

REGISTERED NUMBER: 04018807 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
AGRICOLA RESOURCES PLC**

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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AGRICOLA RESOURCES PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS: Mr C Sinclair-Poulton
Mr J Negaard
Mr A C R Scutt

SECRETARY: Mr E Taylor

REGISTERED OFFICE: Richmond House
Ely
Cambridgeshire
CB7 4AH

REGISTERED NUMBER. 04018807 (England and Wales)

AUDITORS: Price Bailey LLP
Chartered Accountants & Statutory Auditors
Richmond House
Ely
Cambridgeshire
CB7 4AH

CORPORATE ADVISER: Alexander David Securities
45 Moorfields
Moorgate
London
EC2Y 9AE

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

"Obviously, the thing to do was to be bullish in a bull market and bearish in a bear market. Sounds silly, doesn't it? But I had to grasp that general principle firmly before I saw that to put it into practice really meant to anticipate probabilities."

So wrote one of Wall Street's most famous traders who also coined the phrase "the market is always right".

I believe that both quotes are applicable to Agricola as the Company seeks a new direction.

The bear market that started in 2008 continues to affect how business is conducted and future prospects viewed, particularly when it comes to raising new funds for early stage projects. At the moment, the investor appetite for risk is severely reduced and their wish list does not include early stage projects with no immediate cashflow.

What has compounded Agricola's problems is not just the state of the markets but also that the Company had to reluctantly relinquish its listing on PLUS Markets (now ISDX Growth Market).

Against this background, both the Kazakh and New Zealand transactions have stalled. The former is due to delays in that country. While many investors see the merits of the New Zealand project, they are still reluctant to invest at this stage.

While I am firmly of the view that both are good projects, neither is right for Agricola in the current climate. Consequently, we are having to consider alternatives. However, I am confident that at some point the market will turn and the right project can be found, so much so that I have personally contributed more than £59,000 to date to enable the Company to find a transaction which would secure its future.

Thanks must be given to the Company's advisors who continue to advise on opportunities.

More importantly, thanks must be given to the patience of the shareholders throughout the year.

Mr C Sinclair-Poulton
Chairman

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of investing in mineral exploration. The company is controlled, financed and administered within the United Kingdom which remains the principal place of business with sterling being the functional currency.

REVIEW OF BUSINESS

A full review of the Company's activities during the year, recent events and expected future developments are contained in the Chairman's Statement on page 2. The results of the Company for the year are set out on page 9 and show a loss after taxation for the year of £206,063 (2011 - Loss £217,887).

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012.

DIRECTORS

The directors during the year under review were

Mr C Sinclair-Poulton
Mr J Negaard
Mr A C R Scutt

The beneficial interests of the directors holding office on 31 December 2012 in the issued share capital of the company were as follows

	31 12 12	1 1 12
Ordinary shares 1p shares		
Mr C Sinclair-Poulton	-	-
Mr J Negaard	400,000	400,000
Mr A C R Scutt	320,000	320,000

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the Company's policy to pay suppliers within their respective credit terms. At the statement of financial position date the trade payables outstanding represented 4 creditor days. Further details of the payment policy can be obtained by writing to the registered office of the Company.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and cash equivalents, investments and financial assets and various items such as trade debtors, trade creditors, accruals and prepayments that arise directly from its operations

The main purpose of these financial instruments is to finance the Company's operations. The Board regularly reviews and agrees policies for managing the level of risk arising from the Company's financial instruments which are summarised as follows

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

Credit Risk

The Company's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the balance sheet, and which represent the Company's maximum exposure to credit risk in relation to financial assets.

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings in financial instruments.

Capital Management

The Company's capital consists wholly of ordinary shares. The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital.

