in the company's annual reports and accounts disclosures.

<http://www.starvest.co.uk/board/>

Directors

The Directors are of the opinion that the Board comprises a suitable balance. Current board members range in age from early 40's to early 50's and is well balanced with both male and female members. The board offers a range of backgrounds, experience and traits which when combined function well in delivering the Company's strategy.

All Directors have access to the advice of the Company's solicitors and the Company Secretary; necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Callum Baxter's active background in the mining industry (exploration geology) for more than 25 years and taking companies through the IPO process, as well as personal experience in investing in the natural resource sector, allows for an in-depth knowledge of the challenges potential investee companies face when progressing a company towards expansion and/or public listing. Callum also has a wide range of connections in the natural resource sector and supporting companies (e.g. brokering firms, NOMADs, corporate finance) from which to draw information on potential investments. His skill set allows seasoned evaluation of the investment opportunities presented to the Company before an informed decision is made. Callum regularly attends conferences and meetings to keep fully abreast of the sector.

Gemma Cryan's background in oil and gas and mineral exploration, both in the field and office environment, in numerous countries, allows her to draw on personal experience and professional connections for information on potential investments as well as the ability to review projects from a geological and corporate perspective with regards to risk management. Her administrative and interpersonal skills are applied to corporate matters and seeking investment opportunities. Gemma regularly attends sector meetings and conferences and participates in courses on both technical and corporate matters.

Mark Badros has extensive experience in investment in public and private equities and corporate law, as well as a background in economics and business, including securities, mergers and acquisitions.

The directors remain active in their relevant sectors allowing them to keep their skills up to date. These activities are strengthened by directors' regular attendance at relevant industry conferences and workshops throughout the year assisting directors to keep their skills aligned to current industry standards.

All directors, jointly or independently, have access to the Company's solicitor for external advice should they so choose. The Company Secretary role is managed by the Company's solicitor. Issues of compliance to government or government body regulations and requirements are brought to the boards attention as necessary and advice is provided on methods required to comply fully. Matters arising with service contracts or agreements and general Company administration are also referred to the Company's solicitor and secretary for review and/or comment.

The Company's Non-Executive Director is considered an Independent Director. Mr. Badros has no ties to the major shareholders of the Company nor any significant personal investment in investee companies; as such the board considers his input, advice and support on the running of the Company and investment opportunities that arise as independent.

7: Evaluate board performance based on clear and relevant objectives seeking continuous improvement.

The board evaluates its performance effectiveness based on reviews carried out at every board meeting where a critical review is carried out and performance objectives are benchmarked against current market dynamics.

During the year these critical reviews showed the Company had made significant progress and results were presented to shareholders at the most recent AGM.

Starvest plc

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Corporate governance statement, *continued*

The Company does not currently have a formal evaluation procedure for individual board members. Board members are able to communicate effectively, and members are actively encouraged to participate in continuing professional development (CPD). The directors remain active in their relevant sectors allowing them to keep their skills up to date. These activities are strengthened by directors' regular attendance at relevant industry conferences and workshops throughout the year assisting directors to keep their skills aligned to current industry standards.

Board committees: The Company has a Remuneration Committee and Audit Committee. Each committee reviews relevant remuneration and audit matters and provides recommendations to the board as a whole. Each Committee meets several times per year as required. Committee matters are minuted and items recommended to the board are recorded in Minutes of meeting of the Board; significant events and matters are announced to market in a timely fashion and noted in each Annual Report.

8: Promote a corporate culture that is based on ethical values and behaviours

Ethical decision making

In accordance with the engagement contracts board members enter into on joining Starvest, professional and personal ethics are expected to be maintained to a high standard with any misconduct subject to termination of their position. Requirements include maintaining high standards of business conduct; and acting fairly as between the members of the Company.

Confidentiality

In accordance with legal requirements and agreed ethical standards, the Directors have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated. The Company employs no other staff, although the accounting function is delegated to a suitably qualified professional accountant.

Bribery

In accordance with the provisions of the Bribery Act, all Directors have been informed and have acknowledged that it is an offence under the Act to engage in any form of bribery. The Company has an anti-bribery and whistleblowing policy in force.

