Praetorian Resources Limited

Annual Report and Audited Consolidated Financial Statements

for the period 22 February 2012 to 31 March 2013

Contents

Company Summary

The Company
The Company is a Guernsey registered investment holding company incorporated with limited liability. Its shares are traded on the London Stock Exchange's Alternative Investment Market ("AIM"). The Company was incorporated on 22 February 2012 and dealings on AIM commenced on 9 July 2012.

Investment Policy
The Company's investment policy is to achieve capital appreciation through the purchase and sale of a wide range of securities and other investments within target sectors, which it will effect indirectly through its investment in a Limited Partnership. The initial target sector is natural resources stocks, an area where the Board feels that there is an opportunity to take advantage of what it sees as depressed valuations in many mining and energy stocks.

In order to capitalise on the opportunity, the Company has assembled a high quality Board and set of advisers with substantial experience and a long term track record within the target sectors. The Company has been structured as an investment holding company in order to give the Board maximum flexibility to achieve its goals, and is domiciled in a tax efficient jurisdiction to ensure shareholders receive the benefit from any realised profits.

The Company will utilise the contacts and skill of the Board and its advisers to attract and carry out appropriate due diligence on portfolio opportunities. Management will use its expertise and contact base to source new opportunities.

Opportunities will be chosen through a careful selection process which will appraise both the fundamental factors specific to the opportunity as well as wider economic considerations. Typical factors that will be considered are the strength of management, the quality of the asset base, the investment’s scale and growth potential, the commodity price outlook, any geopolitical concerns, the underlying financial position, future working capital requirements as well as potential exit routes. Furthermore, in order to avoid excessive portfolio concentration, the Company will generally hold no more than 20% of its Net Asset Value in any single portfolio company at the time of investment.

The Company will be looking to take advantage of the tight credit conditions and inherent value currently available in its target sectors by investing into new investee companies at attractive valuations. The Company will be looking to aggregate significant stakes in its preferred portfolio companies and to act as a supportive, long term shareholder, although we may also apply an active and hands-on approach where necessary to generate value.

Chairman's Report

Dear Shareholder

It is with much regret that our inaugural financial statements are so disappointing. At the period end our net assets attributable to the Ordinary Shareholders was £16,128,166 resulting in a Net Asset Value per Ordinary Share of 32 pence a decline of 34% from the initial launch price. The Net Asset Value per Ordinary Share as at 30 June 2013 has fallen further, to 19 pence, a decline of 41% since period end and a total of 61% since launch.

As you are aware investment timing is a critical part of an investment strategy and with the benefit of hindsight we were premature in anticipating a cyclical up turn in the natural resources sector. We believed and still do that launching a contrarian investment vehicle following a major collapse in stock prices in our target sectors was a low risk strategy albeit caveated by the possibility that we may still face one final market capitulation. We did not however anticipate the further substantial indiscriminate decline that has destroyed share prices of many of the sector's emerging stars.

As we write the only certainty is continued uncertainty with valuations remaining at demoralised levels and prudence dictates that the contrarian approach should in time prove to be a highly lucrative strategy. We believe exceptional investment opportunities lie ahead and if investors are not yet "contrarian" at this stage then they risk missing out on a spectacular upswing that could mark a historic bottom and one that may herald in one of the best money making periods in this particular commodity space for several decades. It is becoming increasingly apparent to the Directors and their peers that the next twelve months may witness the greatest washout of junior mining stocks that the resources sector has ever seen and it is highly likely that a substantial number of the smaller exploration companies will simply not be around this time next year. The severe capital funding drought currently plaguing the sector may not abate until the cyclical changes in the commodity space turn upwards again.

Paradoxically this will be a fertile time for Praetorian's Investment and Advisory Team to exercise its proven skills as some excellent assets are being trapped in the shakeout providing new and potentially rewarding investment opportunities. Inevitably a new wave of M&A and other corporate activity will also help values to improve. There are still far too many juniors scrambling around the globe looking for bonanza grades absorbing vast amounts of investors cash with very little to show for their efforts. They have clogged up investment portfolios and as a result have left a sour taste in the mouth of both managers and their investors. Moreover the discovery cycle, which is usually in full swing by now following a period of frenzied exploration spending, still stubbornly refuses to help kick-start the sector. After some savage declines in explorer's share prices in the last two years perhaps today's low cost entry point is going to prove very astute compared to the high cost entry point in 2010. So far the decimation of market caps has failed to attract the usual bottom feeders.

The drought of liquidity has been extreme and the substantial recovery in the general equity markets worldwide has also taken the emphasis away from the resources sector. Logically if the investor is making significant gains from the wider markets there is little reason to keep supporting the one sector that is in decline.

We believe that not every penny resources stock casualty has a bad project – on the contrary many of those that have crashed still have some excellent projects in the development phase but admittedly desperately bereft of new capital. They are temporarily trapped in the current shake out, and this is where the true distressed value investors with the necessary consummate skills will be rewarded. A remarkable opportunity has arisen for the money which is traditionally used for bargain basement and fundamental value investing. Previous extreme bear markets in juniors have seen wild upswings from the bottom as the better management teams and better projects jump out of the pack to claim another chance of returning significant capital gains.

Short term volatility should never detract from medium to long term investing. And whilst mining and exploration shares have suffered such a dramatic shift in market sentiment, investment companies are provided with a renewed opportunity to take advantage of the heavily oversold positions, which we believe now boast exceptional intrinsic values. There are numerous share price anomalies that have arisen in this rout which are undoubtedly there to be exploited and seldom has such intrinsic value been so obvious.

Chairman's Report (continued)

The future trend of course depends on the big picture. China and the other BRIC’s still have the major influential effect on global commodity prices while Quantitative Easing, the Eurozone, currency wars and other geopolitical factors also weigh heavily on the outlook for growth which will ultimately determine the course of renewed inflation. Unless a ‘black swan’ event dictates otherwise it still looks like 18 months down the track before any meaningful inflation kicks in.

With specific regard to the Praetorian portfolio, after an unquestionably tough start our strategy has been to concentrate the portfolio into six key positions where we will continue to take a hands on approach with management to maximize these opportunities. These six core investee companies now equate to approx. 75% of the NAV and utilising our collective skills the Directors are determined to restore lost shareholder funds.

As part of our immediate strategy for the Company and following our difficult first year the Directors have looked carefully at the central costs of the Company and these are being reduced to reflect our current position. Mr Andrew Ferguson and Mr Malcolm Burne have voluntarily resigned from the Board for no compensation with effect from 27 June 2013. Mr Burne will retain his position on the Company’s Advisory and Execution Team alongside Charles Cannon-Brookes. Mr Burne and Mr Cannon-Brookes have each agreed to defer any future fees or personal entitlements due to them until further notice in order to minimise cash payments out of the Company. These deferred fees and entitlements will be accrued and reflected within the Company's NAV. Furthermore the remaining Directors have either reduced the level of their fees or deferred the payment of their fees until further notice. A further review of the cost of Praetorian’s third party service providers will also be undertaken. In aggregate these changes should reduce the annual central administrative costs by in excess of £200,000, which the Directors believe better reflects the challenging conditions that we are all facing.

Looking to the immediate future, our specific challenge is building on July 2012 IPO by procuring a second round of additional finance to scale up our contrarian investment activities. The Company remains under capitalised in the current attractively priced environment.