Commodity Price Risk

The principal activity of the Company is the exploration for minerals, and the principal market risk facing the Company is an adverse movement in the commodity price. Any long term adverse movement in this price would affect the commercial viability of the project.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The principal risks faced by the company are as follows

- The ability to raise sufficient funds to continue exploration
- Long term adverse changes in commodity prices could affect the viability of exploration and extraction projects
- The operations of the company are in foreign jurisdictions where there may be a number of associated risks over which it will have no control. These may include economic, social or political instability or change, taxation, rates of exchange, exchange controls and exploration licensing
- The exploration for and development of mineral deposits involve significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities of minerals disclosed will be available to extract. With all mining operations there is uncertainty and therefore there is risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions

GOING CONCERN

The Directors have considered the cashflow requirements of the Company over the next 12 months. The Directors have instituted measures to preserve cash, including the continuation of suspending paying director's salaries which are being accrued until the funds are available to pay them, and are currently trying to secure additional finance.

In addition to the planned reduction of costs, a director has provided a letter of support to provide funds to cover operational costs of approximately £73,500 for the next 12 months.

The Company is pursuing future prospects but in the current economic climate it is difficult to raise the additional funds it requires for these early stage projects. These circumstances create material uncertainties over future trading results and cash flows.

The Directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state that the financial statements comply with IFRS,
- 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

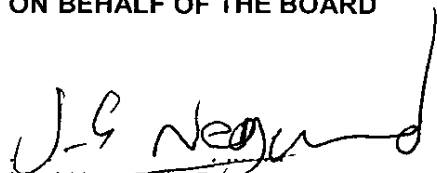
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Price Bailey LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Company's forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



Mr J Negaard - Director

Date 10/02/13

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGRICOLA RESOURCES PLC

We have audited the financial statements of Agricola Resources plc for the year ended 31 December 2012 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Statement of Comprehensive Income and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The ability of the company to continue to trade is dependent on the company being able to raise sufficient funds. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the company will be able to generate sufficient funds and therefore the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AGRICOLA RESOURCES PLC**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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

Martin Clapson FCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants & Statutory Auditors
Richmond House
Ely
Cambridgeshire
CB7 4AH

Date 10 June 2013

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
CONTINUING OPERATIONS			
Revenue	2	-	-
Administrative expenses		<u>(186,615)</u>	<u>(207,818)</u>
OPERATING LOSS		(186,615)	(207,818)
Finance costs	4	(19,450)	(10,075)
Finance income	4	<u>2</u>	<u>6</u>
LOSS BEFORE INCOME TAX	5	(206,063)	(217,887)
Income tax	6	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(206,063)</u>	<u>(217,887)</u>
Earnings per share expressed in pence per share			
Basic	7	-0 13	-0 14
Diluted		<u>-0 11</u>	<u>-0 12</u>

The notes form part of these financial statements

AGRICOLA RESOURCES PLC (REGISTERED NUMBER 04018807)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
LOSS FOR THE YEAR	(206,063)	(217,887)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(206,063)</u>	<u>(217,887)</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2012

	Notes	2012 £	2011 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	-	23
CURRENT ASSETS			
Trade and other receivables	9	2,604	37,982
Investments	10	447	447
Cash and cash equivalents	11	2,582	411
		<u>5,633</u>	<u>38,840</u>
TOTAL ASSETS		<u>5,633</u>	<u>38,863</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	1,604,555	1,604,555
Share premium	13	200,252	200,252
Retained earnings	13	(2,433,307)	(2,227,244)
TOTAL EQUITY		<u>(628,500)</u>	<u>(422,437)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	14	33,734	-
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	250,000	270,000
		<u>283,734</u>	<u>270,000</u>
CURRENT LIABILITIES			
Trade and other payables	14	330,399	191,300
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	20,000	-
		<u>350,399</u>	<u>191,300</u>
TOTAL LIABILITIES		<u>634,133</u>	<u>461,300</u>
TOTAL EQUITY AND LIABILITIES		<u>5,633</u>	<u>38,863</u>

These financial statements were approved and authorised for issue by the Board of Directors on 10/06/13 and were signed on its behalf by



