

Duke Royalty Limited
(Formerly Praetorian Resources Limited)

Interim Report and Unaudited Financial Statements

for the period 1 April 2015 to 30 September 2015

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Company Summary

For the period ended 30 September 2015

The Company

Duke Royalty Limited (“Duke Royalty” or the “Company”) is a Guernsey registered investment holding company incorporated with limited liability. Its shares are traded on the AIM market of the London Stock Exchange (“AIM”). The Company was incorporated on 22 February 2012 and dealings on AIM commenced on 9 July 2012.

Following the results of an Extraordinary General Meeting (the “EGM”) held on 16 June 2015 the Company changed its name from Praetorian Resources Limited to Duke Royalty Limited.

The “Group” is defined as the Company and its subsidiaries Praetorian Portfolio Holding L.P., Praetorian Resources (GP) Limited and Praetorian ZDP Limited. The assets of Praetorian Portfolio Holding L.P. and Praetorian Resources (GP) Limited were transferred into the Company on 11 May 2015. On 23 October 2015, it was resolved that Praetorian Resources (GP) Limited and Praetorian ZDP Limited be wound up and both companies were placed into voluntary liquidation.

Investment Policy

For the year ended 31 March 2015 the Company’s investment policy was to achieve capital appreciation through the purchase and sale of a wide range of securities and other investments within target sectors, which it effected indirectly through its investment in a Limited Partnership. The initial target sector was natural resources, an area where the Board felt that there was an opportunity to take advantage of what it saw as depressed valuations in many mining and energy stocks.

Following the result of the EGM on 16 June 2015, the Company’s Articles of Incorporation and Investment Policy were changed to permit the Company to invest in a diversified portfolio of royalty finance and related opportunities; further information can be found in the Chairman’s Report on pages 3 and 4.

Chairman's Report

For the period ended 30 September 2015

Dear Shareholder

The interim period ending 30 September 2015 has seen much change in the operations of the Company.

As previously reported, following the results of an Extraordinary General Meeting (the "EGM") held on 16 June 2015, the Company changed its name from Praetorian Resources Limited to Duke Royalty Limited. At the same EGM, the shareholders approved an amendment to the Company's Investment Policy and Articles of Incorporation to permit the Company to invest in a diversified portfolio of royalty finance and related opportunities. Following this change in investment policy, the Directors believe Duke Royalty has become Europe's only publicly traded diversified royalty Investment Company and is now actively searching for suitable investment opportunities to implement this new investment mandate.

The Company's new objective is to build a stable and reliable income for shareholders by seeking to invest in, without limitation and restrictions (including geographical restrictions):

- (i) Long term, revenue-based royalties in private and/or public companies; and/or
- (ii) Other alternative asset classes and/or financing instruments from time to time that bear similar risk and return characteristics to the investments in paragraph (i).

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 a range of commercial businesses. The Company had 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, including Management, the Board and its advisors, will utilise its contacts and skill to attract and carry out appropriate due diligence on portfolio opportunities and to source new opportunities.

Support Service Contracts

In order to effectively implement its business strategy, Duke Royalty has entered into support services contracts with both Abingdon Capital Corporation ('Abingdon') and with Arlington Group Asset Management Limited ('Arlington'). Both Abingdon and Arlington are financial advisory companies and they provide a variety of support services to Duke Royalty in respect of global deal origination, vertical partner relationships and on-going investment management, including preparation of investment reports, performance data and compliance with the Company's investing policy. Any recommendations made by the service providers are reviewed by the Board of Duke Royalty, with all final investment decisions being made by the Company's Board in Guernsey.

Oliver Wyman Agreement

On 7 September 2015, it was particularly pleasing to be able to report on the signing of an exclusive pharmaceutical and healthcare royalty financing collaboration with Oliver Wyman, a management consultancy wholly owned by Marsh & McLennan Companies. This agreement is a significant milestone for the Company and brings together a global, respected source of healthcare knowledge with a publicly-quoted royalty company in order to create a unique offering to healthcare companies and public investors alike. Under the agreement, Duke Royalty will be responsible for capital raising, the structuring of definitive agreements and the acquisition of each royalty interest originating from the collaboration. I look forward to being able to report progress from this partnership in the coming quarters.

Chairman's Report (continued)

For the period ended 30 September 2015

Investment Committee

On 17 September 2015, the Company announced the formation and appointment of a specialised healthcare investment committee that will assist the Company in analysing and recommending potential healthcare royalty transactions. Collectively, the committee members have advised on over US\$ 2 billion of healthcare royalty transactions and have over one hundred years combined experience. The Investment Committee will have access to all due diligence material in connection with any proposed investments. Once it has analysed the merits of a particular transaction, it will provide an investment recommendation to the Board of Duke Royalty with all final investment decisions being made by the Company's Board in Guernsey.

