

Company Number: 02956279

**ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
FOR
TWO SHIELDS INVESTMENTS PLC
(formerly Blenheim Natural Resources plc)**

TWO SHIELDS INVESTMENTS PLC

**CONTENTS OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	Page
Company Information	1
Chairman's Statement	2
Strategic Report	5
Report of the Directors	8
Statement of Directors' Responsibilities	12
Report of the Independent Auditor	13
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Statement of Cash Flows	20
Notes to the Financial Statements	22

TWO SHIELDS INVESTMENTS PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS:	S Barlett C Schaffalitzky C Wood
COMPANY SECRETARY:	N West
REGISTERED OFFICE:	Hyde Park House 5 Manfred Road London SW15 2RS
REGISTERED NUMBER:	02956279 (England and Wales)
INDEPENDENT AUDITOR:	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
BANKER:	Barclays Bank Plc 1 Churchill Place London E14 5HP
NOMINATED ADVISER:	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH
REGISTRAR:	Link Asset Services Northern House, Woodsome Park Fenay Bridge, Huddersfield West Yorkshire HD8 0LA
BROKER:	SI Capital Limited 46 Bridge Street, Godalming Surrey GU7 1HL

TWO SHIELDS INVESTMENTS PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

The Company changed its name from Blenheim Natural Resources plc to Two Shields Investments plc ("Two Shields" "TSI" or "the Company") on 10 April, 2018.

New corporate name, new Board, new focus on technology metals and cybersecurity, the year under review has been a transformative period for Two Shields. Underlying all this activity lies the significant changes that have been made to our portfolio of investments which is now focused on fast-growing disruptive markets. Today, Two Shields has interests in projects in recognised mineral rich jurisdictions that are highly prospective for lithium and cobalt, two metals that are in high demand thanks to the critical roles they play in battery technology. In addition, TSI has an 8.95% interest in Brandshield, a cutting-edge cybersecurity company which has launched the world's first anti-scam blockchain platform. Thanks to the progress made and ongoing activity across our core investments, we have put in place a platform that we are confident will generate multiple value trigger events for our shareholders in the year ahead and beyond.

Two Shield's exposure to lithium is provided via a 40% holding in Mansa Lithium Inc. and a 30% interest in Nashwan Holdings Ltd. Both hold licences in areas in Mali and Niger that are highly prospective for lithium, including the rapidly emerging Bougouni region. Results of initial exploration indicate the Mansa and Nashwan licence portfolio has the potential to add to the region's growing reputation as a premium lithium belt. In Mali, the results of two initial phases of exploration are indicative of the presence of high grade lithium mineralisation beneath the weathered surface. In Niger, results of a recently completed re-evaluation of historical data, which involved analysing high grade lithium bearing pegmatites returned average grades of 3.22% Li₂O, 2.05% and 1.45% Li₂O at three selected spodumene-mineralised pegmatite veins with individual sample grades of up to 4.65% encountered.

Importantly, the results of this initial exploration across TSI's lithium portfolio are consistent with those of work undertaken at a similar stage by operators on nearby and / or adjoining licence areas, including Birimian Ltd, which is developing the Bougouni lithium project where grades of 11m at 2.41% Li₂O from 69m and 13m at 2.36 Li₂O from 137m have been reported. Based on these highly encouraging results, follow-up exploration work is planned in both Mali and Niger in the near term, including an Auger drilling programme which is due to commence in Q2 2018.

In Cobalt, Two Shields has acquired an initial 25% interest in Cobalt Blue Holdings ("CBH"), which is building a portfolio of cobalt assets that surrounds the Nkamouna and Mada Cobalt-Nickel Project, one of the world's largest known primary cobalt deposits. In all, CBH has applied for six exploration licences covering 2,837 sq.km in Cameroon, four of which have been granted to date. As with our lithium exposure, CBH's licences have an excellent address, being located in a proven cobalt district in West Africa. In addition, historical studies have indicated 59.8 million tonnes (Mt) grading an average of 0.24% cobalt, 0.68% nickel and 1.37% manganese. An exploration programme is currently being developed and this is due to commence once the final licences have been granted. Two Shields has secured a conditional call option that could see the Company increase its interest in Cobalt Blue to 49%.