Mr J Negaard - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Loss for the year	-	(206,063)	-	(206,063)
Total comprehensive income	-	(206,063)	-	(206,063)
Balance at 1 January 2012	<u>1,604,555</u>	<u>(2,227,244)</u>	<u>200,252</u>	<u>(422,437)</u>
Balance at 31 December 2012	<u>1,604,555</u>	<u>(2,433,307)</u>	<u>200,252</u>	<u>(628,500)</u>
Changes in equity				
Loss for the year	-	(217,887)	-	(217,887)
Total comprehensive income	-	(217,887)	-	(217,887)
Balance at 1 January 2011	<u>1,604,555</u>	<u>(2,009,357)</u>	<u>200,252</u>	<u>(204,550)</u>
Balance at 31 December 2011	<u>1,604,555</u>	<u>(2,227,244)</u>	<u>200,252</u>	<u>(422,437)</u>

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

		2012 £	2011 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(31,565)</u>	<u>(98,918)</u>
Net cash from operating activities		<u>(31,565)</u>	<u>(98,918)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(2,917)
Interest received		<u>2</u>	<u>6</u>
Net cash from investing activities		<u>2</u>	<u>(2,911)</u>
Cash flows from financing activities			
Loan repayments in year		-	(150,888)
Convertible loan from related parties		-	250,000
Amount introduced by directors		<u>33,734</u>	<u>-</u>
Net cash from financing activities		<u>33,734</u>	<u>99,112</u>
Increase/(decrease) in cash and cash equivalents		2,171	(2,717)
Cash and cash equivalents at beginning of year	2	<u>411</u>	<u>3,128</u>
Cash and cash equivalents at end of year	2	<u><u>2,582</u></u>	<u><u>411</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2012 £	2011 £
Loss before income tax	(206,063)	(217,887)
Depreciation charges	23	47
Impairment of exploration costs	-	24,569
Finance costs	19,450	10,075
Finance income	(2)	(6)
	(186,592)	(183,202)
Decrease/(increase) in trade and other receivables	35,378	(22,322)
Increase in trade and other payables	119,649	106,606
Cash generated from operations	(31,565)	(98,918)

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31 December 2012

	31/12/12 £	1/1/12 £
Cash and cash equivalents	<u>2,582</u>	<u>411</u>

Year ended 31 December 2011

	31/12/11 £	1/1/11 £
Cash and cash equivalents	<u>411</u>	<u>3,128</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES

Reporting entity

Agricola Resources PLC is a company domiciled in United Kingdom. The address of the company's registered office is Richmond House, Broad Street, Ely, Cambridgeshire, CB7 4AH. The company primarily is involved in the exploration for minerals.

Going concern

As described in the Directors' Report on pages 3 to 6, the Company has reported an operating loss for the year. The Directors have instituted measures to preserve cash, including the continuation of suspending paying director's salaries which are being accrued until the funds are available to pay them, and are currently trying to secure additional finance.

In addition to the planned reduction of costs, a director has provided a letter of support to provide funds to cover operational costs of approximately £73,500 for the next 12 months.

The Company is pursuing future prospects but in the current economic climate it is difficult to raise the additional funds it requires for these early stage projects. These circumstances create material uncertainties over future trading results and cash flows.

The Directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Compliance with accounting standards

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

Basis of preparation

This is the first time the Company has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with UK GAAP accounting standards. Details of how the transition from UK accounting standards to EU adopted IFRS has affected the Company's reported financial position, financial performance and cash flows are given in the notes to these accounts.

Changes in accounting policies- First-time adoption

In preparing these financial statements, the Company has not needed to apply any of the transitional arrangements permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards'.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for assets and liabilities at the statement of financial position date. However, the nature of estimation means that the actual outcomes could differ from those estimates.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of any impairment on intangible assets and the estimation of share-based payment costs. The Group determines whether there is any impairment of intangible assets on an annual basis. The estimation of share-based payment costs requires the selection of an appropriate model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest.

Intangible fixed assets - exploration costs

Expenditure on the acquisition costs, exploration and evaluation of interests in licences including related overheads are capitalised. Such costs are carried forward in the statement of financial position under intangible assets and amortised over the minimum period of the expected commercial production of minerals in respect of each area of interest where:

a) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale,

b) exploration activities have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations in relation to the areas are continuing.