Balance Sheet

As at period end, the Company's Net Asset Value stood at £4,000,726. This was split between the net current asset position of £1,669,985 and the value of the remaining legacy investment portfolio of £2,330,741. It is the Company's intention to dispose of this legacy investment portfolio in due course when suitable bids are found. However I am pleased to report that the Company remains well capitalised during the current transitional period while it actively searches for suitable investment opportunities to implement its new investment mandate.



Robert King
Chairman

Directors

For the period ended 30 September 2015 and subsequently to date of signing

Robert King (Chairman)

Robert King is a Non-Executive Director and Chairman of the Board. He is responsible for the oversight of the Company's corporate obligations in Guernsey.

Mr King is a Non-Executive Director for a number of open and closed ended investment funds and companies. He was a Director of Cannon Asset Management Limited and their 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 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. Mr King has extensive experience of the Guernsey corporate and regulatory environment and is a resident in Guernsey.

Mr Neil Johnson (appointed 16 June 2015)

Neil Johnson is an Executive Director and Duke Royalty's Chief Executive Officer with responsibility for the overall strategic direction and performance of the Company. Working closely with the other members of the Management team, Board members and the Investment Committee, he leads all deal origination, due diligence and structuring.

Mr Johnson has over 20 years of experience in investment banking, merchant banking, and research analysis in both the Canadian and UK capital markets. In 2012 he co-founded and became Chief Executive Officer of Difference Capital Financial, a Canadian publicly listed merchant bank. For the previous 19 years he worked for Canaccord Genuity, first in Canada and later at Canaccord London rising to the positions of Head of Corporate Finance (Europe), Global Head of Technology, and a member of the Global Executive Committee. Mr Johnson was instrumental in the firm becoming authorised as a nominated adviser for AIM and regulated in the UK and London Stock Exchange Main Market listings; he spearheaded the firm's diversification into the technology industry, and led Canaccord's initiative to attract North American firms to list in London.

During his tenure the Canaccord European operation grew revenues from less than £5 million to over £50 million, completed over 100 transactions and raised in excess of £3 billion for North American companies listed in London.

Mr Johnson is a graduate of the Richard Ivey School of Business at the University of Western Ontario and is a Chartered Financial Analyst (CFA).

Charles Cannon-Brookes (appointed 16 June 2015)

Charlie Cannon-Brookes is an Executive Director of the Company and works alongside the CEO on deal origination, due diligence and structuring. In addition, Mr Cannon-Brookes is Duke Royalty's liaison with UK institutions / advisors and has oversight of Duke Royalty's corporate governance and UK plc responsibilities.

Mr Cannon-Brookes has over 15 years investment experience. He is the Investment Director of FCA authorised and regulated Arlington Group Asset Management Limited ("AGAM") having acquired the business in October 2004. Through AGAM, Mr Cannon-Brookes has been active in a variety of different investment management mandates and corporate finance transactions. In addition, he has successfully led a number of IPO and RTO transactions on the London markets. Prior to AGAM he worked for Arlington Group plc, an AIM quoted investment company and managed all of its public equity portfolio, as well as Jupiter Asset Management, ABN Amro and Barclays de Zoete Wedd.

Directors (continued)

For the period ended 30 September 2015 and subsequently to date of signing

Charles Cannon-Brookes (appointed 16 June 2015) - continued

He has extensive fund management experience and has advised and sat on the board of a number of different funds, trusts and other operating public companies.

Mr Cannon-Brookes holds a BA Hons in Economics & Politics from the University of Exeter.

Mr Nigel Birrell (appointed 16 June 2015)

Nigel Birrell is a Non-Executive Director of the Company and works with the Executive Directors on deal origination and structuring. He has extensive public company experience and expertise in the gaming, media and insurance sectors.

Mr Birrell was until recently Group Director on the Executive Board at bwin.party digital entertainment plc, the world's leading listed on-line gaming business, where he was responsible for all its mergers and acquisitions, business development and managing its investment portfolio. While at bwin.party Mr Birrell led the acquisitions of Gamebookers, Empire On-line and IOG's casino operations, Cashcade, the World Poker Tour and Orneon. He was instrumental in devising, negotiating and transacting the merger between PartyGaming and Bwin.party, the largest online gaming deal in history. He has also led all its disposals including Ogame's sale to Amaya. Prior to bwin.party, Mr Birrell was a director of the FTSE 250 media group HIT Entertainment. He also worked as an investment banker with Donaldson, Lufkin & Jenrette and Dresdner Kleinwort Benson. Since leaving bwin.party Mr Birrell has served on the Board of LottoLand Limited, a Gibraltar regulated and fast growing gaming group as its Managing Director. He is also a Director of Delta Management Limited and is a Non-Executive Director of Southern Rock Insurance Company Limited.

Mr Birrell holds a LLB from the University of London (Queen Mary College) and qualified as a solicitor of the Supreme Court.