9: Maintain governance structure and processes that are fit for purpose and support good decision-making by the board.

The Chairman's role is to communicate the strategy of the board to shareholders of the Company. This role of the CEO is to ensure the implementation and execution of the board's strategy. These roles are largely combined in the case of Starvest plc which is considered reasonable for a Company at this stage of development. The Chairman/CEO is assisted in these duties by an Executive Director. Each Executive Director is charged with communication with shareholders.

The existing Governance structures and Corporate Cultures are appropriate to the current size of the Company and adequate to address its capacity, appetite and tolerance for risk.

The Company currently has a Remuneration Committee and an Audit Committee. Relevant matters are considered by each committee and recommendations are taken to the full board. Each committee meets several times per year as required.

Matters reserved for the board are those directly related to implementing the Company's strategy. Good financial management is a high priority and reviewed frequently. Market dynamics are monitored daily and long term planning is key to delivering sound result.

The board is constantly monitoring its state of affairs and intends to expand the board when the Company sufficiently increases in size. Evolution of the Company's governance framework will follow growth and board expansion

Starvest plc

2019 annual report and financial statements

Corporate governance statement, *continued*

10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises that it is accountable to Shareholders for the performance and activities of the Company and to this end is committed to providing effective communication with the Shareholders of the Company.

Significant developments are disseminated through stock exchange announcements and regular updates of the Company website where descriptions of the investee company projects are available and updated quarterly or whenever there is a significant event. In addition, copies of any third party comment are available.

The Board views the Annual General Meeting as an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance.

Outcomes of Audit Committee reports and Remuneration Committee reports are summarised in each Annual Report.

Historic annual reports and other governance-related material, including notices of all general meetings over the last 5 years can be found here:

<http://www.starvest.co.uk/announcements/>

<http://www.starvest.co.uk/financial-results/>

By order of the Board

Callum Baxter

Chairman and Chief Executive

11 February 2020

Starvest plc

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Audit Committee Report

Audit Committee

The primary purpose of the Company's Audit Committee is to provide oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations.

The Audit Committee is appointed by the Board from amongst the non-executive directors and given the current size of the Company an executive director also sits on the committee.

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference and to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary.

During the year ended 30 September 2019 and up to the signing of this report, the Audit Committee comprised Anthony Scutt until his resignation in March 2019; Mark Badros, who acts as Chairman; and Gemma Cryan. The Audit Committee formally met twice during year and all members attended the meetings.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 30 September 2019. The Audit Committee is primarily responsible for providing oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations and are outlined in more detail in the below report.

The main role and responsibilities of the Audit Committee are:

- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the company's internal financial controls;
- to monitor and review the effectiveness of the company's internal control and risk management systems (including without limitation fraud risk);
- to monitor and review the effectiveness of the company's internal and external audit arrangements;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken;
- to consider the findings of internal investigations and management response; and
- to report to the Board on any issues arising and how they may be dealt

Starvest plc

2019 annual report and financial statements

Audit Committee report, *continued*

Audit Committee Membership and Activities

The Audit Committee's members during the year were Anthony Scutt until his resignation in March 2019, preceded by myself, as Chair of the Committee, and Gemma Cryan.

The Committee met independently once during the year and once again with the Company CEO present. Its activities were as follows:

- 1) reviewed key accounting and audit judgements;
- 2) reviewed and consider whether the information provided was complete and appropriate based on its own knowledge
- 3) reviewed the external auditor issues that arose during the course of the audit and have subsequently been resolved and those issues that had been left unresolved were satisfactorily concluded;
- 4) reviewed the management letter in order to assess whether it is based on a good understanding of the company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon;
- 5) reviewed management's responsiveness to the external auditor's findings and recommendations;
- 6) reviewed whether the auditor met the agreed audit plan and understand the reasons for any changes;
- 7) obtained feedback about the conduct of the audit from key people involved;
- 8) reported to the Board on the effectiveness of the external audit process;
- 9) reviewed the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm;
- 10) reviewed any non-audit services provided by the external auditor during the financial year and what, if any effect that would have to the audit process

Mark Badros

Committee Chairman
11 February 2020

Starvest plc

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Remuneration Committee Report

Remuneration Committee

The Remuneration Committee is responsible for establishing and proposing to the Board a recommended framework for the remuneration of the Chairman, other directors and designated senior executives and, pursuant to the terms of the agreed framework, determining for such persons their total individual remuneration packages, including, where appropriate, bonuses, incentive payments and share options or other share awards.