TWO SHIELDS INVESTMENTS PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The emergence of lithium and cobalt as key technology metals is based on their use in batteries that are key to powering the rise of disruptive applications such as electric vehicles in the automotive sector and energy storage in the renewables industry. Thanks to having robust structural drivers, both metals benefit from having highly favourable supply/demand dynamics which in turn provide a supportive pricing backdrop. The numbers speak for themselves. According to Bloomberg, there were 556,000 electric vehicles ("EV") on the road in 2015. Fast forward to 2030 and this number is set to increase to 20 million. With lithium making up 71% of a lithium ion battery, every 1% increase in battery EV market penetration, increases demand for lithium by 70,000 tonnes. For EVs to reach the 20 million mark, new sources of lithium will be required to come on stream. It is a similar story with cobalt. The metal is used in lithium ion cathodes and accounts for 15% of an electric vehicle battery. It is also used in phone batteries and energy storage. As a result, demand for the metal is rising. Together with falling production in the Democratic Republic of Congo, the world's leading producer of cobalt, a supply deficit is beginning to emerge that will need to be addressed.

In keeping with the technology focus of our portfolio, in December 2017 we announced an investment in BrandShield, a leading global cyber security and brand protection company. Brandshield, which has a blue-chip roster of clients including Visa, Credit Suisse and New Balance, is currently expanding its anti-fraud product offering to companies in the cryptocurrency space including those pursuing Initial Coin Offerings. Since making our initial investment, Brandshield has launched MyShield, a decentralised community platform that alerts participants when they encounter a fraudulent website, a counterfeit sale as well as other online scams. MyShield is initially targeting the cryptocurrency arena and was launched via an initial coin offering that Two Shields is entitled to participate in at an early stage along with the other founders.

As with technology metals, cybersecurity is a fast-growing market. Between 2017-2021, an estimated US\$1 trillion will be spent globally on cybersecurity products and services, which equates to a year on year market growth rate of between 12-15%. Thanks to its international reputation and being at the forefront of the provision of robust and innovative internet solutions, as demonstrated by the launch of MyShield, its leading crypto and anti-scam platform that utilises blockchain technology, Brandshield is well placed to capitalise on this growth. As well as acquiring an initial 7% stake in Branshield, TSI has since increased it's holding to 8.95%.

As mentioned earlier, developments during the period have not been confined to our investment portfolio. During the year both Mr. Mark Palmer and Mr. Chris Ells, my predecessor as Chairman, retired from the board and I would like to take this opportunity to sincerely thank them both for their commitment and efforts in progressing Two Shields over these last few years.

TWO SHIELDS INVESTMENTS PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

In this reporting period the Board also took the decision to change the Company's name from Blenheim Natural Resources to Two Shields Investments to better reflect recent developments across the Company's investment portfolio, specifically its exposure to technology metals across the West African Shield and international cyber-security technology company Brandshield. Additionally, deferred shares of £1,165,710 were cancelled during the year. As a result, share capital has decreased during the period despite the issues during the period.

Post Balance Date

Post year end, on 20 April, 2018 shareholders, at a General Meeting, voted in favour of an amendment to the Company's Investment Policy that provides for a potential broadening of the Company's portfolio of assets. The broadening of the Investment Policy facilitates the Company's investment in Brandshield, which the Board believes presents a distinct opportunity to utilise blockchain platforms in the resource sector particularly in commodity trading and initial coin offerings.

Outlook

We are confident that the momentum behind the Company will be maintained going forward. Ongoing and upcoming developments across the portfolio promise plenty of high impact news flow, as we focus on proving up the world class credentials of our technology metals portfolio in West Africa and as Brandshield continues to establish itself as a leading provider of cybersecurity solutions for fast growing sectors including cryptocurrencies. We believe we are invested in the right markets, the right projects and with the right partners, and as a result our shareholders are now exposed to an investment portfolio that has never been stronger, one which offers significant re-rating potential via multiple value triggers. With this in mind, I look forward to providing further updates on our progress during the year ahead.

Finally, I would like to thank the team, our advisers and of course our shareholders who continue to support the Company.

C Wood (Chairman)
28 June 2018

TWO SHIELDS INVESTMENTS PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their Strategic Report on the Company for the year ended 31 March 2018. On 10 April, 2018 the Company changed its name from Blenheim Natural Resources plc to Two Shields Investments plc with trading in the Company's shares under the new name commencing on 11 April.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was to establish strategic and portfolio investments in listed and unlisted entities, as well as in projects in the natural resource sector which encompasses the mining, oil & gas, agricultural and blockchain information technology sectors.

REVIEW OF BUSINESS

The Company has continued its principal activity with investments made during the year, as detailed in the Chairman's Statement on pages 8 to 11.