Mr Jim Ryan (appointed 16 June 2015)

Jim Ryan is a Non-Executive director of the Company and works with the Executive Directors on deal origination and structuring. He has extensive public company experience and expertise in the gaming and technology sectors. Mr Ryan is Chairman of the Company's audit committee.

Mr Ryan joined Pala Interactive, LLC in July 2013 as Chief Executive Officer. Prior to joining Pala Interactive, LLC, Mr Ryan served as a Co-Chief Executive Officer of bwin.party digital entertainment plc from March, 2011 to January, 2013. Prior to the merger of PartyGaming and bwin.party, he served as the Chief Executive Officer of PartyGaming plc from May, 2008 to March, 2011. He has also held executive positions with a number of online gaming companies which include Chief Executive Officer of St. Minver Limited, Chief Executive Officer of Excapsa Software Limited and the Chief Financial Officer of Cryptologic Software Limited. In addition to his role of CEO and board member of Pala Interactive, LLC, Mr Ryan also currently sits on the board of Gaming Realms plc.

Mr Ryan holds a degree in business from the Goodman School of Business at Brock University and is a Chartered Accountant and a Chartered Professional Accountant (Chartered Professional Accountants of Canada).

Consolidated Statement of Comprehensive Income

For the period ended 30 September 2015

		Period ended 30 September 2015 <i>Unaudited</i>	Period ended 30 September 2014 <i>Unaudited</i>
	Notes	£	£
Income			
Net capital loss on financial assets as fair value through profit or loss	3	(978,308)	(2,781,616)
Foreign currency gain		-	2,210
Investment income	3	-	2,189
Net investment losses	3	(978,308)	(2,777,217)
Expenses			
Support services fees	10	(356,708)	(84,614)
Directors' fees	10	(78,715)	(20,000)
Legal and professional fees		(55,635)	(15,952)
Consultancy fees		(52,165)	(170,000)
Restructuring costs		(42,425)	-
Other expenses	4	(34,553)	(9,330)
Administration fees		(17,722)	(34,244)
Audit fees		(17,600)	(5,167)
Directors' expenses	10	(14,666)	(292)
Registrar fees		(13,434)	(917)
Broker fees		(10,894)	(14,913)
Nomad fees		(10,000)	(14,110)
Foreign currency loss		(3,030)	-
Custodian fees		(2,881)	(3,203)
Total expenses		(710,428)	(372,742)
Operating loss		(1,688,736)	(3,149,959)
Finance income		9	121
Finance costs	8	(80,612)	(102,170)
Total comprehensive expense for the period		(1,769,339)	(3,252,008)
Basic and diluted deficit per share (pence) (restated)		(30.03)	(6.80)

All activities derive from continuing operations.

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

The notes on pages 11 to 22 form an integral part of these Interim Condensed Financial Statements.

Consolidated Statement of Changes in Equity

For the period ended 30 September 2015

	Notes	Shares Issued £	Warrants Issued £	Treasury Shares £	Retained Earnings £	Total Equity £
At 1 April 2015		24,208,640	72,454	-	(21,144,750)	3,136,344
Total comprehensive expense for the period		-	-	-	(1,769,339)	(1,769,339)
Transactions with owners						
Shares issued	7	2,706,175	-	-	-	2,706,175
Warrants cancelled	7	-	(72,454)	-	-	(72,454)
Total transactions with owners		2,706,175				
At 30 September 2015		26,914,815	-	-	(22,914,089)	4,000,726
At 1 April 2014		24,677,936	72,454	(310,655)	(14,217,381)	10,222,354
Total comprehensive expense for the year		-	-	-	(3,252,008)	(3,252,008)
Transactions with owners						
Shares issued	7	297,500	-	-	-	297,500
Shares bought back and cancelled	7	(939,296)	-	-	-	(939,296)
Treasury shares cancelled	7	-	-	310,655	-	310,655
Total transactions with owners		(641,796)	-	310,655	-	(331,141)
At 30 September 2014		24,036,140	72,454	-	(17,469,389)	6,639,205

The notes on pages 11 to 22 form an integral part of these Interim Condensed Financial Statements

Consolidated Statement of Financial Position

As at 30 September 2015

		30 September 2015 <i>Unaudited</i>	31 March 2015 <i>Audited</i>
	Notes	£	£
ASSETS			
Non-Current Assets			
Investments at fair value through profit or loss	3	2,330,741	4,083,733
Total non-current assets		2,330,741	4,083,733
Current Assets			
Trade and other receivables		224,711	7,280
Cash and cash equivalents		1,503,038	517,597
Restricted cash	8	-	257,080
Total current assets		1,727,749	781,957
Total Assets		4,058,490	4,865,690
EQUITY AND LIABILITIES			
Equity			
Shares issued	7	26,914,815	24,208,640
Warrants issued	7/8	-	72,454
Retained earnings	7	(22,914,089)	(21,144,750)
Total Equity		4,000,726	3,136,344
Liabilities			
Non-Current Liabilities			
Loan payable	8	-	1,688,133
Total non-current liabilities		-	1,688,133
Current Liabilities			
Trade and other payables	9	57,764	41,213
Total current liabilities		57,764	41,213
Total equity and liabilities		4,058,490	4,865,690
Net asset value per Ordinary Share (excluding shares held in Treasury)		0.52	0.07