The remuneration of Non-executive Directors is a matter for the Chairman and the executive members of the Board. No Director is involved in any decision as to his or her own remuneration.

Details on the activities of the Remuneration Committee during the year are contained in the Remuneration Committee Report below.

During the year ended 30 September 2019 and up to the signing of this report, the Remuneration Committee comprised Mark Badros, who acts as Chairman, and Gemma Cryan. The Remuneration Committee formally met once during year and all members attended the meetings. Director's roles and remuneration were also a point for general Company board meetings throughout the year.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 30 September 2019. The Remuneration Committee is responsible for establishing and proposing to the Board a recommended framework for the remuneration of the Chairman, other directors and designated senior executives and, pursuant to the terms of the agreed framework, determining for such persons their total individual remuneration packages, including, where appropriate, bonuses, incentive payments and share options or other share awards. The Remuneration Committee is also responsible for ensuring the Company is compliant with all relevant consultant and employment contracts and HMRC responsibilities.

As an AIM-listed company, Starvest is not required to comply with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The following disclosures are therefore made on a voluntary basis. The information is unaudited.

Remuneration Committee Membership and Activities

The Remuneration Committee's members during the year were Anthony Scutt until his resignation in March 2019, preceded by myself, as Chair of the Committee, and Gemma Cryan.

The Committee met once during the year and its activities were as follows:

- reviewed Executive Director remuneration arrangements (including cash or share in lieu)
- reviewed and approved the Executive Directors' performance
- reviewed developments in corporate governance and best practice
- review upcoming HMRC changes to IR35 rules
- review HMRC PAYE obligations with regards to non-resident Company officers and directors, if applicable

Remuneration Policy

The Company's remuneration policy is based on the following broad principles:

- to provide competitive remuneration packages to enable the Company to recruit, retain and motivate individuals with the skills, capabilities and experience to achieve its objectives;
- to align the interests of management with the interests of shareholders;
- to ensure remuneration levels support the Company's strategy; and
- to align pay with market conditions and the Company's activities, taking due account of (i) pay and conditions throughout the Company and (ii) best practices of corporate governance.

Executive remuneration consists of base pay. The Company does not currently have a bonus or incentive scheme in place.

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Remuneration Committee report, *continued*

Executive Directors' base pay is reviewed on an annual basis.

The individual salaries and benefits of Executive Directors are reviewed and adjusted taking into account individual performance, market factors and sector conditions.

The Committee reviews base salaries with reference to:

- the individual's role, performance and experience;
- business performance and the external economic environment; and
- salary increases across the Company

Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Company.

Non-Executive Directors' fees

The Non-Executive Directors are paid a fee for carrying out their duties and responsibilities as disclosed in the table below.

Service Contracts

Callum Baxter

Mr. Baxter entered into an updated agreement with the Company on 1 October 2018 to continue to serve as its Chairman and CEO. The service contract provides for part payments under PAYE in proportion to activities carried out on behalf of the Company within the UK as a non-resident director. Total remuneration is held at £80,000 for the coming year to be taken as cash or shares in lieu of cash payments (after any PAYE obligations are withheld).

Gemma Cryan

Miss Cryan entered into an updated employment agreement with the Company on 1 October 2018 to continue to serve as an Executive Director. The employment agreement provides for an annual salary of £40,000 taken as cash or shares in lieu of cash (after any PAYE obligations are withheld).

Mark Badros

Mr. Badros entered into an agreement with the Company on 21 December 2018 to serve as a non-executive director. The agreement provides for an annual fee of £20,000 taken as cash or shares in lieu of cash.

All Directors are elected by the shareholders at an annual or special meeting, to serve until the next election and until their successors are elected and qualified, or until their earlier death, resignation or removal.