During the period, deferred shares of £1,165,170 were bought back by the Company and cancelled.

FINANCIAL REVIEW

The loss for this year before and after taxation was £768,851 (2017: loss of £295,170).

Cash and cash equivalents at the end of March 2018 was £512,507 (2017: £598,445).

KEY PERFORMANCE INDICATORS ("KPIs")

The main KPI's for the Company are set out below. These allow the Company to monitor costs and plan future investment decisions:

	2018	2017
	£	£
Cash and cash equivalents	512,507	598,445
Revenue	2,596	2,534
Financial assets at fair value through profit & loss at the period end	176,691	231,225
Other (losses)/gains - net	<u>(26,969)</u>	<u>30,053</u>

PRINCIPAL RISK AND UNCERTAINTY

The principal risks and uncertainties lie in the investments the Company holds. The nature of the natural resource and technology sectors means that returns are uncertain and resources may be unviable to extract. The Company has an investment strategy in place which is continually reviewed by the Board.

TWO SHIELDS INVESTMENTS PLC
STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2018

The Company's continued future operations depends on the ability to hold sufficient working capital to be able to meet its financial obligations. To date, the sources of funding available to the Company have principally comprised the issue of equity capital, either via an equity placing or convertible loans. However, the Company's ability to raise further funds will depend on the success of the Company's investment strategy, which is continually reviewed by the Board.

The Directors are confident there is adequate funding to finance future immediate working capital requirements, through to at least the end of June 2019.

The Company's principal financial instruments comprise available-for-sale financial assets, financial assets at fair value through profit or loss, other receivables, other payables and cash and cash equivalents. The Company had no debt as at 31 March 2018. Therefore, the Company's exposure to risk and uncertainty is limited to market risk (i.e. price risk). The Company's exposure to credit risk, liquidity risk and interest risk is not deemed significant.

POLITICAL AND COUNTRY RISK- EU REFERENDUM

The Company is quoted in the United Kingdom (UK) and operates in the UK and European Union (EU). As a result of the Referendum, the Company may be subject to the impact of the UK leaving the European Union. As a result, given the ongoing uncertainty surrounding the situation the Company is monitoring matters and seeking advice as to how to mitigate the risks arising.

INVESTING POLICY

The Company's investing policy, as approved by shareholders on 29 April 2016, is set out below.

The Company will make direct and indirect investments in exploration and producing projects and assets in the natural resources sector, in technology associated with the natural resources sector, in projects and assets in the farming, plantations and agribusiness sector, and in the information technology sector.

In order to create value for shareholders, the Company will consider investment opportunities worldwide. Investments may be either quoted or unquoted entities; may be made by direct acquisitions; and may be in companies, partnerships, joint ventures or direct or indirect interests in assets or projects. It is anticipated that the Company will not take majority interests in such companies and the Company does not intend to limit the total number of investments that it will hold at any one time. The Company intends to be a medium to long-term investor, but will not rule out the acquisition and disposal of assets in the short term if the Directors determine this to be in the best interests of the shareholders.

Subsequent to year end the investing policy has changed to incorporate technology focused investments. See Chairman's Statement on pages 2 to 4 for more details.

TWO SHIELDS INVESTMENTS PLC

STRATEGIC REPORT - continued FOR THE YEAR ENDED 31 MARCH 2018

The Company will seek to identify and appraise investment targets which the Directors believe to be undervalued, underdeveloped or underperforming or which the Directors believe will have the potential to develop new and/or disruptive technology. Where appropriate, the Company will seek to appoint non-executive directors to the boards of investee companies to assist with their development. Depending on the nature of the Company's individual investments, the Company may be both a passive or an active investor. The Company intends to deliver shareholder returns principally through capital growth rather than distributions via dividends.

The Company will continue to seek to mitigate its risk by undertaking appropriate due diligence and transaction analysis which will include using appropriately qualified advisers, when required. The Board proposes to carry out a comprehensive and thorough project review process in which all material aspects of a potential project or business will be subject to rigorous due diligence, as appropriate. The Company will not have a separate investment manager.

The Board considers that as investments are made, and new promising investment opportunities arise, further funding for the Company may also be required. Therefore, in due course it is the intention of the Directors to expand the capital base of the Company to enable a more active pursuit of this policy, most likely through a placing of shares. Where the Board considers that it is in the best interests of shareholders, the Company may seek to acquire assets using its own share capital as consideration, thereby helping to preserve the Company's cash resources for working capital, and as a reserve against unforeseen contingencies. The Company will also be permitted to borrow to fund part of the cost of investments made. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets.

