HIGHLANDS NATURAL RESOURCES PLC

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 13 November 2014 to 30 September 2015

OFFICERS AND PROFESSIONAL ADVISORS

Directors (*all executive*)	Robert Brooks Price Jon Melvyn Davies
Company Secretary	Jon Melvyn Davies 9 Limes Road Beckenham Kent BR3 6NS
Registered Office	9 Limes Road Beckenham Kent BR3 6NS
Head Office	9 Limes Road Beckenham Kent BR3 6NS
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Brokers and financial advisers	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Registrars	Share Registrars Limited 9 Lion and Lamb Yard Farnham Surrey GU9 7LL

HIGHLANDS NATURAL RESOURCES PLC
CHAIRMAN'S STATEMENT AND INTERIM MANAGEMENT REPORT
FOR THE PERIOD FROM 13 NOVEMBER 2014 TO 30 SEPTEMBER 2015

I have pleasure in presenting the condensed consolidated financial statements of Highlands Natural Resources plc (the "Company" or "Highlands Natural Resources") for the period from the date of incorporation to 30 September 2015.

Operating and Financial Review

The Company was incorporated on 13 November 2014 in England and Wales as a public limited company and with issued share capital of £50,000. In March 2015, the Company raised a further £950,000 of working capital by the issue of 19,000,000 new 5pence shares at par value and its issued share capital was admitted to trading on the Standard Listing section of the London Stock Exchange on 25 March 2015.

In May 2015, the Company set up a wholly owned administrative subsidiary, Highlands Natural Resources Corporation, in the USA.

Highlands Natural Resources and its subsidiary (together the "Group") are primarily involved in the oil and gas development sector.

During this period, the Group has sought out development opportunities in the oil and gas sector in line with its aim of taking advantage of opportunities presented by the prevailing low oil and gas prices. In May 2015, the Group bought a 75% interest in US based Diversion Technologies LLC's current and future patent applications both in the US and globally covering a new diverter well stimulation technology, known as "DT Ultravert". It acquired this interest for £706,500 which was satisfied by the issue of 1.9 million shares as fully paid and the grant of warrants over a further 30 million shares exercisable at 25p per share, at a time when the share price was 13.5p. This is a speculative acquisition in that this is new technology; the patents are still pending and the technology has yet to be proven and accepted by the marketplace. Nonetheless, the potential upside could be significant should the technology gain acceptance. On 25 September 2015, the Group announced that it had signed indicative terms for a licence agreement (the "Indicative Terms") with Schlumberger Technology Corporation, a 100 per cent. owned subsidiary of Schlumberger Limited, the world's leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry. The Indicative Terms provide for a due diligence period for evaluation of DT Ultravert with a view to a licence agreement being signed within twelve months. The Group's only continuing financial obligation, under the Indicative Terms, in relation to this technology is to prosecute and maintain the patents.

The Group has also assessed and evaluated a number of opportunities that have either been sourced by the Board and Advisory Board or been presented to them. Up to 30 September 2015, none of those opportunities has met the Group's criteria and so no other acquisitions have been made in the period. However, on 16 November 2015 the Group announced that it had acquired an exploration lease for land located in the Williston Basin, North Dakota, USA. The lease covers approximately 2,149 gross acres (1,972.8 net acres) and the total consideration of US$19,728 was satisfied in cash. The lease gives Highlands Natural Resources the right to investigate, prospect, explore and produce oil, gas and certain other minerals on the land, together with rights to construct and maintain pipelines and other necessary infrastructure. The Group has no obligations to carry out any of this work but, to the extent it does, the lease makes provision for certain obligations to make good the land and to pay a royalty rate to the owner.

During the financial period, the Company reported a net loss of £937,707 (7.2p per share). As at 30 September 2015, the Company had bank balances of £677,783. The loss for the period comprises operating costs of £327,792 plus a non-cash charge for the period of £609,915 in respect of the fair value of warrants issued to investors and advisers during the period.

The largest single component of the expenditure on operating costs has been the costs incurred for engineers and consultants used to evaluate potential deals which were not progressed and there were also significant costs associated with the listing of the Company's shares on the Standard Listing section of the London Stock Exchange in March 2015, together with fees for the simultaneous placing and fundraising. The ability of the Group to continue to explore or take advantage of acquisition opportunities will rely on the Group's ability to access further working capital and the Group plans to restrict cash outflow until such funds become available.