Robert King - Chairman
July 2013

Directors

Robert King (Chairman)

Robert is a non-executive director of a number of open and closed ended investment funds and companies. He was a director of Cannon Asset Management Limited and its associated companies from October 2007 to February 2011. Prior to this, he was a Director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

Richard Lockwood

Richard was until recently the senior resource fund manager at CQS Asset Management Limited having merged his New City Investment Management group with CQS in 2007. Prior to that, he was a senior fund manager at Invesco and a partner at Hoare Govett with responsibility for the mining department. He has held fund management positions at New City High Yield Fund Limited, City Merchants High Yield Trust Plc, City Natural Resources High Yield Trust plc and Geiger Counter Limited. Richard has extensive experience in the financial securities markets in the United Kingdom, Australia, and South Africa and a number of his previous funds have achieved long term, top quartile ranked performance.

Mark Hohnen

Mark was until recently the Executive Chairman of Kalahari Minerals plc which held a 43 per cent. shareholding in Extract Resources, the ASX listed uranium company which was focused on developing the Husab Project in Namibia, the world's third largest known primary uranium deposit. Extract Resources was recently sold to a consortium of Chinese institutional investors for US$2.2 billion. Mark has had extensive international business experience in a wide range of industries including mining, property, fund management, investment, software and agriculture. He has held a number of directorships in both public and private companies and was founding Chairman of Cape Mentelle and Cloudy Bay wines, as well as the UK listed royalty business, Anglo Pacific Resources Plc. Mark is currently the Chairman of Wildhorse Energy, the ASX listed Hungarian uranium and UGC company.

Directors' Report

The Directors present their first Annual Report and the Audited Financial Statements for the period ended 31 March

Status and Activity
The Company is an investment holding company incorporated on 22 February 2012 with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended.

Its shares were admitted to trading on the London Stock Exchange's AIM on 9 July 2012. As at 31 March 2013 the Company had 50,093,901 Ordinary shares and 23,205,443 Subscription shares in issue.

The Company's investment objective is to build a focused natural resource investment vehicle in order to generate positive returns to shareholders. The investment policy is as detailed on page 2.

Results and Dividends
The Company's performance during the period is discussed in the Chairman's Report on page 3. The results for the period are set out in the Consolidated Statement of Comprehensive Income on page 14. The Company did not pay any dividends during the period and the Directors do not recommend the payment of a dividend for the period ended 31 March 2013.

At the period end the net assets attributable to the ordinary shareholders were £16,128,166 and the net asset value per Ordinary share was 32 pence.

Taxation
The Company has been granted exemption from Guernsey taxation and is charged an annual exemption fee of £600. The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption from Guernsey tax.

Directors' Responsibilities
The Directors are required by the Companies (Guernsey) Law, 2008 to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that period. In preparing those Financial Statements the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008. The Directors 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 who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors
The Directors of the Company who served during the period, and subsequently, are as follows;
Robert King (Chairman) - appointed 22 February 2012
Richard Lockwood - appointed 2 April 2012
Malcolm Burne - appointed 2 April 2012, resigned 27 June 2013
Andrew Ferguson - appointed 2 April 2012, resigned 27 June 2013
Mark Hohnen - appointed 2 April 2012

Directors' Report (continued)

Directors (continued)
The Directors, whose biographies are set out on page 5, held the following interests in the share capital of the Company either directly or beneficially as at 31 March 2013, and as at the date of signing these financial statements:

	Ordinary Shares	**Subscription shares**
Robert King - (a)	-	-
Richard Lockwood - (b)	3,471,000	1,735,500
Mark Hohnen - (a)	2,000,000	1,000,000

(a) - independent director
(b) - non independent director due to his position on the Advisory and Execution Team, disclosed further below in material contracts.

The number of shares held by Malcolm Burne , who resigned from his role as Director on 27 June 2013, are disclosed in note 10 to the Consolidated Financial Statements. Andrew Ferguson, who also resigned on 27 June 2013, held no shares in the Company during his time as a Director.

All Directors are entitled to a fee of £20,000 per annum and received the following remuneration during the period:

	Charge for period **£**	Outstanding at period end **£**
Robert King *(Chairman)*	15,000	-
Richard Lockwood	15,000	-
Malcolm Burne	15,000	-
Andrew Ferguson	15,000	-
Mark Hohnen	15,000	-
	75,000	-

With effect from 1 July 2013 Richard Lockwood and Mark Hohnen have agreed to defer their fees until further notice, although the Company will continue to accrue for such fees for the time being.

Directors fees of £7,615 in relation to Praetorian Resources (GP) Limited, a subsidiary of Praetorian Resources Limited, have been paid to both Robert King and Brian O'Mahoney, who is also a director of the Administrator. With effect from 1 April 2013 Robert King has agreed to waive his Directors fee with regards to this entity.

Authority to buy back shares
A shareholder resolution, which took effect upon Admission to AIM, has been passed granting the Company authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares and 14.99 per cent. of the Subscription Shares in issue during any twelve month period. Any repurchase of Ordinary Shares or Subscription Shares will be made in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the "Law"), and within guidelines established from time to time by the Board and will be at the absolute discretion of the Board, and not at the option of the Shareholders.

This authority will lapse on the later of the date of the Company's next annual general meeting or 18 months from Admission to AIM. Subject to Shareholder authority for proposed repurchases, general purchases of up to 14.99 per cent. of the Ordinary Shares in issue and up to 14.99 per cent. of the Subscription Shares in issue will only be made through the market. The minimum price (exclusive of expenses) which may be paid for an Ordinary Share or a Subscription Share is £0.01 per share and the maximum price (exclusive of expenses) which may be paid for an Ordinary Share or a Subscription Share shall be not more than five per cent. above the average of the middle market quotation for the Ordinary Shares or the Subscription Shares (as appropriate) for the five business days before the purchase is made.

Any repurchase by the Company of 15 per cent. or more of any class of its shares (excluding shares of that class held in treasury) will be affected by way of a tender offer to all Shareholders of that class.

Directors' Report (continued)

Authority to buy back shares (continued)
On 16 April 2013 the Company announced an on market share buy back of 1,000,000 ordinary shares, 2% of the ordinary shares in issue at this time, at a price of 31 pence each. These buy back shares will be held by the Company as Treasury shares.

Material Contracts
The Company's material contracts are with Arlington Group Asset Management Limited, to provide administration and support services, Legis Fund Services Limited, which acts as Administrator for the Company, Westhouse Securities Limited ("Westhouse"), which acts as Nominated Adviser, Ocean Equities Limited which acts as the Company's Broker and Computershare Investor Services (Guernsey) Limited, which acts as Registrar.

The Company also has contracts with the members of the Advisory and Execution team, who are Richard Lockwood, Malcolm Burne and Charles Cannon-Brookes. The Advisory and Execution team provide investment advisory services to the Board.

The Advisory and Execution Team operate under the investment criteria set out by the Board and within the guidelines of the Prospectus issued by the Company dated 4 July 2012 (the "Prospectus"). They will advise the Board in relation to the existing and proposed investments by the Company and give instructions on behalf of the Board for the execution of all transactions relating to the investment, realisation and/or reinvestment of the funds or any part thereof. Subject to the overall supervision of the Directors, the Advisory and Execution Team has complete discretion to buy, sell, retain, exchange or otherwise deal in investments for the account of the Company in line with the Investment Policy of the Company as set out in the Prospectus. As disclosed in note 10 to the Consolidated Financial Statements, the Advisory and Execution Team have formed Praetorian (Special Limited Partner) L.P. in order that they may receive any interest in any performance incentive fee payable by the Group.