Initially, the portfolio will be concentrated but as the Company grows and develops, the Directors intend that within five years from the date of adoption of this investing policy, no investment should account for more than 20 per cent of the total value of the portfolio. Any transaction constituting a reverse takeover under the AIM Rules for Companies, will require shareholder approval.

Given the nature of the investing policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value.

OUTLOOK

The future developments are discussed in the Chairman's Statement.

ON BEHALF OF THE BOARD:

.....
C Wood - Chairman

.....
28 June 2018

TWO SHIELDS INVESTMENTS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the audited Financial Statements for the year ended 31 March 2018.

GENERAL INFORMATION

Two Shields Investments plc (formerly Blenheim Natural Resources plc) is a public limited company incorporated in England and Wales under the Companies Act (registered number 02956279). The Company changed its name on 10 April, 2018. The Company is domiciled in the United Kingdom and its registered address is Hyde Park House, 5 Manfred Road, London, SW15 2RS.

The comparative information presented is in respect to the eleven months ended 31 March 2017. The eleven month comparative is due to a change in the Company's accounting reference date which came in to effect for the reporting period ended 31 March 2017.

DIVIDENDS

The Directors do not recommend a payment of a dividend in respect of the year ended 31 March 2018 (2017: £Nil).

DIRECTORS AND THEIR INTERESTS

The Directors shown below have held office during the year to 31 March 2018 or have been appointed/resigned since the year end:

	Date appointed	Date resigned
Christian Schaffalitzky	12 April 2017	-
Charlie Wood	25 September 2017	-
Sandy Barblett	13 March 2018	-
Chris Ells	1 November 2013	12 March 2018
Mark Parker	28 March 2013	19 October 2017

Charlie Wood (Chairman)

Charlie was appointed to the Board on 25 September 2017. He is a fellow of the Securities Institute of Australia and has held senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. Mr Wood has considerable corporate finance experience with a focus in technology, mining and oil & gas sectors. He is currently executive chairman of AIM-quoted Mayan Energy Limited, a US focused oil and gas company. He is also a founding director of Helium One Ltd, an exploration specialist explorer focused on delineating and developing globally significant helium assets in Tanzania.

Christian Schaffalitzky, BA(Mod), FIMMM, PGEO, CEng (Non-Executive Director)

Christian Schaffalitzky was appointed as a non-executive director on 12 April 2017. He is Chairman and CEO of Eurasia Mining plc which mines and explores PGMs in Russia. With over 40 years' experience in minerals exploration, Christian was a founder of CSA Global, the consulting group, and Ivernia West plc, where he led the exploration, discovery and development of the Lisheen zinc deposit in Ireland and similarly the Shaimerden zinc deposit in Kazakhstan for Ennex International. Christian is also Chairman of Kibo Mining plc and on the board of MetalNRG.

TWO SHIELDS INVESTMENTS PLC

REPORT OF THE DIRECTORS - continued FOR THE YEAR ENDED 31 MARCH 2018

Sandy Barblett (Non-Executive Director)

Sandy was appointed as a non-executive director on 13 March 2018. He has over 20 years' experience working with private and public listed international companies. Through his directorships of various natural resource focussed companies, including Capital Metals Limited and ASX-listed Monteray Mining Group, he has gained considerable sector knowledge. Additionally, he has previously held leadership roles within the technology sector, most notably with former FTSE 250 company Pace plc. Sandy's knowledge and network within both the technology and natural resources sector, as well as his experience of working in West Africa, is highly complementary to Two Shield's Investments current investment portfolio.

The Directors who served during the year and their beneficial interests in the shares of the Company as recorded in the register of Directors' interests at 31 March 2018 are as follows:-

	31 March 2018 Number of shares held	Percentage Shareholding %	31 March 2017 Number of shares held	Percentage Shareholding %
C J Ells* (resigned 12 March 2018)	17,660,000	1.3	11,410,000	2.9
C Wood	1,666,667	0.1	-	-
C Schaffalitzky	Nil	-	-	-
S Barblett	Nil	-	-	-
M Parker (resigned 19 October 2017)	Nil	-	-	-

* Included in the above number of shares were shares held by JIM Nominees Ltd (1,410,000 shares) for the benefit of C J Ells shares held by Cannacord Genuity (1,500,000 shares) for the benefit for J Ells.