An annual impairment review is carried out by the Directors to consider whether any exploration or development costs have suffered impairment in value where a site has been abandoned or confirmed as no longer technically feasible. Accumulated costs in respect of areas of interest that have been abandoned are written off to the income statement in the year in which the area is abandoned.

Exploration costs are carried at cost less any provision for impairment.

Investments

Current asset investments are stated at cost. The investments are reviewed annually and any impairment is taken directly to the income statement.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment - 33% on cost

Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument:

- Cash and cash equivalents comprise cash held at bank and short term deposits
- Trade payables are not interest bearing and are stated at their nominal value
- Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve
- Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets on the basis that they are available for sale within 12 months. Available for sale assets are carried at cost less any provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit

The principal place of business of the Company is the United Kingdom with sterling being the functional currency

Share-based payment transactions

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of all options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period

Where equity instruments are granted to persons other than employees, the income statement or share premium account if appropriate, are charged with the fair value of goods and services received

Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and bank balances

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES - continued

New standards and interpretations applied

This is the first time the Company has prepared its financial statements in accordance with IFRS's, having previously prepared its financial statements in accordance with UK GAAP accounting standards. In preparing these financial statements the Company has applied the current standards to comparative years and has reviewed all new standards and interpretations.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year commencing 1 January 2012 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements (amended 2011 and 2012)
- IAS 16 Property, Plant and Equipment (amended 2012)
- IAS 19 Employee Benefits (amended 2011)
- IAS 27 Separate Financial Statements (amended 2011 and 2012)
- IAS 28 Investments in Associates (amended 2011)
- IAS 32 Financial Instruments (amended 2011 and 2012)
- IAS 34 Interim Financial Reporting (amended 2012)
- IFRS 1 First-time Adoption of International Financial Standards (amended 2012)
- IFRS 7 Financial Instruments (amended 2011)
- IFRS 9 Financial Instruments (issued 2009, 2010 and 2011)
- IFRS 10 Consolidated Financial Statements (issued 2011 and 2012)
- IFRS 11 Joint Arrangements (issued 2011 and 2012)
- IFRS 12 Disclosure of Interests in Other Entities (issued 2011 and 2012)
- IFRS 13 Fair Value Measurement (issued 2011)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (issued 2011)
- IFRIC 21 Levies

The Directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

2 SEGMENTAL REPORTING

The principal activity of the company is the exploration of minerals. All expenses are in respect of this one activity and there are no business segments requiring separate disclosure.

3 EMPLOYEES AND DIRECTORS

	2012 £	2011 £
Wages and salaries	90,000	105,000
Social security costs	<u>35,420</u>	<u>-</u>
	<u>125,420</u>	<u>105,000</u>

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

	2012	2011
Directors	<u>3</u>	<u>3</u>

The charge for social security costs represents a provision for the full amount of unpaid salaries at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

3 EMPLOYEES AND DIRECTORS - continued

	2012 £	2011 £
Directors' remuneration	<u>90,000</u>	<u>105,000</u>

4 NET FINANCE COSTS

	2012 £	2011 £
Finance income		
Deposit account interest	<u>2</u>	<u>6</u>
Finance costs		
Loan	<u>19,450</u>	<u>10,075</u>
Net finance costs	<u>19,448</u>	<u>10,069</u>

5 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2012 £	2011 £
Depreciation - owned assets	23	47
Auditors' remuneration	5,600	5,900
Foreign exchange differences	8	245
Impairment of exploration costs	<u>-</u>	<u>24,569</u>

Although remuneration has been provided in the financial statements, Mr C Sinclair-Poulton and Mr A C R Scutt have deferred drawing their salaries until the Company has funds available to pay them. This is in accordance with the going concern paragraph of the accounting policies as shown in note 1 to the financial statements.