The Consolidated Financial Statements on pages 7 to 22 were approved and authorised for issue by the Board of Directors on 20 November 2015 and were signed on its behalf by:



Robert King
Director



Nigel Birell
Director

The notes on pages 11 to 22 form an integral part of these Interim Condensed Financial Statements.

Consolidated Statement of Cash Flows

For the period ended 30 September 2015

		Period ended 30 September 2015	Period ended 30 September 2014
	Notes	£	£
Cash flows from operating activities			
Purchase of investments	3	-	(236,346)
Proceeds from sale of investments	3	764,326	116,334
Interest and investment income		9	121
Operating expenses paid		(450,950)	(67,346)
Net cash inflow/(outflow) from operating activities		313,385	(187,237)
Cash flows from financing activities			
Proceeds from issue of shares	7	2,256,175	608,155
Payment of redemption of shares	7	-	(939,296)
Repayment of loan	8	(1,500,000)	-
Loan facility issue costs	8	(341,199)	-
Escrow payments under loan agreement	8	257,080	-
Net cash inflow/(outflow) from financing activities		672,056	(331,141)
Net change in cash and cash equivalents		985,441	(518,378)
Cash and cash equivalents at beginning of period		517,597	1,044,814
Cash and cash equivalents at end of period		1,503,038	526,436

The notes on pages 11 to 22 form an integral part of these Interim Condensed Financial Statements.

Notes to the Consolidated Financial Statements

For the period ended 30 September 2015

1. GENERAL INFORMATION

Duke Royalty Limited (“Duke Royalty” or the “Company”) is an 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 shown on page 23.

Following the results of an Extraordinary General Meeting (the “EGM”) held on 16 June 2015 the Company changed its name to Duke Royalty Limited. At the same EGM the Company changed its Investment Policy and Articles of Incorporation.

The Company’s initial investment objective was to build a focused natural resource investment vehicle in order to generate positive returns to shareholders. As detailed in the investment policy on page 3 following the result of the EGM on 16 June 2015 the Company’s Articles of Incorporation and Investment Policy were changed to that of investment in a diversified portfolio of royalty finance and related opportunities.

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 Unaudited Condensed Financial Statements (“Interim Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting. The Interim Statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company’s Annual Report and Consolidated Financial Statements for the year ended 31 March 2015 (2015 “Annual Report”), which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and applicable Guernsey law.

During the previous period, as disclosed in note 7, the Company bought back some of its own Ordinary Share Capital to be held as Treasury Shares which were then subsequently cancelled. Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders’ funds through the Company reserves. When such shares are subsequently sold or re-issued to the market any consideration received, net of any directly attributable incremental costs, is recognised as an increase in equity shareholders’ funds through the Share Capital account. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in note 7.

b) Basis of consolidation

The Interim Statements incorporate the Financial Statements of the Company and the subsidiary undertakings controlled by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The “Group” is defined as the Company and its subsidiaries Praetorian Portfolio Holding L.P., Praetorian Resources (GP) Limited and Praetorian ZDP Limited. The assets of Praetorian Portfolio Holding L.P. and Praetorian Resources (GP) Limited were transferred into the Company on 11 May 2015.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New and amended standards and interpretations

The same accounting policies, presentation and methods of computation are followed in these Interim Statements as were followed in the preparation of the 2015 Annual Report.

There were a number of new standards and interpretations that apply for the first time in 2015, none of these had any significant impact on the Interim Statements.

At the date of authorisation of these Interim Statements, the following standards and interpretations, which will become relevant to the Company but have not been applied in these Consolidated Financial Statements, were in issue but not yet effective:

IFRS 9, "Financial Instruments – Classification and Measurement" (for accounting periods currently no sooner than 1 January 2018, though no effective date has been set by the ISAB).

IFRS 7, Financial Instruments Disclosures – Amendments regarding initial application of IFRS 9* - effective for periods commencing on or after 1 January 2015.

*still to be endorsed by the EU.