TWO SHIELDS INVESTMENTS PLC

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

DIRECTORS' REMUNERATION

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing the compensation arrangement for all key management personnel (considered to be the Directors), regarded as the Officers of the Company. The Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis. Details of the nature of each element of the remuneration of each member of Key Management for the year ended 31 March 2018 were as follows:

Director	Directors fees £	Other benefits £	Termination payments £	Total 2018 £	Total 2017 £
C Schaffalitzky	16,333	-	-	16,333	-
C Wood	27,000	-	-	27,000	-
S Barblett	-	-	-	-	-
C J Ells	59,900	32,277	80,000	172,177	42,342
M E Parker – resigned 19 Oct 2017	56,532	-	5,000	61,532	21,465
K P Legg – resigned 27 Oct 2016	-	-	-	-	5,436
D Ovadia – resigned 27 Oct 2016	-	-	-	-	1,978
C Cleverly – resigned 15 Sept 2016	-	-	-	-	18,697
	159,765	32,277	85,000	277,042	89,918

The Directors who served during the year and their beneficial interests in share options and warrants in the Company, as recorded in the register of Directors' interests, are as follows:-

	31 March 2018 Number held	31 March 2017 Number held
C J Ells	50,000,000	19,500,000
M E Parker	11,500,000	11,500,000

No other Director held any other beneficial interests over the Company as at the period end.

See note 20 for details regarding the share options.

GOING CONCERN

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the Financial Statements. The Directors confirm that they consider that the going concern basis remains appropriate. Further detail can be found in note 1 to the Financial Statements.

TWO SHIELDS INVESTMENTS PLC
REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 MARCH 2018

SUBSTANTIAL INTERESTS

On 31 March 2018, the following parties had notified the Company of a beneficial interest that represents 3% or more of the Company's issued share capital at that date:

	31 March 2018 Number of shares held	Percentage Shareholding %	31 March 2017 Number of shares held	Percentage Shareholding %
Shareholders				
Future Fuels Holdings Inc	125,000,000	9.4%	-	-
H Sutherland	75,000,000	5.7%	-	-

FUTURE DEVELOPMENTS

See the Strategic Report and Chairman's Statements for further information of future developments of the Company.

POST BALANCE SHEET EVENTS

See the Chairman's Statement and note 22 for detail on post balance sheet events.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

INDEPENDENT AUDITOR

PKF Littlejohn LLP has signified their willingness to continue in office as auditor.

The auditor, PKF Littlejohn LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....
C Wood - Chairman

.....
28 June 2018

TWO SHIELDS INVESTMENTS PLC

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The company is compliant with AIM Rule 26 regarding the Company's website.

ON BEHALF OF THE BOARD:

.....
C Wood – Chairman

28 June 2018

TWO SHIELDS INVESTMENTS PLC

**REPORT OF THE INDEPENDENT AUDITOR
FOR THE YEAR ENDED 31 MARCH 2018**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWO SHIELDS INVESTMENTS PLC

Opinion

We have audited the financial statements of Two Shields Investments plc (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our application of materiality

The materiality applied to the financial statements was £75,000 (2017: £45,000), based on a blend of a percentage of gross assets and net loss.

REPORT OF THE INDEPENDENT AUDITOR
FOR THE YEAR ENDED 31 MARCH 2018

An overview of the scope of our audit

As part of designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<p>Valuation of Investments</p> <p>The Company holds available for sale assets of £4,542,686 and assets at fair value through profit and loss of £176,691 as at 31 March 2018.</p> <p>There is a risk that these investments are not valued correctly in accordance with IFRS 13 'Fair Value Measurement'.</p>	<ul style="list-style-type: none">• We confirmed ownership of each investment held.• For investments categorised within Level 2 or 3, we obtained management's assessment of the valuation of the investments held at year end and challenged the inputs and assumptions used.• We tested the disclosures made within the financial statement to ensure compliance with IFRS.• We assessed whether management's assumptions were reasonable in light of the measurement objectives under IFRS 13.