6 INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

6 INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Loss on ordinary activities before income tax	<u>(206,063)</u>	<u>(217,887)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.500% (2011 - 26.500%)	(50,485)	(57,740)
Effects of Differences between depreciation and capital allowances	(1)	3
Expenses deferred for future taxation relief	30,728	27,825
Potential deferred taxation on losses for the year	<u>19,758</u>	<u>29,912</u>
Tax expense	<u>-</u>	<u>-</u>

The Company has estimated taxation losses of £1,650,026 (2011 - £1,569,381) available to carry forward to set against future trading profits

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period

Diluted earnings per share is calculated using -the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares

Reconciliations are set out below

	Earnings £	2012 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(206,063)	160,455,500	-0.13
Effect of dilutive securities			
Options	-	<u>21,398,907</u>	-
Diluted EPS			
Adjusted earnings	<u>(206,063)</u>	<u>181,854,407</u>	<u>-0.11</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

7 EARNINGS PER SHARE - continued

	Earnings £	2011 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(217,887)	160,455,500	-0 14
Effect of dilutive securities			
Options	-	18,053,576	-
Diluted EPS			
Adjusted earnings	<u>(217,887)</u>	<u>178,509,076</u>	<u>-0 12</u>

8 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
At 1 January 2012 and 31 December 2012	<u>1,653</u>
DEPRECIATION	
At 1 January 2012	1,630
Charge for year	<u>23</u>
At 31 December 2012	<u>1,653</u>
NET BOOK VALUE	
At 31 December 2012	<u>-</u>
	Computer equipment £
COST	
At 1 January 2011 and 31 December 2011	<u>1,653</u>
DEPRECIATION	
At 1 January 2011	1,583
Charge for year	<u>47</u>
At 31 December 2011	<u>1,630</u>
NET BOOK VALUE	
At 31 December 2011	<u>23</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

9 TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Current		
Other receivables	855	28,821
VAT	1,749	8,448
Prepayments and accrued income	-	713
	<u>2,604</u>	<u>37,982</u>

10 INVESTMENTS

	2012 £	2011 £
Listed investments	<u>447</u>	<u>447</u>

11 CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Bank accounts	<u>2,582</u>	<u>411</u>

12 CALLED UP SHARE CAPITAL

	2012 £	2011 £
Alloted, issued and fully paid		
160,455,500 (2011 - 160,455,500) Ordinary shares of 1p each	<u>1,604,555</u>	<u>1,604,555</u>

The number of shares in issue is as follows

	2012 No	2011 No
At 1 January 2012	160,455,500	160,455,500
Issued during the year	-	-
At 31 December 2012	<u>160,455,500</u>	<u>160,455,500</u>

13 RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2012	(2,227,244)	200,252	(2,026,992)
Deficit for the year	<u>(206,063)</u>	-	<u>(206,063)</u>
At 31 December 2012	<u>(2,433,307)</u>	<u>200,252</u>	<u>(2,233,055)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

14 TRADE AND OTHER PAYABLES

	2012 £	2011 £
Current		
Trade payables	704	6,575
Other payables	292,087	166,667
Accruals and deferred income	<u>37,608</u>	<u>18,058</u>
	<u>330,399</u>	<u>191,300</u>
Non-current		
Directors' loan accounts	<u>33,734</u>	<u>-</u>
Aggregate amounts	<u>364,133</u>	<u>191,300</u>

15 FINANCIAL LIABILITIES - BORROWINGS

	2012 £	2011 £
Current		
Other loans	<u>20,000</u>	<u>-</u>
Non-current		
Other loans - 1-2 years	<u>250,000</u>	<u>270,000</u>

Terms and debt repayment schedule

	1 year or less £	2-5 years £	Totals £
Other loans	<u>20,000</u>	<u>250,000</u>	<u>270,000</u>

On 21 June 2011 Beowulf Mining plc made a loan of £250,000 to Agricola Resources plc under terms set out in a convertible loan note, whereby the loan accrues interest at 7% above the Bank of England Base Rate and is convertible into ordinary shares of Agricola at par until 30 June 2017. The convertible loan notes are secured against all of the Company's assets and are repayable on 30 June 2017 or, at Beowulf's option, immediately upon a fundraising of more than £400,000 being completed by the Company, or any time thereafter. At the Company's option, the convertible loan notes are redeemable early without penalty on 30 June 2012 or at six monthly intervals thereafter. Beowulf is entitled at its sole discretion to convert all or part of the principal loan amount advanced into new ordinary shares in the Company at a conversion price of 1 pence par value per ordinary share at any time. The notes are transferable subject to certain limited restrictions.