Charles Cannon-Brookes is considered to be an 'investment manager' of the Company for the purposes of the AIM Rules for Companies because he is a member of the Advisory and Execution Team whilst not being a Director or employee of the Company. Subsequent to his resignation from the Board on 27 June 2013 Malcolm Burne is also considered to be an 'investment manager' for the same reason.

Further details of these contracts can be found in note 5 to the Consolidated Financial Statements.

Substantial Shareholdings
As at 31 March 2013, the following parties held interests in 3% or more of the issued Ordinary Shares of the Company.

Shareholder / Nominee Account	Ordinary shares held	% of ordinary share capital
Pershing Nominees Limited	6,200,000	12.38%
Roy Nominees Limited	5,747,015	11.47%
Chase Nominees Limited	5,110,584	10.20%
Ferlim Nominees Limited	3,750,400	7.49%
A-CAP Resources Limited	3,536,750	7.06%
TD Direct Investing Nominees (Europe) Limited	3,218,210	6.42%
Canaccord Nominees Limited	2,305,614	4.60%
HSBC Global Custody Nominee (UK) Limited	2,000,000	3.99%
Adelise Services Limited	1,846,866	3.69%
Jim Nominees Limited	1,753,928	3.50%
Lynchwood Nominees Limited	1,636,500	3.27%
Nutraco Nominees Limited	1,565,904	3.13%

Relations with Shareholders
The Board welcomes shareholders' views and places great importance on communication with its shareholders.

All Ordinary Shareholders have the opportunity to attend and vote at the Annual General Meeting during which the Board and the Advisory and Execution Team will be available to discuss issues affecting the Company. The Board is informed of shareholders' views through updates from the Advisory and Execution Team and the Broker as to meetings they may have held with shareholders.

Directors' Report (continued)

Annual General Meeting
The notice for the Annual General Meeting of the Company, which is to be held on 22 August 2013 at 11 am, is on pages 29 to 30 of this document. The form of Proxy for the Annual General Meeting will accompany these Financial Statements

Shareholder Information
Up to date information regarding the Company, including its Net Asset Value, can be found on the Company's website, which is www.praetorianresources.com.

Corporate Governance
The Board of Directors is responsible for the corporate governance of the Company. As a Guernsey incorporated company and under the AIM rules for companies, the Company is not required to comply with The UK Corporate Governance Code published by the Financial Reporting Council ("UK Code"). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and as such the Company is committed to complying with the corporate governance obligations appropriate to the Company's size and nature of business, under the terms of The UK Corporate Governance Code.

In addition, as a Guernsey incorporated company, the Company is required to comply with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC Code") introduced on 1 January 2012.

Under the GFSC Code, the Company shall be deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the UK Code.

The UK Code recognises that smaller listed companies, in particular those new to listing, may judge that some of its provisions are disproportionate or less relevant in their case. During the first accounting period the Board has been in the process of reviewing the elements of the code that it deems to be practical and relevant to a Company of this size and nature. As a consequence of the recent changes to the Board further reviews will be undertaken to assess the most appropriate Corporate Governance Code to adopt, while at all times maintaining high standards of, and generally accepted best practices of, Corporate Governance.

The Board
The Board, whose membership, and where relevant independence, is disclosed above, meets at least four times a year. Between these formal meetings there is regular contact with the Advisory and Execution Team and the Company Secretary. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company. The Board is responsible for the appointment and monitoring of all service providers to the Company.

The Board has engaged specific individuals and external companies to undertake the investment management, administrative and custodial activities of the Company. Clear documented contractual arrangements are in place with these individuals and firms, which define the areas where the Board has delegated responsibility to them.

However, it remains the responsibility of the Board to assess whether the outsourced activities are being performed adequately, to ensure that the Company has adequate resources and to establish procedures, including compliance plans, to be able to monitor the performance of third parties performing the outsourced activities. The Directors believe that the Board has a balance of skills and experience which enables it to perform these assessments, to provide effective strategic leadership and proper governance of the Company. The Board has considered non-financial areas of risk such as disaster recovery and staffing levels within service providers and considers adequate arrangements to be in place.

At the quarterly Board Meetings the Board receives from the Advisory and Execution team and the Administrator a full report on the Group's holdings and performance. The Board gives direction to the Advisory and Execution Team as to investment objectives and limitations and receives reports on the financial position of the Group and the custody of its assets.

The Company maintains insurance in respect of directors' and officers liability in relation to their acts on behalf of the Company. Suitable insurance is in place, commencing from 25 June 2012 and renewed for the period until 24 June 2014.

Directors' Report (continued)

Board Committees
The Company uses a number of committees to control its operations. Each committee has formal written terms of reference, which clearly define their responsibilities.

Audit Committee
The Audit Committee comprises Mark Hohnen (Chairman), Robert King and Richard Lockwood, following the resignation of Andrew Ferguson. The terms of reference of the Audit Committee provide that the committee shall be responsible, amongst other things, for reviewing the half year and annual results before submission to the Board, reviewing the contract with the Advisory and Execution Team, reviewing the Company's compliance with the UK Corporate Governance Code so far as is possible given the Company's size and nature of business and reviewing the Advisory and Execution Team reports on the effectiveness of systems of internal control.

With regards to the external auditor the committee will discuss with them the scope and results of the audit and oversee the relationship with them, including; approval of their remuneration, to consider if the level of fee is appropriate to enable an adequate audit to be conducted; approval of their terms of engagement, assessing annually their independence, taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services.

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and take into account any matters within its terms of reference that may be brought to its attention by the Board. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Audit Committee will meet at least twice a year at appropriate times in the audit cycle, at which at least one meeting the external auditor will be present, and otherwise as required.

The Audit Committee feels that an internal audit function would not be appropriate given the size and nature of the Company.

Nomination Committee
The Nomination Committee consists of Robert King (Chairman), Mark Hohnen and Richard Lockwood, following the resignation of Andrew Ferguson. It is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make appropriate recommendations to the Board with regard to any changes; give consideration to succession planning for non-executive directors taking into account the challenges and opportunities facing the Company and be responsible for identifying and nominating candidates, for the approval of the Board, to fill board vacancies as and when they arise.

The Nomination Committee shall also make recommendations to the Board concerning membership of the Audit and Remuneration Committees, in consultation with the Chairman of those Committees, and the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

Remuneration Committee
The Remuneration Committee consists of Robert King (Chairman), Mark Hohnen and Richard Lockwood, following the resignation of Andrew Ferguson. It is responsible for determining the financial terms of appointment of the Directors.

The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's non-executive directors and such other members of the Board as it is designated to consider from time to time; review the on-going appropriateness and relevance of the remuneration policy against the fees paid to directors of other companies of a similar nature and size to the Company; ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; review the remuneration of the Company Chairman and Directors against the fees paid to directors of other investment companies of a comparable size.

Directors' Report (continued)

Board Meetings
All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance is unavoidable in certain circumstances.

Directors' attendance at Board and Audit Committee Meetings during the financial period is as follows;

	Robert King	Richard Lockwood	Malcolm Burne	Andrew Ferguson	Mark Hohnen
Board Meetings attended	5	1	3	5	2
Board Meetings held	6	6	6	6	6
Audit Committee Meetings attended	1	**N/A**	**N/A**	1	0
Audit Committee Meetings held	1	**N/A**	**N/A**	1	1

As this is the first period in which both the Nomination Committee and the Remuneration Committee have been established they did not meet during the accounting period. The first formal meetings of these committees took place in July 2013 at which the disclosures on the composition of the Board and the remuneration of the Directors made in June 2013 were duly ratified.