There are a number of risks and uncertainties facing the future development of the Group and the key ones that could specifically impact on the results for the next six months rather than the longer term prospects are:

- The field trials of the technology that the Group acquired are due to be completed within the next 12 months and therefore results may not be forthcoming within the next six months, but failure to launch the field trials or early preliminary results may have an impact on the Group's commercialisation prospects
- Notwithstanding the signing already of Indicative Terms, the Group still has to fully commercialise and monetise the technology and it is uncertain whether significant progress or revenues could be achieved within the next six months whilst the field trials are in progress
- Should the technology prove successful, there is the risk of a challenge to the intellectual property, which may delay or defer commercialisation and involve additional costs to the Group in defending its rights
- The Group has limited and diminishing cash resources with no borrowing facilities and aims to finance its future expansion through raising funds from the placing of new shares. The acquisition of the interest in DT Ultravert qualified as a reverse takeover under the Listing Rules and trading in the Company's shares has been suspended until the issue of a prospectus providing further information to investors. Pursuant to the publication of the prospectus, the Company proposes to apply for the re-admission to trading of its shares. Since the shares are currently suspended there is no guarantee that new funds will be obtainable as and when needed by the Group. The failure to access further funds would have a serious impact on the ability of the Group to develop and could leave the Group dependent upon the outcome of the technology it has already acquired
- Should further acquisitions take place, it is unlikely that significant revenues would be achieved in the early stages, if at all, although the Group would incur costs associated with the assessment and purchase

Capital Resources and Capital Management

The Company raised £1 million in cash from its formation and the placing of shares in March 2015 as part of the admission of the shares to trading on the Standard Listing section of the London Stock Exchange. These funds are held on current accounts with clearing banks in the UK and a local bank in the USA.

The Group operates with bank balances and with no bank or other borrowing facilities.

The main geographical area of potential acquisitions is currently in the USA and thus costs incurred in assessing these opportunities are predominantly in US $. The Group therefore holds about one third of its available cash in US $ to meet those costs.

The Group has no borrowing facilities and in the short term any commitments will need to be met from the Group's current cash resources. In the longer term, the Group would seek to raise further working capital or funds specifically linked to an acquisition from the issue of new shares.

Directors
The Directors of the Company throughout the period were:
Robert Brooks Price
Jon Melvyn Davies
Both Directors were appointed on the formation of the company on 13 November 2014.

Directors' interest
At 30 September 2015 the Directors had the following interests in the share capital of the company:

	Ordinary shares	Warrants over ordinary shares
Robert Brooks Price	12,000,000	23,750,000
Jon Melvyn Davies	200,000	1,100,000

Capital and returns management
The Directors believe that further equity capital raisings may be required by the Company for working capital purposes as the Company pursues its objectives. The amount of any such additional equity to be raised, which could be substantial, will depend on the nature of the acquisition opportunities which arise and the form of consideration the Company uses to make the acquisition and cannot be determined at this time.

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy.

Dividend policy
The Company intends to pay dividends on the Ordinary Shares following an acquisition at such times (if any) and in such amounts (if any) as the Board determines appropriate in its absolute discretion. The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

Corporate governance
The UK Corporate Governance Code (September 2014) (the Code), as appended to the Listing Rules, sets out Principles of Good Corporate Governance and Code Provisions which are applicable to listed companies incorporated in the United Kingdom. As a standard listed company, the Company is not subject to the UK Corporate Governance Code but the Board recognises the value of applying the principles of the code where appropriate and proportionate and has endeavoured to do so where practicable.

Responsibility Statement
The Directors are responsible for preparing the Condensed Consolidated Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct

Authority ('DTR') and with International Accounting Standard 34 on Interim Financial Reporting (IAS 34). The Directors confirm that, to the best of their knowledge, this condensed consolidated interim report has been prepared in accordance with IAS 34 as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the period from incorporation on 13 November 2014 to 30 September 2015 and their impact on the condensed consolidated financial statements for the period, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- related-party transactions that have taken place in the period from incorporation on 13 November 2014 to 30 September 2015 and that have materially affected the financial position or the performance of the enterprise during that period.

The Board looks forward to providing further updates to shareholders in due course.

By order of the Board
Robert Brooks Price
Director
27 November 2015

HIGHLANDS NATURAL RESOURCES PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM 13 NOVEMBER 2014 TO 30 SEPTEMBER 2015

	Notes	**£**
Revenue		**-**
Administrative expenses		(937,707)
Operating loss before taxation		**(937,707)**
Taxation on loss on ordinary activities	3	**-**
Loss for the period and total comprehensive loss for the period attributable to the equity holders		**(937,707)**
Loss per share (basic and diluted) attributable to the equity holders (pence)	4	(7.2) p

HIGHLANDS NATURAL RESOURCES PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2015

	Notes	£
Non-current assets		
Intangible assets	5	706,500
		706,500
CURRENT ASSETS		
Trade and other receivables		5,394
Cash and cash equivalents		677,783
		683,177
Total assets		**1,389,677**
CURRENT LIABILITIES		
Trade and other payables		10,969
		10,969
NET ASSETS		**1,378,708**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	6	1,099,925
Share premium account	6	163,075
Share based payments reserve	7	1,053,415
Retained loss		(937,707)
TOTAL EQUITY		**1,378,708**