In addition, Beowulf has been granted warrants to subscribe for up to 21,000,000 additional new ordinary shares in the Company at an exercise price of 1 pence per new ordinary share at any time prior to 30 June 2014.

During 2010 Beowulf Mining plc made a loan of £20,000 to Agricola Resources plc under terms set out in a convertible loan note, whereby the loan accrues interest at 3% above the Bank of England Base Rate and is convertible into ordinary shares of Agricola at par until 28 February 2013.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

16 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and cash equivalents, investments and financial assets and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations

The main purpose of these financial instruments is to finance the Company's operations. The Board regularly reviews and agrees policies for managing the level of risk arising from the Company's financial instruments which are summarised as follows

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

The following tables illustrate the contractual maturity profiles of its financial liabilities as at 31 December

	2012 £	2011 £
Current liabilities		
Trade and other payables	310,399	191,300
Financial liabilities - Borrowings	<u>20,000</u>	<u>-</u>
	330,399	191,300
Non-current liabilities		
Financial liabilities - Borrowings	<u>250,000</u>	<u>270,000</u>
	<u>580,399</u>	<u>461,300</u>

Credit Risk

The Company's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the statement of financial position, and which represent the Company's maximum exposure to credit risk in relation to financial assets.

Capital Management

The Company's capital consists wholly of ordinary shares. The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

Analysis of Total Financial Liabilities and Financial Assets

The table below sets out the Company's IAS 39 classification of each of its financial assets and liabilities at 31 December 2012. All amounts are stated at their carrying value.

At 31 December 2012

	Fair value through profit and loss £	Available for sale £	Loans and receivables £
Cash and cash equivalents	-	-	2,582
Borrowings	-	-	-
Other financial assets	-	447	2,604
Other financial liabilities	-	-	-
	<u>-</u>	<u>447</u>	<u>5,186</u>
	Derivatives used for hedging £	Amortised cost £	Total £
Cash and cash equivalents	-	-	2,582
Borrowings	-	(270,000)	(270,000)
Other financial assets	-	-	3,051
Other financial liabilities	-	(364,133)	(364,133)
	<u>-</u>	<u>(634,133)</u>	<u>(628,500)</u>

At 31 December 2011

	Fair value through profit and loss £	Available for sale £	Loans and receivables £
Cash and cash equivalents	-	-	411
Borrowings	-	-	-
Other financial assets	-	447	37,982
Other financial liabilities	-	-	-
	<u>-</u>	<u>447</u>	<u>38,393</u>
	Derivatives used for hedging £	Amortised cost £	Total £
Cash and cash equivalents	-	-	411
Borrowings	-	(270,000)	(270,000)
Other financial assets	-	-	38,429
Other financial liabilities	-	(191,300)	(191,300)
	<u>-</u>	<u>(461,300)</u>	<u>(422,460)</u>

Borrowings include loans repayable within and after more than one year. Other financial liabilities comprise trade and other payables and accruals due within and after more than one year.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings in financial instruments

Sensitivity Analysis

The Company has carried out a sensitivity analysis that measures the estimated charge to the income statement and equity of a 1% difference in market interest rates applicable at 31 December 2012 with all other measures remaining constant. Sensitivity analysis in respect of currency risk, measuring the estimated charge to the income statement and equity of a 10% difference in the market rate of foreign currencies is not required as the Company holds no financial instruments in foreign currencies

The sensitivity analysis includes the following assumptions

- a) Changes in market interest rates only affect interest income or expense of variable financial instruments
- b) Changes in foreign currency rates only affect those items of income and expense and assets and liabilities denominated in the said currencies

Interest rate risk

	Income Statement		Equity (before tax)	
	100 bps Increase £	100 bps Decrease £	100 bps Increase £	100 bps Decrease £
Variable rate instruments	<u>(2,700)</u>	<u>2,700</u>	<u>(2,700)</u>	<u>2,700</u>