TWO SHIELDS INVESTMENTS PLC
REPORT OF THE INDEPENDENT AUDITOR
FOR THE YEAR ENDED 31 MARCH 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

TWO SHIELDS INVESTMENTS PLC

**REPORT OF THE INDEPENDENT AUDITOR
FOR THE YEAR ENDED 31 MARCH 2018**

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
28 June 2018

1 Westferry Cir
Canary Wh
London E14 4

TWO SHIELDS INVESTMENTS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March 2018 £	Period ended 31 March 2017 £
CONTINUING OPERATIONS			
REVENUE	4	2,596	2,534
Administrative expenses	5	(586,106)	(242,683)
Transaction costs	5	(156,494)	(41,995)
Other (losses)/ gains - net	8	(26,969)	30,053
		<hr/>	<hr/>
OPERATING LOSS		(766,973)	(252,091)
Finance income	9	39	25
Finance costs	9	(1,917)	(43,104)
		<hr/>	<hr/>
LOSS BEFORE INCOME TAX		(768,851)	(295,170)
Income tax	10	-	-
		<hr/>	<hr/>
LOSS FOR THE YEAR/ PERIOD		(768,851)	(295,170)
Other Comprehensive Income		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>(768,851)</u>	<u>(295,170)</u>
EARNINGS PER SHARE (expressed in pence per share)			
Basic and diluted	11	<u>(0.00)</u>	<u>(0.13)</u>

The accounting policies and notes on pages 22 to 48 form part of these financial statements

TWO SHIELDS INVESTMENTS PLC (REGISTERED NUMBER: 02956279)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Notes	31 March 2018 £	31 March 2017 £
ASSETS			
NON-CURRENT ASSETS			
Available for sale financial assets	12	4,542,686	1,022,963
CURRENT ASSETS			
Other receivables and prepayments		10,833	
Financial assets at fair value through profit or loss	13	176,691	231,225
Other financial assets		-	25,000
Cash and cash equivalents	14	512,507	598,445
		700,031	887,450
TOTAL ASSETS		5,242,717	1,910,413
EQUITY			
Share capital	15	1,326,219	1,564,331
Share premium		4,855,192	1,836,406
Other reserves	16	1,535,605	965,905
Retained earnings		(2,569,038)	(3,042,032)
TOTAL EQUITY		5,147,978	1,324,610
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	17	-	275,000
Trade and other payables	18	94,739	310,803
TOTAL LIABILITIES		94,739	585,803
TOTAL EQUITY AND LIABILITIES		5,242,717	1,910,413

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 June 2018 and were signed on its behalf by:

.....
C Wood - Director

The accounting policies and notes on pages 22 to 48 form part of these financial statements

TWO SHIELDS INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Balance at 1 May 2016	1,350,045	1,383,432	501,582	(2,746,862)	488,197
Loss for the period	-	-	-	(295,170)	(295,170)
Total comprehensive income for the period	-	-	-	(295,170)	(295,170)
Issue of share capital	214,286	452,974	-	-	667,260
Grant of share options and warrants	-	-	21,823	-	21,823
Shares to be issued	-	-	442,500	-	442,500
Total transactions with owners, recognised directly in equity	214,286	452,974	464,323	-	1,131,583
Balance at 31 March 2017	1,564,331	1,836,406	965,905	(3,042,032)	1,324,610
Loss for the year	-	-	-	(768,851)	(768,851)
Total comprehensive income for the year	-	-	-	(768,851)	(768,851)
Issue of share capital	922,222	3,004,778	-	-	3,927,000
Exercise of warrants	5,376	29,566	-	-	34,942
Cancellation of deferred shares	(1,165,710)	-	-	1,165,710	-
Grant of share options and warrants	-	(15,558)	1,088,335	-	1,072,777
Reversal of equity component of convertible note repaid	-	-	(76,135)	76,135	-
Reversal of shares to be issued	-	-	(442,500)	-	(442,500)
Total transactions with owners, recognised directly in equity	(238,112)	3,018,786	569,700	1,241,845	4,592,219
Balance at 31 March 2018	1,326,219	4,855,192	1,535,605	(2,569,038)	5,147,978

The accounting policies and notes on pages 22 to 48 form part of these financial statements