The Remuneration Committee notes that as the current arrangement of a single CEO/Chairman role is not best Corporate Governance practice and acknowledges that the Board regularly and formally discusses options to rectify the situation.

Board Member	Annual Remuneration £	Bonus £	Shares	% holding
C Baxter	80,000	0	6,284,402	11.24
G Cryan	40,000	0	949,944	1.70
M Badros	20,000	0	148,648	0.27

Mark Badros

Committee Chairman
11 February 2020

Starvest plc

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC

OPINION

We have audited the financial statements of Starvest plc (the 'Company') for the year ended 30 September 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and UK Generally Accepted Accounting Standards (UK GAAP).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of the Company's profits for the year then ended;
- the Company financial statements have been properly prepared in accordance with UK GAAP;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

CARRYING VALUE OF TRADE INVESTMENTS

The Company's Trade Investment assets ('Trade assets') represent the most significant asset on its statement of financial position totalling £1.92m as at 30 September 2019, of which comprised entirely of listed investments.

The carrying value of Trade assets represents significant assets of the company and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of these asset may exceed its recoverable amount was considered key to the audit. This assessment involves significant judgement applied by management to the Company's unlisted investments.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC - CONTINUED

We considered it necessary to assess whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of these assets may exceed its recoverable amount.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified across the Company's Trade assets, the indicators being:

- Expiring, or imminently expiring, rights to licences/assets held by the investee Companies
- A lack of flow of information in regards to the investee companies exploration activities and/or production
- Discontinuation of, or a plan to discontinue, exploration activities in the areas of interest by the Investee Companies
- Sufficient data exists to suggest carrying value of exploration and evaluation assets is unlikely be recovered in full through successful development or sale by the Investee Companies.
- Updates on trading activities by Investee Companies.

We also reviewed Stock Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment.

We also assessed the disclosures included in the financial statements and our results found the carrying value for Trade assets to be acceptable.

MATERIALITY

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the financial statements as a whole to be £41,000, based on a 2% percentage consideration of the total assets and 10% consideration of the profit for the year.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STARVEST PLC - CONTINUED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) or ISA IAASB will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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.

Keith Fulton

(Senior Statutory Auditor)

For and on behalf of Chapman Davis LLP, Statutory Auditor

London

Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).

11 February 2020

Starvest plc

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INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Revenue		287,655	-
Cost of sales		(234,442)	-
Gross profit		53,213	-
Administrative expenses		(251,225)	(250,147)
Amounts written off against trade investments	11	(383,612)	(686,932)
Amounts written back against trade investments	11	968,387	615,008
Operating profit/(loss)	5	386,763	(322,071)
Interest receivable	6	87	5,829
Profit/(loss) on ordinary activities before tax		386,850	(316,242)
Tax on profit/(loss) on ordinary activities	8	-	-
Profit/(loss) for the financial year attributable to Equity holders of the Company		386,850	(316,242)
Earnings/(loss) per ordinary share			
Basic	9	0.70 pence	(0.60) pence
Diluted	9	0.70 pence	(0.51) pence

There are no other recognised gains and losses in either year other than the result for the year.

All operations are continuing.

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

Starvest plc

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STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2019

	Note	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Current assets			
Trade and other receivables	10	114,537	55,992
Trade investments	11	1,916,398	1,498,059
Cash and cash equivalents		60,167	153,849
Total current assets		2,091,102	1,707,900
Current liabilities			
Trade and other payables	12	(66,003)	(119,401)
Total current liabilities		(66,003)	(119,401)
Net current assets		2,025,099	1,588,499
Capital and reserves			
Called up share capital	13	559,279	539,649
Share premium account		1,686,829	1,654,209
Retained earnings		(221,009)	(607,859)
Equity reserve		-	2,500
Total equity shareholders' funds		2,025,099	1,588,499

These financial statements were approved and authorised for issue by the Board of Directors on 11 February 2020.