Commodity Price Risk

The principal activity of the Company is the exploration for minerals, and the principal market risk facing the Company is an adverse movement in the commodity price. Any long term adverse movement in this price would affect the commercial viability of the project

17 TRANSACTIONS WITH DIRECTORS

During the year the company paid consultancy fees of £24,000 (2011 - £24,000) to Mr J Negaard, a director of the Company. At the balance sheet date there was no outstanding liability (2011 - nil) included in trade payables)

During the year Mr C Sinclair-Poulton, a director of the Company, made interest free loans of £33,734 to the Company to cover its operational expenditure. The loan is unsecured and has no fixed date for repayment

Included in other payables at the balance sheet date are amounts owed to directors of the Company of £40,000 (2011 - £30,000) to Mr A C R Scutt and £216,667 (2011 - £136,667) to Mr C Sinclair-Poulton in respect of unpaid salaries

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

18 RELATED PARTY DISCLOSURES

During 2010 the Company received loans of £20,000 from Beowulf Mining plc under the terms of convertible loan notes which accrue interest at 3% above the Bank of England Base Rate and are convertible into ordinary shares in Agricola at par until 28 February 2013

During 2011, Beowulf Mining plc issued further convertible loan notes of £250,000 to Agricola. The convertible loan notes accrue interest at 7% above the Bank of England Base Rate and are convertible into ordinary shares in Agricola at par until 30 June 2017. At the year end, the Company had drawn £249,145 (2011 - £221,274) in respect of the convertible loan notes and £855 (2011 - £28,726) is included in other receivables and available for Agricola to draw down

In addition, Beowulf Mining plc holds warrants to subscribe for up to 21,000,000 additional new ordinary shares in the Company at an exercise price of 1 pence per new ordinary share at any time prior to 30 June 2014

Mr Clive Sinclair-Poulton and Mr Anthony Scutt are directors of both Beowulf Mining plc and Agricola Resources plc. Accordingly, the subscription for the convertible loan notes, as set out above, is considered to be a related party transaction under the PLUS Rules for Issuers

The interest charge for the year in respect of the loan notes amounted to £19,450 (2011 - £10,075) and this is included in accruals and deferred income at the balance sheet date

During the year Mr C Sinclair-Poulton, a director of the Company, made interest free loans of £33,734 to the Company to cover its operational expenditure. The loan is unsecured and has no fixed date for repayment

Included in other payables at the balance sheet date are amounts owed to directors of the Company of £40,000 (2011 - £30,000) to Mr A C R Scutt and £216,667 (2011 - £136,667) to Mr C Sinclair-Poulton in respect of unpaid salaries

Key management personnel compensation

The directors' and key management personnel of the Company during the year were as follows

Mr C Sinclair-Poulton (Chief Executive Officer)

Mr J Negaard (Executive Director)

Mr A C R Scutt (Non-Executive Director)

The aggregate compensation made to key management personnel of the Company is set out below

	2012 £	2011 £
Short-term employee benefits	149,420	129,000
Post-employment benefits	-	-
Termination benefits	-	-
Share-based benefits	-	-
	<u>149,420</u>	<u>129,000</u>

Key management personnel equity holdings

Details of key management personnel beneficial interests in the fully paid Ordinary shares of the Company are unchanged during the year and are disclosed in the Directors Report

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

19 SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option programme that entitles the holders to purchase shares in the Company with the options exercisable at the price determined at the date of granting the option. There are no vesting conditions to be met and all options are to be settled by the issue of shares.