TWO SHIELDS INVESTMENTS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Cash flows from operating activities		
Loss before income tax	(768,851)	(295,170)
<i>Adjustment for:</i>		
Finance costs	1,917	43,104
Finance income	(39)	(25)
Loss/(gain) on disposal of financial assets	26,969	(30,053)
Share based payments	32,277	21,823
Decrease/ (Increase) in trade and other receivables	21,947	(10,290)
(Decrease)/increase in trade and other payables	(216,064)	256,642
Net cash used in operating activities	<u>(901,844)</u>	<u>(13,969)</u>
Cash flows from investing activities		
Purchase of available for sale financial assets	(1,446,722)	(320,000)
Purchase of financial assets at fair value through profit or loss	(154,700)	(343,485)
Purchase of other financial assets	-	(25,000)
Proceeds from disposal of financial assets at fair value through profit or loss	182,266	439,691
Net cash used in investing activities	<u>(1,419,157)</u>	<u>(248,794)</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	2,700,000	750,000
Share issue expenses paid	(223,000)	(82,740)
Proceeds from exercise of warrants	34,942	-
Repayment of borrowings	(275,000)	-
Interest paid	(1,917)	(13,580)
Interest received	39	25
Net cash generated from financing activities	<u>2,235,063</u>	<u>653,705</u>
Net (decrease)/Increase in cash and cash equivalents	(85,938)	390,942
Cash and cash equivalents at the beginning of the year/ period	<u>598,445</u>	<u>207,503</u>
Cash and cash equivalents at the end of the year/period (note 14)	<u>512,507</u>	<u>598,445</u>

The accounting policies and notes on pages 22 to 48 form part of these financial statements

TWO SHIELDS INVESTMENTS PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

Significant non-cash transactions in the year include shares and warrants issued in relation to the following investments made:

Investment	Type of security issued	Number of securities issued	Value of securities issued £
Nashwan Holdings	Ordinary shares	75,000,000	352,500
Mansa Lithium	Ordinary shares	100,000,000	560,000
Xantus Inc.	Ordinary shares	125,000,000	537,500
Cobalt Blue	Warrants	550,000,000	1,040,500

C Ells was issued 50,000,000 warrants valued at £32,277 as part of the termination settlement in the year.

See note 20 for details.

The accounting policies and notes on pages 22 to 48 form part of these financial statements

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

General information

Two Shields Investments plc (formerly Blenheim Natural Resources plc) is a public limited company incorporated in England and Wales under the Companies Act (registered number 02956279). The Company is domiciled in the United Kingdom and its registered address is Hyde Park House, 5 Manfred Road, London, SW15 2RS. The principal activity of the Company is to establish strategic and portfolio investments in listed and unlisted shares, as well as in projects in the natural resource sector which encompasses the mining, oil and gas, agricultural sectors, information technology and blockchain sectors. The Company's shares are traded on the AIM market of the London Stock Exchange.

Subsequent to the year end the investment policy has been updated to include investment in technology focused companies. See the Chairman's Statement on page 4 for more details.

Summary of significant accounting policies

The principal Accounting Policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss. The Company is an investment entity and has therefore prepared its financial statements on this basis.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES – continued

Going concern

The financial statements have been prepared under the going concern assumption. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

The Directors have prepared cash flow forecasts for the Company. It is envisaged by the Directors that the cash and cash equivalents existing as at the date of the Statement of Financial Position provide adequate funds for the Company for at least 12 months from the date on which these financial statements were signed.

As referred to in note 15 of these Financial Statements, the Company raised gross proceeds of £800,000 by way of a share placing and issue of shares on 13 March 2018. These funds will complement the Company's existing cash resources and will be used for further investment opportunities. The Directors will retain sufficient cash resources to fund ongoing operations during the going concern period.

On this basis, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing the Financial Statements.

Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Company

There are no new standards and amendments to standards and interpretations effective for the financial period beginning on or after 1 April 2017 material or applicable to the Company.

(b) New standards, amendments and interpretations not yet adopted by the Company

The standards and interpretations that are relevant to the Company, issued but not yet effective, up to the date of issuance of the Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard		Effective Date
IFRS 2 (Amendments)	Measurement of share based payment transactions	1 January 2018
IFRS 9 (Amendments)	Financial Instruments	1 January 2019
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15	Clarifications to Revenue from Contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
Annual Improvements	2015 – 2017 Cycle	*1 January 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	*1 January 2019

**Subject to EU endorsement*

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES – continued

Changes in accounting policy and disclosures (continued)

IFRS 15 requires an expected quantitative impact of the application of IFRS 15 to be included within the financial statements. Dividend income recognition is not considered to change as a result of the transition to IFRS 15, and the company has no other revenue sources.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Other (losses)/gains – net'.

The financial statements are presented in Pounds Sterling (£), which is the Company's functional and presentation currency.

Segmental reporting

An operating segment is a component of the Company that engages in business from which it may earn revenues and incur expenses. The Company has only one operating segment, being the investment in companies or assets in the natural resources, agribusiness sectors and information technology and blockchain sector. Therefore, the financial information of the single segment is the same as that set out in the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES – continued

Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and include investments the Board of Directors expect to trade within the next 12 months. Details of these assets and their fair value is included in note 2.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables and prepayments' and 'cash and cash equivalents' in the Statement of Financial Position.