Signed on behalf of the Board of Directors

Callum N Baxter
Chairman and Chief Executive

Gemma M Cryan
Executive Director

Company No. 03981468

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

Starvest plc

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £	Share premium £	Equity reserve £	Retained earnings £	Total Equity attributable to shareholders £
At 1 October 2017	528,982	1,640,876	2,500	(291,617)	1,880,741
(Loss) for the period	-	-	-	(316,242)	(316,242)
Total recognised income and expenses for the period	-	-	-	(316,242)	(316,242)
Shares issued	10,667	13,333	-	-	24,000
Cost of issue	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-
Total contributions by and distributions to owners	10,667	13,333	-	-	24,000
At 30 September 2018	539,649	1,654,209	2,500	(607,859)	1,588,499
Profit for the period	-	-	-	386,850	386,850
Total recognised income and expenses for the period	-	-	-	386,850	386,850
Shares issued	19,630	32,620	-	-	52,250
Cost of issue	-	-	-	-	-
Equity component of convertible loan	-	-	(2,500)	-	(2,500)
Total contributions by and distributions to owners	19,630	32,620	-	-	49,750
At 30 September 2019	559,279	1,686,829	-	(221,009)	2,025,099

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	30 September 2019 £	30 September 2018 £
Cash flows from operating activities			
Operating profit/(loss)		386,763	(322,071)
Net interest receivable		87	5,829
Share based payment charge		52,250	24,000
Reversal of bad debt provision		(20,000)	-
(Increase) in debtors		(58,545)	(26,403)
(Decrease)/increase in creditors		(5,897)	17,788
Net cash generated/(used) in operating activities		354,658	(300,857)
Cash flows from investing activities			
Purchase of current asset investments	11	(47,000)	(50,000)
Sale of current asset investments		286,648	-
Profit on sale of current asset investments		(53,213)	-
Increase in investment provisions		383,612	686,932
Decrease in investment provisions		(968,387)	(615,008)
Net cash (used)/generated in investing activities		(398,340)	21,924
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Transaction costs of issue of shares		-	-
Loan repayment		(50,000)	-
Net cash flows from financing activities		(50,000)	-
Net (decrease)/increase in cash and cash equivalents		(93,682)	(278,933)
Cash and cash equivalents at beginning of period		153,849	432,782
Cash and cash equivalents at end of year	15	60,167	153,849

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Company Information

Starvest plc is a Public Limited Company incorporated in England & Wales. The registered office is Salisbury House, London Wall, London, EC2M 5PS. The Company's shares are listed on the AIM market of the London Stock Exchange. These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 11 February 2020 and signed on their behalf by Callum Baxter and Gemma Cryan.

2. Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. There are no fair value adjustments other than to the carrying value of the Company's trade investments.

Going concern

The Company's day to day financing is from its available cash resources or via a bank overdraft and, on occasion, by the use of short-term loans. The continuation of the Company's formal overdraft facility was last confirmed by the bank in early 2019.

Whilst the Directors fully expect a sufficient overdraft facility to remain in place for the foreseeable future, they are confident that adequate funding can be raised as required to meet the Company's current and future liabilities without resorting to this facility, which has been confirmed within the cash flow forecast prepared by the Board for the 12 months ending 28 February 2021. In the very unlikely event that such finance could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments.

To assist the Company with its financing obligations, a shareholder provided a loan of £100,000. In January 2017, £50,000 of this loan was satisfied by the issue of 2,500,000 new Ordinary shares and the remaining balance of £50,000 was repaid in full in December 2018. As at 30 September 2019, the Company has no Borrowings.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving the financial statements. The preparation of the financial statements on a going concern basis is therefore considered to remain appropriate.

3. Principal Accounting Policies

Revenue

Revenue represents amounts receivable for trade investment sales. Revenue is recognised on the date of sale contract.

Cost of sales

Direct costs include the book cost of investments sold during the year.

Administrative expenses

All administrative expenses are stated inclusive of VAT, where applicable, as the company is not eligible to reclaim VAT incurred on its costs.

Taxation

Corporation tax payable is provided on taxable profits at the current rates enacted or substantially enacted at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Principal Accounting Policies, *continued*

Deferred tax

Deferred tax is provided on an undiscounted full provision basis on all timing differences which have arisen but not reversed at the balance sheet date using rates of tax enacted or substantively enacted at the balance sheet date.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and are recognised within debtors. The deferred tax assets and liabilities all relate to the same legal entity and being due to or from the same tax authority are offset on the balance sheet.