IFRS 15, Revenue from contracts with customers – effective for periods commencing on or after 1 January 2017.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

3. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

For the period ended 30 September 2015 –
Unaudited

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Opening Cost	17,631,398	82,119	3,094,348	20,807,865
Additions at cost – cash	82,119	-	-	82,119
Disposals proceeds	(774,684)	(82,119)	-	(856,803)
Net realised loss on disposal of investments	(4,134,437)	-	-	(4,134,437)
Closing portfolio cost	12,804,396	-	3,094,348	15,898,744
Net accumulated unrealised loss on investments	(10,553,786)	-	(3,014,217)	(13,568,003)
Closing valuation	2,250,610	-	80,131	2,330,741
Net unrealised gain/(loss) on investments	3,162,057	2,267	(8,195)	3,156,129
Net realised loss on disposal of investments	(4,134,437)	-	-	(4,134,437)
Net capital (loss)/gain on fair value of financial assets designated at fair value through profit or loss	(972,380)	2,267	(8,195)	(978,308)
Investment income	-	-	-	-
Total (losses)/gains on financial assets at fair value through profit or loss	(972,380)	2,267	(8,195)	(978,308)

For the year ended 31 March 2015 - Audited

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Opening Cost	21,235,890	108,679	339,499	21,684,068
Transfer to level 3	(2,754,849)	-	2,754,849	-
Additions at cost – cash	321,845	109,492	-	431,337
Disposals proceeds	(929,562)	(171,952)	-	(1,101,514)
Net realised (loss)/gain on disposal of investments	(241,926)	35,900	-	(206,026)
Closing portfolio cost	17,631,398	82,119	3,094,348	20,807,865
Net accumulated unrealised loss on investments	(13,715,843)	(2,267)	(3,006,022)	(16,724,132)
Closing valuation	3,915,555	79,852	88,326	4,083,733
Net unrealised loss on investments	(2,380,770)	(487,248)	(2,985,678)	(5,853,696)
Net realised (loss)/gain on disposal of investments	(241,926)	35,900	-	(206,026)
Net capital loss on fair value of financial assets designated at fair value through profit or loss	(2,622,696)	(451,348)	(2,985,678)	(6,059,722)
Investment income	8,085	-	-	8,085
Total losses on financial assets at fair value through profit or loss	(2,614,611)	(451,348)	(2,985,678)	(6,051,637)

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

3. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Fair Value Hierarchy

Financial assets designated at fair value through profit or loss (“financial assets”), are analysed by using a fair value hierarchy that reflects the significance of inputs. The fair value hierarchy has the following levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities 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.

Level 3 – inputs that are not based on observable market data (unobservable inputs).

Valuation techniques used in the determination of fair values, including the key inputs used, are as follows:

<u>Fair value hierarchy level</u>	<u>Valuation techniques</u>
Level 1	Fair value is the quoted price.
Level 2	The debenture was valued based on a precedent transaction in the year on the same investment for the same debenture. The fair value was deemed to be the price received of the precedent transaction and accordingly was included within Level 2.
Level 3	<p>The fair value of investments in the two unlisted entities is derived by applying a discount rate, as deemed appropriate by the Board, to in one case the latest unaudited NAV and in the other case to the latest traded price prior to suspension.</p> <p>The significant unobservable input used in arriving at the fair value is the discount rate applied by the Board. The discount rate used is the best estimate of the measure of the impact of the illiquid nature of the investments together with the certain issues each investment is facing.</p>

For financial instruments that are recognised at fair value on a recurring basis, the Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the year to 31 March 2015 there was a transfer from Level 1 to Level 3. The investment was previously listed with quoted prices on an active market. At the year end the investments did not have an active market and were therefore valued by the Board using the Company’s valuation policy for unquoted investments. This change caused the Company to reclassify the investments from Level 1 to Level 3. There have been no transfers during the period ended 30 September 2015.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

4. OTHER EXPENSES

	Period ended 30 September 2015 Unaudited £	Period ended 30 September 2014 Unaudited £
Marketing costs	19,332	-
Sundry expenses	5,871	4,950
Insurance premiums	5,028	4,990
Listing fees	4,322	(610)
	<u>34,553</u>	<u>9,330</u>

5. TAXATION

The Company has been granted exemption from Guernsey taxation and is charged an annual exemption fee of £1,200.

6. DIVIDENDS

No dividend was declared or paid in respect of the period ended 30 September 2015 (period ended 30 September 2014: £nil).

7. SHARES ISSUED

	Number of Warrants	Number of subscription shares	Number of ordinary Shares in issue	£
<i>Authorised</i>				
Unlimited number of shares of no par value	-	-	-	-
<i>Allotted, called up and fully paid:</i>				
As at 1 April 2015	7,263,922	23,205,393	45,635,936	24,281,094
Shares issued before consolidation	-	-	90,247,000	2,256,175
Share consolidation	(6,900,726)	(22,045,123)	(129,088,810)	-
Shares issued after consolidation	-	-	833,333	450,000
Cancellation of subscription shares	-	(1,160,270)	-	-
Cancellation of warrants	(363,196)	-	-	(72,454)
As at 30 September 2015	<u>-</u>	<u>-</u>	<u>7,627,459</u>	<u>26,914,815</u>

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

7. SHARES ISSUED (continued)

On 20 May 2015 the Company announced that 90,247,000 new Ordinary Shares had been issued enlarging the issued share capital of the Company to 135,882,936 Ordinary Shares. The proceeds from the issuance of these new ordinary shares provided additional working capital for the Company.