Grant date	Number of instruments	Contractual life of options
15 July 2010	2,000,000	1.67 years
22 June 2011	<u>21,000,000</u>	3 years
Options outstanding at 31 December	<u>23,000,000</u>	

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2012	Number of options 2012	Weighted average exercise price 2011	Number of options 2011
Outstanding at 1 January	1p	23,000,000	1p	9,111,111
Lapsed during the year	1p	(2,000,000)	-	(7,111,111)
Issued in the year	1p	<u>-</u>	1p	<u>21,000,000</u>
Outstanding and exercisable at 31 December	1p	<u>21,000,000</u>	1p	<u>23,000,000</u>

No warrants were exercised during the year (2011 - nil). During the year, 2,000,000 (2011 - 7,111,111) warrants lapsed unexercised with a weighted average exercise price of 1p. The options outstanding at 31 December 2012 have an exercise price of 1p (2011 - 1p) and a weighted average contractual life of 1.50 years (2011 - 2.28 years).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using Black-Scholes model, with the following inputs:

	Services 22.06.11	Services 15.07.10
Fair value at grant date	negligible	0.274p
Share price	n/a	0.950p
Exercise price	1.000p	1.000p
Expected volatility	n/a	57%
Option life	3 years	1.67 years
Risk-free interest rate	3%	3%

The expected volatility was determined by reviewing the actual volatility of the Company's share price since its listing on PLUS to the date of granting the option. In calculating the fair value, consideration was given to the market trends at the grant date of the option.

RECONCILIATION OF EQUITY
1 JANUARY 2011
(DATE OF TRANSITION TO IFRSS)

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	21,652	-	21,652
Property, plant and equipment	<u>70</u>	<u>-</u>	<u>70</u>
	<u>21,722</u>	<u>-</u>	<u>21,722</u>
CURRENT ASSETS			
Trade and other receivables	11,818	-	11,818
Investments	447	-	447
Cash and cash equivalents	3,128	-	3,128
Prepayments	<u>3,842</u>	<u>-</u>	<u>3,842</u>
	<u>19,235</u>	<u>-</u>	<u>19,235</u>
TOTAL ASSETS	<u>40,957</u>	<u>-</u>	<u>40,957</u>
SHAREHOLDERS' EQUITY			
Called up share capital	1,604,555	-	1,604,555
Share premium	200,252	-	200,252
Retained earnings	<u>(2,009,357)</u>	<u>-</u>	<u>(2,009,357)</u>
TOTAL EQUITY	<u>(204,550)</u>	<u>-</u>	<u>(204,550)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	<u>20,000</u>	<u>-</u>	<u>20,000</u>
CURRENT LIABILITIES			
Trade and other payables	<u>225,507</u>	<u>-</u>	<u>225,507</u>
TOTAL LIABILITIES	<u>245,507</u>	<u>-</u>	<u>245,507</u>
TOTAL EQUITY AND LIABILITIES	<u>40,957</u>	<u>-</u>	<u>40,957</u>

The notes form part of these financial statements

RECONCILIATION OF EQUITY - continued
31 DECEMBER 2011

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	23	-	23
CURRENT ASSETS			
Trade and other receivables	37,982	-	37,982
Investments	447	-	447
Cash and cash equivalents	411	-	411
	38,840	-	38,840
TOTAL ASSETS	<u>38,863</u>	<u>-</u>	<u>38,863</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	1,604,555	-	1,604,555
Share premium	200,252	-	200,252
Retained earnings	(2,227,244)	-	(2,227,244)
TOTAL EQUITY	<u>(422,437)</u>	<u>-</u>	<u>(422,437)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	270,000	-	270,000
CURRENT LIABILITIES			
Trade and other payables	191,300	-	191,300
TOTAL LIABILITIES	<u>461,300</u>	<u>-</u>	<u>461,300</u>
TOTAL EQUITY AND LIABILITIES	<u>38,863</u>	<u>-</u>	<u>38,863</u>

The notes form part of these financial statements

**RECONCILIATION OF LOSS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
Revenue	-	-	-
Administrative expenses	(207,818)	-	(207,818)
Finance costs	(10,075)	-	(10,075)
Finance income	<u>6</u>	<u>-</u>	<u>6</u>
LOSS BEFORE TAX	<u>(217,887)</u>	<u>-</u>	<u>(217,887)</u>
LOSS FOR THE YEAR	<u>(217,887)</u>	<u>-</u>	<u>(217,887)</u>

The notes form part of these financial statements