Internal Control and Financial Reporting
The Board is responsible for establishing and maintaining the Company's system of internal controls. Internal control systems are designed to meet the specific needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls include:

- Legis Fund Services Limited is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Audit Committee clearly defines the duties and responsibilities of the Company's agents and advisers in the terms of their contracts;
- The Board reviews financial information and compliance reports produced by the Administrator on a regular basis.

The Audit Committee has reviewed the Company's risk management and internal control systems and believes that the controls are satisfactory, given the size and nature of the Company.

Anti Bribery and Corruption
The Board acknowledges that the Group's international operations may give rise to possible claims of bribery and corruption. In consideration of the recently enacted UK Bribery Act the Board reviews the perceived risks to the Company arising from bribery and corruption to identify aspects of the business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Financial Risk Profile
The Company's main financial instruments comprise investments and cash. The main purpose of these instruments is the investment of Shareholders' funds. The most significant risks that these instruments are subject to are discussed in note 13 to the consolidated financial statements.

Going Concern
After making all reasonable enquires the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Directors' Report (continued)

Independent Auditor
A resolution proposing the appointment of BDO Limited as Auditor of the Company and authorising the Directors to determine their remuneration will be presented at the Annual General Meeting.

Signed on behalf of the Board on 24 July 2013.

Robert King	**Richard Lockwood**
Director	**Director**

Independent Auditor's Report to the Members of Praetorian Resources Limited

We have audited the consolidated financial statements of Praetorian Resources Limited for the period ended 31 March 2013 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

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 group’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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2013 and of the group's loss for the period from 22 February 2012 to 31 March 2013;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

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

BDO Limited
CHARTERED ACCOUNTANTS
Place du Pré
Rue du Pré
St Peter Port
Guernsey

24 July 2013

Consolidated Statement of Comprehensive Income

For the period 22 February 2012 to 31 March 2013

	Note	£
Income		
Net capital loss on financial assets at fair value through profit or loss	4	(7,989,575)
Investment income	4	25,735
Net investment gains and losses		**(7,963,840)**
Expenses		
Directors' fees and expenses	10	(90,230)
Administration fees	5	(50,565)
Support services administration fees	5	(141,667)
Audit fees		(25,000)
Custodian fees	5	(12,500)
Broker fees	5	(21,963)
Consultancy fees	10	(100,500)
Registrar fees	5	(5,041)
Other expenses	6	(92,423)
Total expenses		**(539,889)**
Operating loss		(8,503,729)
Finance income		8,510
Finance costs		(54,516)
Loss for the financial period		(8,549,735)
Other comprehensive income for the period		-
Total comprehensive expense for the period		**(8,549,735)**
Basic and diluted deficit per share (pence)	8	**(17.58)**

All activities derive from continuing operations.

All income is attributable to the holders of the Ordinary Shares of the Company.

The notes on pages 18 to 27 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2013

	Note	£
ASSETS		
Non-Current Assets		
Investments at fair value through profit or loss	4	15,325,843
Total non-current assets		**15,325,843**
Current Assets		
Trade and other receivables		5,176
Cash and cash equivalents		826,052
Total current assets		**831,228**
Total Assets		**16,157,071**
EQUITY AND LIABILITIES		
Equity		
Shares issued	9	24,677,901
Retained earnings		(8,549,735)
Total Equity		**16,128,166**
Liabilities		
Current Liabilities		
Trade and other payables		28,905
Total current liabilities		**28,905**
Total equity and liabilities		**16,157,071**
Net asset value per Ordinary Share	11	**0.32**

The consolidated financial statements on pages 14 to 27 were approved and authorised for issue by the Board of Directors on 24 July 2013 and are signed on its behalf by:

Robert King
Director

Richard Lockwood
Director

The notes on pages 18 to 27 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the period 22 February 2012 to 31 March 2013

	Notes	Share Capital £	Retained Earnings £	Total Equity £
As at 22 February 2012		-	-	-
Total comprehensive expense for the period		-	(8,549,735)	(8,549,735)
Total comprehensive expense for the period		-	(8,549,735)	(8,549,735)
Transactions with owners				
Shares issued	9	25,231,101	-	25,231,101
Share issue costs	9	(553,200)	-	(553,200)
Total transactions with owners		24,677,901	-	24,677,901
At 31 March 2013		24,677,901	(8,549,735)	16,128,166

The notes on pages 18 to 27 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the period 22 February 2012 to 31 March 2013

	Note	£
Cash flows from operating activities		
Purchase of investments		(11,160,840)
Proceeds from sale of investments		3,873,013
Interest received		8,510
Operating expenses paid		(544,941)
Net Cash outflow from operating activities		**(7,824,258)**
Cash flows from financing activities		
Proceeds from issue of shares	9	9,203,510
Issue costs paid		(553,200)
Net cash inflow from financing activities		**8,650,310**
Net change in cash and cash equivalents		**826,052**
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		**826,052**

The notes on pages 18 to 27 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Praetorian Resources Limited (the "Company") is a closed-ended investment company with limited liability formed under the Companies (Guernsey) Law, 2008. The Company was incorporated in Guernsey on 22 February 2012 and its shares were admitted to trading on the London Stock Exchange's AIM on 9 July 2012. The Company's registered office is 11 New Street, St Peter Port, Guernsey, GY1 2PF. The "Group" is defined as the Company and its subsidiaries Praetorian Portfolio Holding L.P. and Praetorian Resources (GP) Limited.

The Company's investment objective is to build a focused natural resources investment vehicle in order to generate positive returns to shareholders.

The Company's shares are traded on AIM, a market operated by the London Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations as issued and approved by the International Accounting Standards Board ("IASB"), and Internatonal Accounting Standards Interpretations Committee's interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union, and reflect the following policies, which have been adopted and applied consistently.

b) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the Company, made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiary undertakings acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

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

c) Foreign currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pounds Sterling (£), which is the Group's functional and presentational currency.

Transactions in currencies other than Sterling are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated statement of financial position are retranslated into Sterling at the rate of exchange ruling at that date.

Foreign exchange differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into Sterling at foreign exchange rates ruling at the dates the fair value was determined.

d) Financial instruments
Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and consolidated statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets
The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at trade date, being the date on which the Group became party to the contractual requirements of the financial asset.

The Group has not classified any of its financial assets as Held to Maturity or as Available for Sale.

The Group's financial assets comprise loans and receivables and investments held at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Financial assets - Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise other receivables and cash and cash equivalents. They are initially recognised at fair value on acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment. The effect of discounting on these financial instruments is not considered to be material.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments at fair value through profit or loss

Classification

The Group classifies its investments as financial assets at fair value through profit or loss. The financial assets are designated by the Group at fair value through profit or loss at inception.

Recognition

Purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the investments.

Measurement

"International Accounting Standard 39, Financial Instruments: Recognition and Measurement" requires investments treated as "financial assets at fair value through profit or loss" to be held at fair value. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction.

The investments are initially recognised at cost, being the fair value of consideration given.

Fair value estimation

Marketable (Listed) Securities – Where an active market exists for the security, the value is stated at the bid price on the last trading day in the period. Marketability discounts are not applied unless there is some contractual, governmental or other legally enforceable restriction preventing realisation at the reporting date.