On 16 June 2015 the Company undertook a share consolidation of 1 new ordinary share of no par value in the Company for every 20 existing ordinary shares of no par value in the Company. At the time the Company had a total of 7,294,126 New Ordinary Shares which were admitted for trading on AIM on 17 June 2015.

Of this total, 6,794,126 Ordinary Shares were issued in respect of the share consolidation and 500,000 Ordinary Shares were issued to Abinvest Corporation a wholly owned subsidiary of Abingdon Capital Corporation. The New Ordinary Shares have been allocated stock identification codes as follows: SEDOL code BYZSSY6 and ISIN code GG00BYZSSY63. 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 make any distribution of capital profits or capital reserves except by means of capitalisation issues 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.

On 7 September 2015 the Company announced that 333,333 new Ordinary Shares had been issued with new investors at sixty pence per Ordinary Share enlarging the issued share capital of the Company to 7,627,459 Ordinary Shares. The proceeds from the issuance of these new ordinary shares provided additional working capital for the Company.

The Company had a line of AIM quoted subscription shares of no par value in the capital of the Company (the "Subscription Shares"). As set out in its announcement on 28 May 2015, the final subscription date of the Company's Subscription Shares was 16 June 2015. Following which, all outstanding Subscription Shares (that is, those that have not converted into ordinary shares following the exercise of a subscription right) were cancelled.

Following the passage of the resolutions at the EGM, the Subscription Shares, of which there were 23,205,393 quoted on AIM, were cancelled from trading on AIM with effect from 8.00 am on 26 June 2015.

In addition the Company consolidated the 7,263,922 unlisted warrants at a price of £0.2065 per warrant to 363,196 unlisted warrants at a price of £4.13 per warrant. The warrants were cancelled on 22 May 2015.

On 7 September 2015 the Company announced that a new share option scheme ("the Scheme") has been adopted by the Board of the Company, together with the initial grants made under the share option scheme. The Scheme has been established to incentivise directors, staff and certain key advisers and consultants to deliver long-term value creation for shareholders.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

7. SHARES ISSUED (continued)

Under the Scheme, the Board of the Company will award, at its sole discretion, options to subscribe for Ordinary Shares of the Company on terms and at exercise prices and with vesting and exercise periods to be determined at the time. However, the Board of the Company has agreed not to grant options such that the total number of unexercised options represents more than 10 per cent of the Company's Ordinary Shares in issue from time to time. The Board also expects that the exercise price will be at a premium to the mid-market share price at the date of granting the options. Total number of options awarded to Directors, Consultants and advisors amount to 760,000, further information can be found in note 10. The options vest with immediate effect, have an exercise price of 75 pence and expire five years after the date of issuance.

8. LOAN

On 22 May 2015, the Company repaid its 1,500,000, unlisted, zero dividend preference shares issued to Damille Investments II Limited. The total amount paid to Damille Investments II Limited was £1,841,199 which included all accrued interest and redemption charges. As a result, the Company has no loans outstanding.

As part of the Agreement, the Company issued 7,263,922 unlisted warrants to Damille with an exercise price of £0.2065 per warrant (to subscribe for Ordinary Shares in the Company on a 1:1 basis). Following the 20:1 Share Consolidation on 16 June 2015 there were 363,196 unlisted warrants with an exercise price of £4.13 (to subscribe for Ordinary Shares in the Company on a 1:1 basis). The warrants were cancelled on the repayment of the zero dividend preference shares.

The warrants were exercisable immediately and for a period of three years from the date of the Agreement. The £1,500,000 proceeds were allocated between the loan and the warrants using a Black Scholes model and this was the basis of the cost prescribed to the warrants at the date of their issue. Given the warrants were not material no further disclosure regarding the inputs have been provided here.

Damille also had the right to appoint one director to the Board of both the Company and Praetorian ZDP so long as they continue to hold 75% of the voting Shares (excluding any Praetorian ZDP Shares redeemed by the Company). No directors were appointed.