Trade Investments

Current asset trade investments are stated at the lower of cost and net realisable value. Net realisable value is the lower of bid price and Directors' valuation. The lower Directors' valuation is applied where the Company's interest in the investee company amounts to typically 3% or more of the investee Company's issued share capital or more than 7% of the investment portfolio or where there are factors of which the Directors are aware which call for some further adjustment. At 30 September 2019, these provisions totalled £189,000 (2018: £142,000).

Investments in unlisted company shares, are remeasured to available market values, or directors' valuations at each balance sheet date. Gains and losses on remeasurement are recognised in the income statement for the period.

Investments in listed company shares, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the income statement for the period.

Financial instruments:

Trade and other receivables

Trade and other receivables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Trade and other payables

Trade and other payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost.

Convertible debt

The proceeds received on issue of the convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Financial liabilities

All financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. There are no financial liabilities classified as being at fair value through the income statement.

Share capital

The Company's ordinary shares are classified as equity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Principal Accounting Policies, *continued*

Treasury shares

Where the Company acquired its own shares ('treasury shares') these are deducted from retained profits. No profit or loss is recognised on purchase or subsequent sale of treasury shares. On cancellation of treasury shares, the original purchase costs are deducted from share capital and profit and loss account by a reserve transfer within equity.

The share premium account

Represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

4. Turnover and Segmental Analysis

Turnover

Turnover represents the sales of trade investments on recognised listed stock exchanges. Turnover for the year to 30 September 2019 was £287,655 (2018: £nil).

Segmental information

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The Company is to continue to operate as a single UK based segment with a single primary activity to invest in businesses so as to generate a return for the shareholders. No segmental analysis has been disclosed as the Company has no other operating segments. The Directors will review the segmental analysis on a regular basis and update accordingly.

The Company has not generated any revenues from external customers during the period.

5. Operating Profit

	Year ended 30 September 2019	Year ended 30 September 2018
	£	£
This is stated after charging:		
Reversal of bad debt provision	(20,000)	-
Auditor's remuneration:		
- audit services	14,400	14,400
- other services	-	-
Director's emoluments – note 7	141,738	137,035

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. Interest receivable

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Bank interest receivable	87	329
Interest on short term loans to related parties	-	5,500
	87	5,829

7. Directors' Emoluments

There were no employees during the period apart from the directors. No directors had benefits accruing under money purchase pension schemes.

	Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
Year ended 30 September 2019					
C Baxter	4,000	-	29,000	47,000	80,000
G Cryan	30,000	238	7,500	2,500	40,238
ACR Scutt (resigned 12 March 2019)	6,000	-	-	-	6,000
M Badros (appointed 21 December 2018)	12,750	-	-	2,750	15,500
	52,750	238	36,500	52,250	141,738

	Fees £	Pension £	Amounts paid to third parties – see note £	Shares issued in lieu of fees – see note £	Total £
Year ended 30 September 2018					
C Baxter	4,000	-	57,000	19,000	80,000
J Watkins (resigned 8 May 2018)	6,044	-	6,044	-	12,088
G Cryan	20,000	200	15,000	5,000	40,200
ACR Scutt (appointed 8 May 2018)	4,747	-	-	-	4,747
	34,791	200	78,044	24,000	137,035

Amounts paid to third parties and shares issued in lieu of fees

Included in the above are the following amounts paid to third parties:

- In respect of the management services of Callum Baxter, £76,000 (2018: £76,000) is payable to Baxter Geological, a company of which he is a director and shareholder. Of this amount, £47,000 was settled in shares in the Company. At 30 September 2019, £38,000 (2018: £19,000) was outstanding.
- In respect of the professional services of Gemma Cryan, £10,000 (2018: £20,000) was payable to her personal business. Of this amount £2,500 was settled in shares in the Company. At 30 September 2019 £3,654 of her net salary remained outstanding (2018 £5,000 fees).
- In respect of the professional services of Mark Badros, £15,500 (2018: £nil) is payable to Timberlake Capital Management, a company of which he is a director and shareholder. Of this amount, £2,750 was settled in shares in the Company. At 30 September 2019, £5,000 (2018: £nil) was outstanding.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Income Taxes