Unlisted Investments – are carried at such fair value as the Directors consider appropriate given the performance of each investee company and after taking account of the effect of dilution, the exercise of ratchets, options or other incentive schemes.

The fair value hierarchy has the following levels:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets that the entity can readily observe.

Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and

Level 3 - inputs are unobservable inputs for the asset.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

• when the Group has transferred substantially all the risks and rewards of ownership; or

• when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or

• when the contractual right to receive cash flow has expired.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of any financial liability measured at amortised cost.

Financial liabilities measured at amortised cost

These include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the consolidated statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Capital
Financial instruments issued by the Group are treated as equity if the holder has only a residual interest in the assets of the Group after the deduction of all liabilities. The Company's Ordinary Shares are classified as equity instruments.

The Group considers its capital to comprise its Ordinary Share capital and retained earnings. There has been no change in what the Group considers to be capital since incorporation. The Group is not subject to any externally imposed capital requirements.

Equity instruments
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

Incremental costs include those incurred in connection with the placing and admission to AIM which include fees payable under the Placing Agreement, legal costs and any other applicable expenses.

e) Income
Interest income is recognised on a time apportioned basis using the effective interest method.

Investment income is recognised on an accruals basis in the Consolidated Statement of Comprehensive Income.

f) Expenses
Expenses are accounted for on an accruals basis.

g) Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return on the Group's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial information.

For management purposes, the Group is organised into one main operating segment, which invests in natural resources stocks.

All of the Group's income is derived from its investments in natural resources stocks, which are located in various jurisdictions.

Due to the Group's nature it has no customers.

h) Adoption of new and revised standards
At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective (and in some cases had not yet been adopted by the EU) and are relevant to the Group.

New International Accounting Standard		For accounting periods commencing on of after
IAS 1	Presentation of items of other comprehensive income	01 July 2012
IFRS 7	Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities	01 January 2013
IFRS 10	Consolidated Financial Statements	01 January 2013
IFRS 10	Consolidated Financial Statements - Amendment for investment entities *	01 January 2014
IFRS 11	Joint arrangements	01 January 2013
IFRS 12	Disclosures of Interests in Other Entities	01 January 2013
IFRS 12	Disclosures of Interests in Other Entities - Amendment for investment entities *	01 January 2014
IFRS 13	Fair Value Measurement	01 January 2013
IAS 27	Consolidated and Separate Financial Statements - reissued as IAS 27 Separate Financial Statements	01 January 2013
IAS 27	Consolidated and Separate Financial Statements - Amendments for investment entities *	01 January 2014
IAS 28	Investments in Associates and Joint Ventures	01 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	01 January 2014
IFRS 9	Financial Instruments *	01 January 2015
IFRS 7	Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9 *	01 January 2015

* - Still to be endorsed by the EU.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Adoption of new and revised standards (continued)

These standards and interpretations will be adopted when they become effective. The Directors anticipate that, with the exceptions of IFRS 9 and IFRS 13, the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Group. The Directors are considering, but have not yet concluded, on what the impact of IFRS 9 will be on the Group's Statement of Financial Position but do not anticipate adopting the standard until the period ending March 2016. IFRS 13 introduces significant additional disclosures for fair values of non financial assets and liabilities. However as the standard aims to reduce complexity the Directors consider that any significant changes will be presentational only.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have had the most significant effects on the amounts recognised in the financial statements:

Going concern

After making all reasonable enquires the Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial Statements since the assets of the Group consist mainly of securities which are readily realisable and the liabilities of the Group are minimal, accordingly, the Group has adequate financial resources to continue in operational existence for the foreseeable future.

Fair value of unlisted investments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of unlisted financial investments.

The Group receives indicative net assets values of their unlisted investments from the administrators of those entities.

In determining the fair value of these investments a risk adjusted discount factor of 50% has been applied to these indicative net asset values due to the nature of the underlying investments and their potentially illiquid nature. For each 5% discount applied to the potentially illiquid investments the fair value of the investments falls by £40,227.

The Directors believe that the applied valuation techniques and assumptions used are appropriate in determining the fair value of unlisted financial investments.

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Level 1	**Level 3**	**Total**
	£	**£**	**£**
Additions at cost - in specie (note 9)	14,713,092	1,314,499	16,027,591
Additions at cost - cash	11,160,840	-	11,160,840
Disposals proceeds	(3,873,013)	-	(3,873,013)
Net realised gain on disposal of investments	131,432	-	131,432
Closing portfolio cost	**22,132,351**	**1,314,499**	**23,446,850**
Net unrealised loss on investments	(7,208,780)	(912,227)	(8,121,007)
Closing valuation	**14,923,571**	**402,272**	**15,325,843**
Net unrealised loss on investments	(7,208,780)	(912,227)	(8,121,007)
Net realised gain on disposal of investments	131,432	-	131,432
Net capital loss on fair value of financial assets designated at fair value through profit or loss	**(7,077,348)**	**(912,227)**	**(7,989,575)**
Investment income	25,735	-	25,735
Total losses on Financial Assets at fair value through profit or loss	**(7,051,613)**	**(912,227)**	**(7,963,840)**

There were no transfers of financial assets between fair value hierarchy levels during the period.

5. MATERIAL AGREEMENTS

Support services administration fees
Arlington Group Asset Management Limited ("AGAM") has been appointed to provide day-to-day support services, including investor relations services, to the Company as set out in the Administration and Support Services Agreement. In consideration for its services, AGAM will be entitled to receive a ratcheting quarterly administration fee based upon "Equity Funds" being the aggregate of, (i) the Enlarged Share Capital, being the issued share capital of the Company on Admission to AIM, following completion of the Share Exchanges and the Cash Placing, multiplied by the Issue Price, (ii) in the event that the Company raises further funds through the issue of further Ordinary Shares the gross proceeds of such further issues, and (iii) the resulting proceeds arising for the Company on the exercise of the Subscription Shares.

The ratcheting quarterly administration fee relates to the size of Equity Funds from time to time, ratcheting from a base fee of £40,000 per quarter where the value of the Equity Funds is £20,000,000 or less up to a maximum fee of £200,000 per quarter where the value of the Equity Funds is £100,000,000 or more. The fee will be increased yearly from the second anniversary of Admission in line with the percentage increase in the UK Retail Prices Index. The total charge to the Consolidated Statement of Comprehensive Income was £141,667 of which there was no outstanding amount at the end of the period.

Administration fees
The administrator, Legis Fund Services Limited, is entitled to receive a fixed fee of £60,000 per annum, monthly in arrears, for administration of the Group, commencing in July 2012, as set out in the Administration Agreement. The total charge to the Consolidated Statement of Comprehensive Income was £50,565 of which £11,747 was outstanding at the end of the period.

Custodian fees
The custodian, ABN AMRO (Guernsey) Limited, is entitled to receive a fee from the Group at the rate of 0.08 per cent. of the Net Asset Value of Praetorian Portfolio Holdings L.P, payable monthly in arrears commencing 26 June 2012, as set out in the Custodian Agreement. The total charge to the Consolidated Statement of Comprehensive Income was £12,500, of which £1,200 was outstanding at the end of the period.

Corporate broker fees
On 4 July 2012 Ocean Equities Limited was appointed to act as the Company's Broker. The Broker will be entitled to receive £30,000 per annum calculated from the date of Admission payable quarterly in advance. The total charge to the Consolidated Statement of Comprehensive Income was £21,963 of which there was no outstanding amount at the end of the period.