	30 September 2015	31 March 2015
	£	£
Subscription price	1,500,000	1,500,000
<i>Less issue costs</i>		
Facility fee paid	(30,000)	(30,000)
Cost of warrants issued	(72,454)	(72,454)
Amortisation of issue costs	102,454	48,423
Accrued interest	261,978	242,164
<i>Repayment</i>		
Redemption price	(1,841,199)	-
Redemption costs	79,221	-
	<u>-</u>	<u>1,688,133</u>

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

9. TRADE AND OTHER PAYABLES

	30 September 2015 £	31 March 2015 £
Trade creditors	18,579	-
Directors fees	13,333	10,000
Audit fees	12,500	21,000
Administration fees	9,000	9,310
Registrar fees	3,352	-
Custodian fees	1,000	903
	<u>57,764</u>	<u>41,213</u>

10. RELATED PARTIES

Charles Cannon-Brookes was an investment manager of the Company until 15 June 2015. He was appointed as a Director of the Company on 16 June 2015 and continues to be a shareholder of the Company

Directors were entitled to the following remuneration during the year;

	Charge for period to 30/09/2015 £	Charge for period to 30/09/2014 £	Outstanding at period end 30/09/2015 £	Outstanding at year end 31/03/2015 £
Robert King (<i>Chairman</i>)	13,750	10,000	-	5,000
Kaare Foy – appointed 9 June 2014, resigned 16 June 2015	-	-	5,000	5,000
Nathan Steinberg – appointed 9 June 2014, resigned 16 June 2015	-	10,000	-	-
Neil Johnson – appointed 16 June 2015	30,746	-	8,333	-
Charles Cannon-Brookes – appointed 16 June 2015	20,377	-	-	-
Nigel Birrell – appointed 16 June 2015	6,921	-	-	-
James Ryan – appointed 16 June 2015	6,921	-	-	-
	<u>78,715</u>	<u>20,000</u>	<u>13,333</u>	<u>10,000</u>

Total payments of £78,715 regarding Company Directors fees were made during the period to Messrs King, Johnson, Cannon-Brookes, Birrell and Ryan.

Directors were also reimbursed for £14,666 (30 September 2014: £292) of expenses incurred on business on behalf of the Company.

Robert King has waived his entitlement to a fee in relation to Praetorian Resources (GP) Limited with effect from 1 April 2013.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

10. RELATED PARTIES (continued)

Mr John Butler Gareth Smith, a Director of R&H Fund Services (Guernsey) Limited was appointed as Director of Praetorian Resources (GP) Limited on 1 November 2014. Mr Smith has waived his entitlement to a fee in relation to Praetorian Resources (GP) Limited.

On 4 July 2012 the Company had entered into service agreements with the Advisory and Execution team members, to provide investment advice for the Board to consider, and general investment assistance to the Board as and when requested. The agreement was terminated on 16 June 2015 following the change in the Company's Investment Policy.

Prior to the termination of the Advisory and Execution team agreements on 16 June 2015 the members of the Advisory and Execution team were entitled to receive fees monthly in arrears as per below.

	Entitlement per annum	Charge for period to 30/09/2015	Charge for period to 30/09/2014	Outstanding at period end 30/09/2015	Outstanding at year end 31/03/2015
Richard Lockwood	30,000	-	7,500	-	-
Malcolm Burne	50,000	-	12,500	-	-
Charles Cannon- Brookes	50,000		12,500	-	-
		-	32,500	-	-

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 was established in order that the Advisory and Execution team may receive interests in any performance incentive fee. The basis of the performance incentive fee was laid out in the AIM admission document. No such fee was payable during the period (2014: £nil). PSLP was in the process of dissolution at the date of signing these financial statements.

During the period the Company announced the formation of its Healthcare Investment Committee who will assist the Company in analysing and recommending potential healthcare royalty transactions. Along with Neil Johnson the Investment Committee is made up of members of Oliver Wyman and independent representatives. During the period there were no fees paid to any of the committee members.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

10. RELATED PARTIES (continued)

The related parties' interests in the share capital of the Company are as follows:

Name	Pre-issue holding at 31 March 2015	Participation in Placing On 20 May 2015	Holding after share consolidation on 16 June 2015	Additional shareholdings in period	Holding at 30 September 2015	Percentage of enlarged share capital
Charles Cannon-Brookes	970,335	2,000,000	148,517	10,000	158,517	2.08%
Malcolm Burne	1,395,228	3,000,000	219,761	-	219,761	2.88%
Richard Lockwood	3,471,000	4,000,000	373,550	10,000	383,550	5.03%
N Johnson	-	8,000,000	400,000	-	400,000	5.24%
N Birrell	-	8,000,000	400,000	-	400,000	5.24%
J Ryan	-	8,000,000	400,000	-	400,000	5.24%
Arlington Group Asset Management Limited	5,000,000	-	250,000	-	250,000	3.28%
		Issued pursuant to EGM / consolidation				
Abinvest Corporation	-	500,000	500,000	-	500,000	6.55%

Charles Cannon-Brookes is a Director and shareholder of Arlington Group Asset Management Limited which owns 250,000 Ordinary Shares and is therefore interested in 408,517 Ordinary Shares representing 5.36 per cent of the total voting rights.

Neil Johnson is a Director of Abinvest Corporation and Abingdon Capital Corporation. Abinvest Corporation is a wholly owned subsidiary of Abingdon Capital Corporation. He owns 500,000 Ordinary Shares through Abinvest Corporation and 10,000 Ordinary Shares through RBK&C Trust and therefore has an overall interest in the Ordinary Shares of the Company of 910,000 Ordinary Shares representing 11.93 per cent of the total voting rights.