HIGHLANDS NATURAL RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD FROM 13 NOVEMBER 2014 TO 30 SEPTEMBER 2015

	Share capital	Share Premium account	Share based payments reserve	Retained loss	Total
	£	£		£	£
At incorporation	-	-		-	-
Comprehensive income for the period					
Loss for the period	-	-		(937,707)	(937,707)
Other comprehensive income	-	-		-	-
Total comprehensive loss for the period attributable to the equity holders	-	-		(937,707)	(937,707)
Issue of warrants	-	-	1,053,415	-	1,053,415
Shares issued in the period	1,099,925	163,075		-	1,263,000
As at 30 September 2015	1,099,925	163,075	1,053,415	(937,707)	1,378,608

HIGHLANDS NATURAL RESOURCES PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD FROM 13 NOVEMBER 2014 TO 30 SEPTEMBER 2015

	£
Cash flow from operating activities	
Operating loss	(937,707)
Charge for the period in respect of share based payments	609,915
	(327,792)
Increase in trade and other receivables	(5,394)
Increase in trade and other payables	10,969
Net cash flow from operating activities	**(322,217)**
Cash flow from financing activities	
Issue of share capital	1,000,000
Net cash flow from financing activities	1,000,000
Increase in cash and cash equivalents	**677,783**
Cash and cash equivalents at beginning of period	**-**
Increase in cash and cash equivalents	**677,783**
Cash and cash equivalents at end of period	**677,783**

HIGHLANDS NATURAL RESOURCES PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 13 NOVEMBER 2014 TO 30 SEPTEMBER 2015

1. GENERAL INFORMATION

Highlands Natural Resources plc ("the Company") and its subsidiary (together "the Group") are primarily involved in the oil and gas development sector.
The Company was incorporated and registered in England and Wales as a public limited company on 13 November 2014 under the Companies Act 2006 ("the Act") with the name Highlands Natural Resources plc and with registered number 09309241. The registered office and principal place of business in the United Kingdom is 9 Limes Road, Beckenham, Kent BR3 6NS.

2. ACCOUNTING POLICIES

Basis of preparation

The interim condensed unaudited consolidated financial statements for the period ended 30 September 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. The results for the period ended 30 September 2015 are unaudited.
The condensed unaudited consolidated interim financial statements of the Group have been prepared on the basis of the accounting policies, presentation, methods of computation and estimation techniques expected to be adopted in the financial information by the Company in preparing its annual report for the period ending 31 March 2016.
The financial information of the Company is presented in British Pounds Sterling ("£").

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 September 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Standards and interpretations issued but not yet applied
At the date of authorisation of this financial information, the Directors have reviewed the Standards in issue by the International Accounting Standards Board ("IASB") and IFRIC, which are effective for annual accounting periods ending on or after the stated effective date. In their view, except for IFRS 15 *Revenue from contracts with Customers*, none of these standards would have a material impact on the financial reporting of the company. The potential impact of IFRS 15 is currently being evaluated.

Intangible assets

Intellectual property and patent rights
Intangible assets, including both acquired and internally developed intellectual property used in operations, are stated at cost less amortisation. Acquired intellectual property rights are capitalised on the basis of the costs incurred to acquire the specific rights.

Intellectual property and patent rights that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Intangible assets are amortised from the date they are available for use. The estimated useful lives of intangible assets are as follows:

Acquired intellectual property and patent assets 5-10 years

No amortisation has been charged on the Group's Intangible Assets for the period to 30 September 2015 as they have not yet been brought into use. The relevant estimated useful asset life will be assessed and amortisation will commence once the assets are available for use.

Comparative figures
No comparative figures have been presented as the financial information covers the period from incorporation on 13 November 2014 to 30 September 2015.

Cash and cash equivalents
The Directors consider any cash on short-term deposits and other short term investments to be cash equivalents.

Share-based payments

Historically the Group has issued equity-settled share-based payments to certain investors, counterparties and advisers.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The value of the change is adjusted to reflect expected and actual levels of award vesting, except where failure to vest is as a result of not meeting a market condition. Cancellations of equity instruments are treated as an acceleration of the vesting period and any outstanding charge is recognised in full immediately. Fair value is measured using a Black Scholes pricing model. The key assumptions used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Taxation
Current tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. Current tax liabilities are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The Company's shares are currently suspended from being traded and therefore the Group's ability to raise further working capital from the issue of shares is restricted until the suspension ceases. Until the Group has access to further funds, its expansion and growth plans will be constrained. However, the Directors consider that even without such fundraising, the Group has sufficient cash resources available to it to continue the development of its intangible assets and thus continue in operational existence for the foreseeable future. The Directors consider that the continued adoption of the going concern basis is appropriate and the financial information does not reflect any adjustments that would be required if they were to be prepared on any other basis.