Nominated Adviser Fees
On 24 March 2012 Westhouse Securities Limited was appointed by the Company to act as nominated adviser to the Company for the purpose of AIM. The Company has agreed to pay Westhouse Securities Limited an annual retainer fee of £20,000 calculated from the date of Admission (increasing to £40,000 on the later of 12 months following Admission or when the Company's market capitalisation reaches £50 million) payable quarterly in advance. The total charge to the Consolidated Statement of Comprehensive Income was £14,603 of which there was no outstanding amount at the end of the period.

Registrar fees
The Company is party to an Offshore Registrar Agreement with Computershare Investor Services (Guernsey) Limited (the "Registrar") dated 30 March 2012, pursuant to which the Registrar will provide registration services to the Company which will entail, among other things, the Registrar having responsibility for the transfer of shares, maintenance of the share register and acting as transfer and paying agent. For the provision of such services, the Registrar is entitled to receive a set-up fee of £2,000 and a minimum annual fee of £5,500. The total charge to the Consolidated Statement of Comprehensive Income was £5,041 of which £458 was outstanding at the end of the period.

Performance fee
Praetorian (Special Limited Partner) L.P. ("PSLP") is a special limited partner under the terms of the Limited Partnership Agreement of Praetorian Portfolio Holding L.P. PSLP has been established in order that the Advisory and Execution team may receive interests in any performance incentive fee.

Under the terms of the Limited Partnership Agreement, for any financial year (a "Performance Period"), PSLP is entitled to receive from Praetorian Portfolio Holding L.P. a performance incentive payment equal to 20 per cent. of the aggregate return over the full or pro-rata (in the case of partial realisations) cost of investment (including all pro-rata out-of-pocket costs relating to such investment) received by Praetorian Portfolio Holding L.P. and Praetorian Resources (GP) Limited following the full or partial cash realisation of an investment. The payment of a performance incentive payment is conditional upon the Net Asset Value per Ordinary Share at the end of the relevant Performance Period (as adjusted, inter alia, to add back the value of any distributions and accrued but unpaid performance incentive payments) being greater than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid.

Performance incentive payments shall be distributed within 20 business days of completion of the audit for the relevant Performance Period. No such fee is payable for the current period.

6. OTHER EXPENSES

	£
Legal and professional fees	45,086
Nomad fees	14,603
Insurance premiums	10,135
Listing fees	5,754
Sundry expenses	16,845
	92,423

7. TAXATION

The Company has been granted exemption from Guernsey taxation and is charged an annual exemption fee of £600. The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption from Guernsey tax.

8. EARNINGS PER SHARE

Basic and diluted deficit per ordinary share

	£
Loss for the period	(8,549,735)
Weighted average number of ordinary shares in issue	48,625,982
EPS (pence)	(17.58)

The earnings per share is based on the loss for the period and on the weighted average number of ordinary shares in issue for the period.

The Group's subscription shares, as per note 9, could potentially dilute the earnings per share in the future.

Net asset value per ordinary share	**£**
Net assets	16,128,166
Ordinary shares in issue	50,093,901
Net asset value per share (pence)	32.20

Subsequent to the year end the Company announced an on market share buy back of 1,000,000 ordinary shares at a price of 31 pence each. These buy back shares will be held in the Company as Treasury shares.

9. SHARES ISSUED

	Number of subscription shares	**Number of ordinary Shares**	**£**
Authorised :			
Unlimited number of shares of no par value	-	-	-
Allotted, called up and fully paid:			
Shares issued	23,205,443	50,093,901	25,231,101
Share issue cost	-	-	(553,200)
As at 31 March 2013	23,205,443	50,093,901	24,677,901

On incorporation 22 February 2012 1 Ordinary Share of no par value was issued. Upon the Company's admission to trading on the London Stock Exchange's AIM on 9 July 2012 the Company issued 40,082,866 new Ordinary Shares (with an aggregate of 20,041,433 new Subscription Shares attached on a 1 for 2 basis) at the Issue Price, being £0.50 per new Ordinary Share, although subsequent to this date 238,000 Ordinary shares and 119,000 Subscription Shares were cancelled as a result of non receipt of funds from a subscriber.

Each Subscription Share confers the right (but not the obligation) to subscribe for one new Ordinary Share upon exercise of the Subscription Rights and on payment of the Subscription Price of £0.70. The Subscription Shares lapse on 31 July 2015.

Subsequent to the initial listing the Company has issued a further 10,249,035 new Ordinary Shares (with an aggregate of 3,283,010 new Subscription Shares attached on a 1 for 2 basis).

During the period a total of 31,448,881 ordinary shares, with a value of 16,027,591 were issued in specie, with 18,645,020 ordinary shares, with a value of £9,203,510, issued for cash.

Pursuant to the Companies (Guernsey) Law, 2008 (as amended), all reserves (including share capital) can be designated as distributable. However, in accordance with the Admission Document, the Company shall not, except with the sanction of an extraordinary resolution of the Subscription Shareholders, make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares or issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares.

10. RELATED PARTIES

As at the period end Richard Lockwood, Malcolm Burne and Mark Hohnen were directors and shareholders of the Company. Andrew Ferguson is the executive director and chief executive officer of APAC Resources Limited who are shareholders of the Company. Charles Cannon-Brookes is an investment manager and shareholder of the Company.

Directors received the following remuneration during the period;

	Charge for period £	Outstanding at period end £
Robert King *(Chairman)*	15,000	-
Richard Lockwood	15,000	-
Malcolm Burne	15,000	-
Andrew Ferguson	15,000	-
Mark Hohnen	15,000	-
	75,000	-

Directors' fees of £7,615 in relation to Praetorian Resources (GP) Limited have been paid to both Robert King and Brian O'Mahoney, who is also a director of the administrator.

The related parties' interests as at 31 March 2013, and at the date of signing these financial statements, are as follows:

	%	Number of ordinary shares	Number of subscription shares
Directors			
Richard Lockwood *1	6.9	3,471,000	1,735,500
Malcolm Burne *2	2.72	1,395,228	683,864
Mark Hohnen	3.97	2,000,000	1,000,000
Execution Team			
Charles Cannon-Brookes *3	1.77	890,400	445,200

*1 - £535,000 transferred by way of shares at fair value on admission
*2 - £280,114 transferred by way of shares at fair value on admission
*3 - £158,250 transferred by way of shares at fair value on admission

On 27 July 2012 Longships plc acquired 4,616,020 Ordinary shares in the Company. Each of the three members of the Company's Advisory and Execution team - Richard Lockwood, Malcolm Burne and Charles Cannon-Brookes - are shareholders in Longships plc (with an aggregate holding representing 21.26 per cent. of that company's issued share capital). Longships plc subsequently distributed the shares acquired in the Company to its shareholders on the basis of their holding in Longships plc. Malcolm Burne and Charles Cannon-Brookes are also directors of Longships plc.

Charles Cannon-Brookes is the Investment Director of Arlington Group Asset Management Limited, who provide administration and support services as disclosed in note 5.

Praetorian (Special Limited Partner) L.P. ("PSLP") is a special limited partner under the terms of the Limited Partnership Agreement of Praetorian Portfolio Holding L.P. PSLP has been established in order that the Advisory and Execution team may receive interests in any performance incentive fee. The basis of the performance incentive fee is laid out in the AIM admission document and in note 5 to these financial statements. No such fee was payable during the period.