a) Analysis of charge in the period

	Year ended 30 September 2019	Year ended 30 September 2018
	£	£
United Kingdom corporation tax at 19% (2018: 19%)	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

b) Factors affecting tax charge for the period

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Year ended 30 September 2019	Year ended 30 September 2018
	£	£
Profit/(loss) on ordinary activities before tax	<u>386,850</u>	<u>(316,242)</u>
Profit/(loss) multiplied by standard rate of tax	73,502	(60,086)
Effects of:		
Utilised against carried forward losses	(73,502)	-
Losses carried forward not recognised as deferred tax assets	<u>-</u>	<u>60,086</u>
	<u>-</u>	<u>-</u>

9. Earnings/(loss) Per Share

The basic earnings per share is derived by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of shares in issue.

	Year ended 30 September 2019	Year ended 30 September 2018
	£	£
Profit/(loss) for the year	<u>386,850</u>	<u>(316,242)</u>
Weighted average number of Ordinary shares of £0.01 in issue	55,057,197	53,012,136
Profit/(loss) per share – basic	0.70 pence	(0.60) pence
Warrants in issue	-	8,500,000
Weighted average number of Diluted Ordinary shares of £0.01 in issue	55,057,197	61,512,136
Profit/(loss) per share – diluted	0.70 pence	(0.51) pence

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

10. Trade and Other Receivables

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Prepayments	26,030	55,992
Funds held on account	88,507	-
Short term loans to related parties	-	-
	114,537	55,992

Short term loans to related parties

- At 30 September 2019 loans to Equity Resources Ltd (“EQR”) totalling £20,000 remain unpaid. The purpose of the loans was to assist EQR meet its necessary operational costs during a period when it seemed inappropriate that EQR should realise cash from its investments. The advances were approved at 0% interest with no formal agreement as to repayment date. The Company holds 28.41% of the equity in EQR. However, the Company has made a full provision for these loans, totalling £20,000.
- At 30 September 2019, the loans and interest totalling £44,653 advanced to Block Energy plc (“BEP”) (formerly Goldcrest Resources plc (“GCRP”)) was settled in full by way of an agreement signed on 28th February 2019 to issue 500,000 shares in Block Energy plc at 0.04 pence per share to the Company for a total sum of £20,000. These shares were sold during the year for net proceeds of £30,533.

11. Current Trade Investments

	30 September 2019 £	30 September 2018 £
Cost		
At 30 September 2018 & 2017	5,572,574	5,522,574
Additions at cost	67,000	50,000
Disposals	(233,436)	-
At 30 September 2019 & 2018	5,406,138	5,572,574
Market value movement & provisions		
At 30 September 2018 & 2017	4,074,515	4,002,591
Released during the year	(968,387)	(615,008)
Provided during the year	383,612	686,932
At 30 September 2019 & 2018	3,489,740	4,074,515
Fair value amount		
At 30 September 2019 & 2018	1,916,398	1,498,059

The fair value carrying values of the investments above were as follows:

Quoted on AIM	1,916,275	1,373,783
Quoted on NEX	-	7,366
Quoted on foreign stock exchanges	123	367
Unquoted at Directors’ valuation	-	116,543
	1,916,398	1,498,059

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Current Trade Investments, *continued*

The Company has holdings in the companies described in the review of portfolio on pages 5 to 10. Of these, the Company has holdings amounting to 20% or more of the issued share capital of the following companies:

Name	Country of incorporation	Class of shares held	Percentage of issued capital	Loss for the last financial year	Capital and reserves at last balance sheet date	Accounting year end
Equity Resources Limited – see note [1]	England & Wales	Ordinary	28.41%	(£2,224)	(£34,047)	31 May 2018

Note [1]: Equity Resources Limited is considered to be an associated undertaking. Equity accounting has not been used as Equity Resources Limited has a written down value of £nil.

The Company's share of the gross assets of its Associates at 30 September 2019 is £2,521. The share of gross assets has been derived from the latest available financial information in respect of the Associates. The company's share of the items making up the profit and loss account and cash flow statements of its Associates has not been disclosed as the numbers are not considered material.