Operating segments
The Directors are of the opinion that the business of the Group comprises a single activity in the specific technology area of oil and gas development and that there is only one reportable operating segment.

3. INCOME TAX EXPENSE

No tax is applicable to the Company for the period ended 30 September 2015. No deferred income tax asset has been recognised in respect of the losses carried forward, due to the uncertainty as to whether the Company will generate sufficient future profits in the foreseeable future to prudently justify this.

4. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are currently no dilutive potential ordinary shares.

	Earnings £	**Weighted average number of shares Unit**	**Per-share amount pence**
Loss per share attributed to ordinary shareholders	(937,707)	13,081,690	(7.2)

5. INTANGIBLE ASSETS

Intangible assets comprise the 75% stake in certain pending patents owned by Diversion Technologies LLC ("Diversion") which the Company acquired in the year. The cost of the intangible assets is made up as follows:

	£
Fair value of shares issued to Diversion	256,500
Fair value of warrants issued to Diversion	450,000
Cost carried forward	706,500

6. SHARE CAPITAL & RESERVES

Allotted, called up and fully paid Ordinary shares of £0.05 each:

	Number of shares	**Share Capital £**	**Share Premium £**
Issue of shares at par on incorporation	1,000,000	50,000	-
Issue of shares at par – 25 March 2015	19,000,000	950,000	-
Issue of shares for intellectual property and patent rights at 13.5p - 28 May 2015	1,900,000	95,000	161,500
Issue of shares to settle adviser fees at an average of 6.6p – 28 May 2015	98,500	4,925	1,575
Total issued in the period	21,998,500	1,099,925	163,075
Number of shares in issue at 30 September 2015	21,998,500		

The Company has only one class of share and all shares rank pari passu in every respect.
On 13 November 2014, the Company was incorporated with an issued share capital of £50,000. On admission to the Standard Listing section of the London Stock Exchange on 25 March 2015 the Company issued a further 19,000,000 ordinary 5p shares at par to raise an additional £950,000.

On 28 May 2015 the Company issued 1,900,000 shares as fully paid for the acquisition of a 75% interest in patents and technology owned by Diversion Technologies LLC.
On 28 May 2015 the Company issued 98,500 shares as fully paid in settlement of certain adviser fees.

7. SHARE BASED PAYMENTS RESERVE

The Equity share based payments reserves comprises the fair value of the warrants issued during the period as follows:

	£
On warrants issued to investors, charged to the profit and loss account	603,415
On warrants issued to Diversion (see note 5)	450,000
Balance at 30 September 2015	1,053,415

8. RELATED PARTY TRANSACTIONS

Between the date of incorporation and 30 September 2015, the Company entered into the following related party transactions:

a. As part of the formation and initial equity placing of the Company, 12,200,000 Ordinary Shares of 5p each were subscribed for and issued to the following Directors:

	Number	**Cash subscribed (£ per share)**
R B Price	12,000,000	0.05
J M Davies	200,000	0.05

b. On 18 March 2015, the Company constituted Founder Warrants on the terms of an instrument under which the Company issued Warrants in respect of 23,750,000 shares to Robert Brooks Price and in respect of 1,000,000 shares to Jon Melvyn Davies. The Warrants entitle the holders to subscribe for 23,750,000 and 1,000,000 Ordinary Shares respectively at 5 pence per Ordinary Share. The Warrants are exercisable at any time up to and including the 25 March 2020.

c. Mr R B Price (a Director of the Company) and Mr P Mendell (a member of the Advisory Board) are also directors of and holders of 37.5% each of the issued share capital of Diversion Technologies LLC (“Diversion”). During the period, the Group acquired a 75% stake in intellectual property and patent rights owned by Diversion for £706,500 which the Group paid by the issue of 1,900,000 Ordinary Shares to Diversion along with the granting to Diversion of warrants over a further 30,000,000 Ordinary Shares exercisable within three years at an exercise price of 25p per share. At the time of the acquisition the shares in the Company were trading at 13.5p per share.

9. SUBSEQUENT EVENTS

On 16 November 2015 the Group announced that it had acquired an exploration lease for land located in the Williston Basin, North Dakota, USA. The lease covers approximately 2,149 gross acres (1,972.8 net acres) and the total consideration of US$19,728 was satisfied in cash. The lease gives the Group the right to investigate, prospect, explore and produce oil, gas and certain other minerals on the land, together with rights to construct and maintain pipelines and other necessary infrastructure. The Group has no obligations to carry out any of this work but, to the extent it does, the lease makes provision for certain obligations to make good the land and to pay a royalty rate to the owner.

10. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, the ultimate controlling party is Robert Brooks Price.