The Company has also entered into service agreements with the Advisory and Execution team to provide investment advice for the Board to consider, and general investment assistance to the Board as and when requested. The Advisory and Execution team are entitled to receive fees monthly in arrears as follows:

	Entitlement per annum	Earned in the period	Outstanding at period end
Richard Lockwood	30,000	22,500	-
Malcolm Burne	30,000	22,500	-
Charles Cannon-Brookes	50,000	37,500	-

Further consultancy fees paid to non related parties totalled £18,000 during the period.

The Directors are not aware of any ultimate controlling party.

11. NET ASSET VALUE PER SHARE

	£
Net asset value attributable to Ordinary Shares per consolidated financial statements	16,128,166
Shares in issue at 31 March 2013 - consolidated financial statements	50,093,901
Shares in issue at 31 March 2013 - unaudited NAV announcement	50,093,901
NAV per share - consolidated financial statements	0.3220
NAV per share - unaudited NAV announcement	0.3220

12. CAPITAL COMMITMENTS

As at 31 March 2013 the Company had no outstanding capital commitments.

13. FINANCIAL RISK MANAGEMENT

The Group's investing activities expose it to various types of risk that are associated with the investee companies in which it invests. The most important types of financial risk to which the Group is exposed are market risk, liquidity risk and credit risk. Market risk includes price risk, foreign currency risk and interest rate risk. The Board of Directors has overall responsibility for risk management and the policies adopted to minimise potential adverse effects on the Group's financial performance.

The policies and processes for measuring and mitigating each of the main risks are described below.

Market Risk

Market price risk

Market price risk is the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements. As the Group's investments are carried at fair value with changes recognised in the Consolidated Statement of Comprehensive Income, all changes in market conditions ultimately affect net assets.

The Group invests in only one sector, natural resources companies. The Group's financial assets are exposed to market price fluctuations which are monitored by the Advisory and Execution team in pursuance of the Company's investment objectives and policies, and reported to the Board on a regular basis. Adherence to investment guidelines and to investment powers set out in the AIM Admission document mitigates the risk of excessive exposure to any particular type of security or issuer. However, with respect to the investment strategy utilised by the Group there is always some, and occasionally some significant, degree of market risk.

If the investment portfolio valuation moved by 10 per cent in either direction at 31 March 2013, representing the Directors' assessment of a reasonably possible change, the impact on the loss for the period and the net asset value would have been £1.5 million. This calculations is based on the portfolio valuation at the balance sheet date and is not representative of the period as a whole, may not be reflective of future market conditions and assumes that all other factor remain constant.

As stated in the Company's investment policy, in order to avoid excessive portfolio concentration the Group will generally hold no more than 20% of its Net Asset Value in any single portfolio company at the time of investment. However the current strategy of the Group, as discussed in the Chairman's Report, is to concentrate the portfolio on six key positions on which the Group can support and assist in management. As at the period end these key positions constitute 68% of the NAV of the Group. The portfolio concentration can be analysed as follows:

	Listed	Unlisted	Total
	£	£	£
Investments over 20% of period end NAV	-	-	-
Investments over 10% of period end NAV	9,900,626	-	9,900,626
Other smaller investments	5,022,945	402,272	5,425,217
	14,923,571	402,272	15,325,843

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The presentation currency of the Company is Sterling. The Group's financial assets are currently denominated in various currencies other than Sterling and the Group may hold other financial instruments, the price of which may be determined with reference to currencies other than Sterling.

To the extent that these financial instruments are unhedged, or are not adequately hedged, the value of the Group's financial instruments may fluctuate with exchange rates as well as with price changes in various local markets and currencies. The value of the financial assets may therefore be affected unfavourably by fluctuations in currency rates and exchange control regulations. The Group has the ability to manage exposure to currency movements by using hedging instruments. However as the main exposures to foreign currencies are felt to be with generally stable currencies, Australian, Canadian and US Dollars, no such hedging has been entered into.

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The carrying amount of the Group's foreign currency denominated assets at the date of the Consolidated Statement of Financial Position was as follows:

	Listed Investments	Unlisted Investments	Cash	Other net assets
	£	**£**	**£**	**£**
Australian Dollar (AUD)	5,704,001	-	679,018	-
Canadian Dollar (CAD)	4,705,867	-	-	-
United States Dollar (USD)	-	343,772	45,958	-
	10,409,868	343,772	724,976	-

The following table details the Group's sensitivity to a 5% increase or decrease in Sterling against the relevant foreign currencies, representing the Directors' assessment of a reasonably possible change. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number indicates an increase in net assets attributable to holders of Ordinary Shares where Sterling weakens against the relevant currency and a negative number indicates a decrease in net assets where Sterling strengthens against the relevant currency.

	5% Increase in FX rate		
	Listed Investments	Unlisted Investments	Cash
	£	**£**	**£**
Australian Dollar (AUD)	(271,618)	-	(32,334)
Canadian Dollar (CAD)	(224,089)	-	-
United States Dollar (USD)	-	(16,370)	(2,188)

	5% Decrease in FX rate		
	Listed Investments	Unlisted Investments	Cash
	£	**£**	**£**
Australian Dollar (AUD)	300,212	-	35,738
Canadian Dollar (CAD)	247,677	-	-
United States Dollar (USD)	-	18,094	2,420

Interest rate risk

The Group finances its operations through Shareholders' capital and reserves. During the period the Group received only minimal interest on its cash and cash equivalents, £8,510. All other assets and liabilities of the Company are non-interest bearing.

At 31 March 2013, cash and cash equivalents of £826,052 were potentially exposed to movements in interest rates. At the current time any movement in interest rates would not have a material financial impact on the Group. Therefore, the Group does not hedge against the interest rate risk to which it is exposed.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments.

The Group maintains sufficient cash and readily realisable securities to pay accounts payable and accrued expenses. The Group's overall liquidity risks are monitored on a quarterly basis by the Board.

Whilst most of the Group's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Group are currently not listed on recognised stock exchanges and may not be readily realisable and their marketability may be restricted.

Currently the value of the unlisted investments which the Board considers may have the potential to be illiquid totals £402,272 from a total value of investments of £15,325,843. The Company might only be able to liquidate these positions at disadvantageous prices, should the Board determine, or it become necessary, to do so.

The contractual, undiscounted cash flows of the Group's financial liabilities, which are equal to the fair value of the Group's financial liabilities, consist of trade and other payables, are all payable within three months and total £28,905.

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

Given that the operating costs of the Group are generally known, contractually fixed costs, and the current ongoing process of reviewing and reducing the central costs of the Group, as outlined below in the Capital Management section, the Board are of the opinion that the Group is not exposed to any undue liquidity risk.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. It is the opinion of the Board of Directors that the carrying amounts of financial assets best represent the maximum credit risk exposure at the financial reporting date.

At the financial reporting date the only financial assets which are subject to credit risk are cash and cash equivalents totalling £826,052.

All of the cash and cash equivalents held by the Group are with ABN AMRO (Guernsey) Limited (“ABN”), part of the ABN AMRO group. Insolvency of ABN may cause the Group’s rights with respect to the cash and cash equivalents held by ABN to be delayed or limited. The Group monitors its risk by reviewing the credit rating of ABN at the time of setting up accounts and on an ad hoc basis. Moody’s bank financial strength rating for ABN AMRO is A2 as at the date of signing these financial statements. The Board considers that the risk of holding cash and cash equivalents with ABN is acceptable.