12. Trade and Other Payables: Amounts falling due within one year

	30 September 2019 £	30 September 2018 £
Trade creditors	20,348	20,791
Accruals	40,893	42,317
Employment costs	4,762	8,793
Loans	-	47,500
	66,003	119,401

In September 2015, the Company received a loan of £100,000 from a shareholder repayable in 12 months with an interest rate of 0% and with a conversion option at 3 pence per share. On 5 January 2017, £50,000 of the loan was satisfied by the issue of 2,500,000 new Ordinary shares at a price of 2 pence per share. In September 2017 the Company agreed with Mr Rowan to extend the existing loan term to 1 November 2018. On 11 December 2018 the remaining balance of £50,000 was fully repaid by way of a cash settlement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

13. Share Capital

The Called up share capital of the Company was as follows:

Called up, allotted, issued and fully paid

	Number of Shares	£
As at 30 September 2017	52,898,163	528,982
Issued 22 August 2018 in lieu of fees	1,066,666	10,667
As at 30 September 2018	53,964,829	539,649
Issued 22 January 2019 in lieu of fees	1,327,869	13,279
Issued 19 June 2019 in lieu of fees	635,134	6,351
As at 30 September 2019	55,927,832	559,279

Share Warrants

On 11 May 2017, as part of the Placing, the Company issued 8,500,000 warrants to subscribe for new Ordinary Shares in Starvest at an exercise price of 4.0p per warrant, within a 24 month exercise period. On 11 May 2019 these warrants expired unexercised.

14. Share options

The Company's share option scheme, established on 14 February 2005, expired on 31 January 2015. During the year ended 30 September 2019 no new options were granted.

15. Cash and Cash Equivalents

	Year ended 30 September 2018	Cash flow	Year ended 30 September 2019
	£	£	£
Cash at bank	153,849	(93,682)	60,167
Net cash and cash equivalents	153,849	(93,682)	60,167

16. Capital Commitments

As at 30 September 2019 and 30 September 2018, the Company had no commitments other than for expenses incurred in the normal course of business.

17. Contingent Liabilities

There were no contingent liabilities at 30 September 2019 (2018: £nil).

18. Related Party Transactions

There were no related party transactions during the year other than those disclosed in notes 7 and 10.

The key management of the Company are considered to be the Directors, the compensation for whom was £141,738 (2018: £137,035).

19. Financial Instruments

The Company's financial instruments comprise investments, cash at bank and various items such as other debtors, loans and creditors. The Company has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

Credit Risk

The Company's credit risk arises primarily from short term loans to related parties and the risk the counterparty fails to discharge its obligations. At 30 September 2019 there were no loans outstanding (2018: £64,653).

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19. Financial Instruments, *continued*

Liquidity Risk

Liquidity risk arises from the management of cash funds and working capital. The risk is that the Company will fail to meet its financial obligations as they fall due. The Company operates within the constraints of available funds and cash flow projections are produced and regularly reviewed by management.

Interest rate risk profile of financial assets

The only financial assets (other than short term debtors) are cash at bank and in hand, which comprises money at call. The interest earned in the year was negligible. The directors believe the fair value of the financial instruments is not materially different to the book value.

Foreign currency risk

The Company has no material exposure to foreign currency fluctuations.

Market risk

The Company is exposed to market risk in that the value of its investments would be expected to vary depending on trading activity of its shares.

Categories of financial instruments

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Financial assets		
Trade investments	1,916,398	1,498,059
Loans and receivables	114,537	55,992
	<u>2,030,935</u>	<u>1,554,051</u>
Financial liabilities		
Loans and payables	66,003	119,401
	<u>66,003</u>	<u>119,401</u>

20. Capital Management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its investment activities to provide returns for shareholders. The Company's funding comprises equity and debt. The directors consider the Company's capital and reserves to be capital. When considering the future capital requirements of the Company and the potential to fund specific investment activities, the directors consider the risk characteristics of all of the underlying assets in assessing the optimal capital structure.

21. Events After the End of the Reporting Period

There are no events after the end of the reporting period to disclose.

22. Ultimate controlling party

There is no ultimate controlling party.