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

10. RELATED PARTIES (continued)

As detailed in note 7 the Company has adopted a new share option scheme ("the Scheme") to incentivise Directors, staff and certain key advisers and consultants to deliver long-term value creation for shareholders. Awards have been approved for the following individuals, as follows:

Name	Position	Number of options awarded
Nigel Birrell	Director	85,000
Charles Cannon-Brookes	Director	85,000
Neil Johnson	Director	85,000
James Ryan	Director	85,000
Directors total		<u>340,000</u>
Consultants and advisors		<u>420,000</u>
Total		<u><u>760,000</u></u>

The options have an exercise price of 75 pence and expire five years after the date of issuance.

Support Service Agreements with Abingdon Capital Corporation ("Abingdon") and Arlington Group Asset Management Limited ("Arlington") were signed on 16 June 2015. The services to be provided by both Abingdon and Arlington include global deal origination, vertical partner relationships and on-going investment management, including preparation of investment reports, performance data and compliance with the Company's investing policy.

Abingdon is entitled to an annual service fee of £120,000 per annum and Arlington is entitled to an annual service fee of £95,000 per annum. In addition to the Service Fee, Abingdon shall have the right from time to time to be issued and allotted up to 1,500,000 ordinary shares of no par value in the capital of the Company following the conditions noted in section 8 of the Support Service Agreement.

For their significant contributions of efforts in and incurred costs and expenses towards the elaboration, development and implementation of the Company's new investment policy and underlying business model, Abinvest Corporation, a wholly owned subsidiary of Abingdon, received an allotment of 500,000 ordinary shares of not par value in the capital of the Company as bonus shares, equating to a value of £250,000. This is accounted for in the Consolidated Statement of Comprehensive Income under expenses / support services fees (£250,000 of the total support service fee of £356,708).

The Directors are not aware of any ultimate controlling party.

11. CONTINGENT LIABILITIES

At 30 September 2015 there were no contingent liabilities (2014: £nil).

Notes to the Consolidated Financial Statements (continued)

For the period ended 30 September 2015

12. EVENTS AFTER THE FINANCIAL REPORTING DATE

Justin Cochrane, a current member of the Company's Healthcare Investment Committee, has agreed to join Abingdon Capital Corporation ("Abingdon") as Executive Vice President, Corporate Development on a full time basis. Through his position at Abingdon, Mr Cochrane will play a pivotal role in the roll-out and execution of the Company's business plan and will bring significant royalty based experience to the operational team. Mr Cochrane will have an active involvement in the due diligence of prospective investment opportunities for the Company; assisting in the execution of royalty transactions approved by the Company's Board and in the monitoring of royalty investments made by the Company.

On 23 October 2015, the Board approved the issue of 250,000 new Ordinary Shares of no par value each in the Company to Mr Cochrane as a signing bonus, further cementing his alignment with shareholders.

Following this issue, the total number of shares with voting rights in the Company is 7,877,459 of which 300,000 Ordinary Shares are held by Mr Cochrane, representing 3.81 per cent of the entire issued share capital.

The assets of Praetorian Portfolio Holding L.P., Praetorian Resources (GP) Limited, Praetorian ZDP Limited and Praetorian (Special Limited Partner) L.P. were all transferred to Duke Royalty and the companies were put into members voluntary liquidation on 23 October 2015.

Directors, Secretary and Advisers

For the period ended 30 September 2015

Directors

Robert Paul King (*Chairman*)
Kaare Foy (appointed 9 June 2014,
resigned 16 June 2015)
Nathan Steinberg (appointed 9 June 2014,
resigned 16 June 2015)
Neil Johnson (appointed 16 June 2015)
Charles Cannon-Brookes (appointed 16 June 2015)
Nigel Birrell (appointed 16 June 2015)
James Ryan (appointed 16 June 2015)

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Advisory & Execution Team to 16 June 2015

Richard Arthur Lockwood
Malcolm Alec Burne
Charles Cannon-Brookes

Investment Committee from 17 September 2015

Neil Johnson
Jim Webster
Justin Cochrane
David Campbell
Andrew Chadwick-Jones
Andrew Carragher

Support Service Provider from 16 June 2015

Arlington Group Asset Management Limited
18 Pall Mall
London
SW1Y 5LU

Support Service Provider from 16 June 2015

Abingdon Capital Corporation
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Canada
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Secretary and Administrator

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Custodian to 30 September 2015

ABN AMRO (Guernsey) Limited
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Auditor to the Company

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Nominated Adviser

Grant Thornton UK LLP
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Directors, Secretary and Advisers (continued)

For the period ended 30 September 2015

Registrar and CREST Agent

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