As at 31 March 2013 there were no financial assets which were past due or impaired.

Capital management

The Company manages its capital with the objective of being able to continue as a going concern while maximising the return to shareholders through the capital appreciation of its investments. The capital structure of the Company consists of equity as disclosed on the Consolidated Statement of Financial Position.

It is stated within the Company's Articles that the Company may borrow money. However to date the Board has deemed that such action has not been necessary or appropriate.

Ordinary Shares held in treasury will not be reissued at a price less than the latest published NAV. Subject to and in accordance with Guernsey Company law, the Company hold such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed any limits set out in such law.

The Group is not exposed to any externally imposed capital requirements.

As part of the Directors' immediate strategy for the Group, and the associated management of its capital, the Directors have looked carefully at the Group's central costs. These costs are now in the process of being reviewed and cut to reflect the Company's current position. Mr Andrew Ferguson and Mr Malcolm Burne have voluntarily resigned from the Board for no compensation with effect from 27 June 2013. Mr Burne and Mr Cannon-Brookes have each agreed to defer any future fees or personal entitlements due to them in order to minimise cash payments out of the Company until further notice. These deferred fees and entitlements will continue to be accrued and therefore reflected within the Company's NAV. Furthermore the remaining Directors have either reduced the level of their fees or deferred the payment of their fees until further notice. A further review of the cost of the Company's third party service providers will also be undertaken. In aggregate the Directors believe that these changes should reduce the annual cash outlay for central administrative costs by in excess of £200,000, which the Directors believes better reflects the current challenging conditions.

It is the Directors' view that the Company remains under capitalised in the current attractively priced environment and envisage that by procuring a second round of additional finance to scale up its contrarian investment activities that this would best serve the interests of existing shareholders.

14. CONTINGENT LIABILITIES

At 31 March 2013 there were no contingent liabilities.

15. EVENTS AFTER THE FINANCIAL REPORTING DATE

On 16 April 2013 the Company announced an on market share buy back of 1,000,000 ordinary shares at a price of 31 pence each. These buy back shares will be held in the Company as Treasury shares.

On 28 June 2013 the Company announced the resignation of Malcolm Burne and Andrew Ferguson from the Board of Directors as part of a review of the central costs of the Company.

DIRECTORS, SECRETARY AND ADVISERS

Directors
Robert Paul King *(Chairman)*
Richard Arthur Lockwood
Mark Ainsworth Hohnen
Malcolm Alec Burne - resigned 27 June 2013
Andrew Charles Ferguson- resigned 27 June 2013

Advisory & Execution Team
Richard Arthur Lockwood
Malcolm Alec Burne
Charles Cannon-Brookes

all of
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Secretary and Administrator
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St Peter Port
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GY1 3EG

Administration and Support Services
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London
SW1A 2DD

Nominated Adviser
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Broker
Ocean Equities Limited
3 Copthall Avenue
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EC2R 7BH

Solicitors to the Company as to English Law
Lawrence Graham LLP
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Advocates to the Company as to Guernsey Law
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St. Peter Port
Guernsey
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ABN AMRO (Guernsey) Limited
Martello Court
Admiral Park
St Peter Port
Guernsey
GY1 3QJ

Auditor to the Company
BDO Limited
Place du Pre
Rue du Pre
St Peter Port
Guernsey
GY1 3LL

Registrar and CREST Agent
Computershare Investor Services (Guernsey) Limited
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Le Truchot
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Guernsey
GY1 1WD

Website address
www.praetorianresources.com

PRAETORIAN RESOURCES LIMITED

Registered Office Address: 11 New Street, St. Peter Port, Guernsey, GY1 2PF
Registration Number: 54697

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the first Annual General Meeting of Praetorian Resources Limited (the "Company") will be held at Legis House, 11 New Street, St Peter Port, Guernsey on 22 August 2013 at 11 a.m. to transact the business set out in the following Ordinary Resolutions.

1. To receive the Annual Report and Audited Consolidated Financial Statements for the period from 22 February 2012 to 31 March 2013.

2. To re-appoint BDO Limited as Auditor of the Company until the conclusion of the next general meeting at which accounts are laid before the Company.

3. To authorise the Directors of the Company to determine the remuneration of the Auditor.

4. THAT in accordance with section 315 of The Companies (Guernsey) Law, 2008, as amended (the "Law"):

> the Company be, and hereby is generally, and unconditionally authorised to make one or more market acquisitions as defined in the Law of its subscription shares ("Subscription Shares"), provided that:
>
> the maximum aggregate number of Subscription Shares hereby authorised to be acquired does not exceed 14.99 per cent. of the aggregate number of the Company's issued Subscription Shares at the date this resolution is passed;
>
> the minimum price (exclusive of expenses) which may be paid for a Subscription Share shall be £0.01 but subject to the rules of any applicable stock exchange or regulatory requirement;
>
> the maximum price (exclusive of expenses) which may be paid for a Subscription Share shall be not more than the higher of five per cent. above the average of the middle market quotations for the Subscription Shares for the five business days before the day the purchase is made, but subject to the rules and regulations of any applicable stock exchange or regulatory requirement;
>
> the authority conferred shall expire at the latter of the conclusion of the next annual general meeting of the Company or on the date which is 18 months from the date of the passing of this resolution;
>
> notwithstanding the above, the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Subscription Shares pursuant of any such contract, but subject to any stock exchange or regulatory requirement; and
>
> any Subscription Shares bought back may be held in treasury in accordance with the Law or be subsequently cancelled by the Company.

5. THAT in accordance with section 315 of The Companies (Guernsey) Law, 2008, as amended (the "Law"):

> the Company be, and hereby is generally, and unconditionally authorised to make one or more market acquisitions as defined in the Law of its ordinary shares ("Ordinary Shares"), provided that:

the maximum aggregate number of Ordinary Shares hereby authorised to be acquired does not exceed 14.99 per cent. of the aggregate number of Company's issued Ordinary Shares at the date this resolution is passed;

the minimum price (exclusive of expenses) which may be paid for an Ordinary Share shall be £0.01 but subject to the rules of any applicable stock exchange or regulatory requirement;

the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be not more than the higher of five per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the day the purchase is made, but subject to the rules and regulations of any applicable stock exchange or regulatory requirement;

the authority conferred shall expire at the latter of the conclusion of the next annual general meeting of the Company or on the date which is 18 months from the date of the passing of this resolution;

notwithstanding the above, the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of shares pursuant of any such contract, but subject to any stock exchange or regulatory requirement; and

any Ordinary Shares bought back may be held in treasury in accordance with the Law or be subsequently cancelled by the Company.

By Order of the Board

Legis Fund Services Limited
Secretary
Legis House, 11 New Street,
St. Peter Port, Guernsey, GY1 2PF

24 July 2013

NOTES

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude members from attending or voting at the meeting, if they so wish. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the UK office of the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time for holding the Meeting.

3. CREST members may utilise the CREST proxy appointment service by following the directions set out on the form of proxy. Completion and return of the form of proxy will not prevent a Shareholder from subsequently attending the meeting and voting in person if he so wishes.

4. A holder of Shares must first have his or her name entered on the register of members not later than close of business on 20 August 2013. Changes to entries in that register after that time shall be disregarded in determining the rights of any holders to attend and vote at such meeting.

5. In accordance with the Company's Articles of Incorporation, holders of Subscription Shares are not entitled to attend, speak or vote at this general meeting, and accordingly this notice is provided to those holders for information purposes only,