Available for sale financial assets

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value with transaction costs expensed for all financial assets.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'Other

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES – continued

(b) Recognition and measurement (continued)

(losses)/gains – net' in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised as part of other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as 'Gains and losses from investment securities'. Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Income as part of other income when the Company's right to receive payments is established, which is in line with the Company's revenue recognition policy.

(c) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A significant or prolonged decline in the fair value of equity investments and securities below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves

Other reserves consists of:

The share option reserve consists of the fair value of warrants and options in issue.

The merger reserve arose in the period ended 31 December 1995 relating to a previous share for share issue.

The shares to be issued reserve was in relation to deferred share consideration which has subsequently been reversed.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES - continued

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction cost is allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Revenue

Revenue comprise of dividends from the Company's investments in financial assets and are recognised when the Company's right to receive payment is established.

Income tax

Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the results shown in the Financial Statements and according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

ACCOUNTING POLICIES – continued

Tax losses available to be carried forward as well as other income tax credits due to the Company are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Share based payments

The Company operates equity-settled, share-based compensation plans, under which the entity receives services from directors and employees as consideration for equity instruments (options) of the Company. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time). The share options issued by the Company do not have any vesting conditions and all vested on issue.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income, with a corresponding adjustment to equity.

When options and warrants are issued as part of the consideration of an investment purchase, they are fair valued in accordance with recognition methodology.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

2. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Company's principal financial instruments comprise both listed and unlisted investments, other receivables, other payables, cash and convertible loan notes, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The Company's activities expose it to a variety of financial risks. The Company's Board monitors and manages the financial risks relating to the operations of the Company. The Board provides written policies for overall risk management, as well as written policies covering specific areas including: market risks (including foreign exchange risk and price risk) and to a very limited amount, interest rate risk and liquidity risk.

Market risk

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company, classified as available-for-sale or at fair value through profit or loss. The Company is not directly exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Board.

The Company's investments in equity of other entities are publicly traded on one of, or dual listed on the following: the London Stock Exchange (LSE); Australian Stock Exchange (ASX).

Post-tax profit for the year would increase or decrease by £8,835 as a result of a 5% gain or loss on equity securities classified as at fair value through profit or loss. Other components of equity would not change as a result of gains or losses on equity securities classified as available for sale.

Interest risk

The Company is not exposed to interest rate risk on financial liabilities. As at the reporting date, the Company had no debt outstanding.

Liquidity risk

The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital, generate a return on its investments to meet its future obligations.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

2. FINANCIAL RISK MANAGEMENT - continued

The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

(b) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company's capital structure consists of equity attributable to the owners, comprising issued capital, reserves and retained losses. The Company has no commitments under its current investments and as such, the capital risk management is ensuring that adequate capital is available to meet the working capital demands of the Company.

(c) Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values for the Company's assets and liabilities are not materially different from their carrying values in the financial statements.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. FINANCIAL RISK MANAGEMENT – continued

The following table presents the Company's financial assets that are measured at fair value:

31 March 2018:	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading securities	173,011	-	3,680	176,691
Available for sale financial assets				
Equity securities	-	-	4,542,686	4,542,686
31 March 2017:	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading securities	227,545	-	3,680	231,225
Available for sale financial assets				
Equity securities	-	-	1,022,963	1,022,963

The Company does not have any liabilities measured at fair value. There have been no transfers in to or transfers out of fair value hierarchy levels in the period.

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily LSE and ASX equity investments classified as trading securities or available for sale.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. No investments are valued using level 2 inputs in the period.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

2. FINANCIAL RISK MANAGEMENT – continued

Fair Value Estimation - continued

(iii) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. As permitted under IFRS 13 the cost model has been used to fair value the investments if cost is considered to represent fair value. This is because there is a lack of sufficient appropriate information on which to base an alternative valuation technique for the investments. The income and market valuation models are not thought to be appropriate due to the type of investments. There is no evidence of impairment of any of the investments.

The following table presents the changes in level 3 instruments for the year ended 31 March 2018 (31 March 2017):

	2018	2017
	£	£
Opening balance	1,022,963	260,463
Additions into level 3	3,519,723	762,500
Losses recognised in profit or loss	-	-
Closing balance	4,542,686	1,022,963

3. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting estimates will by definition, seldom equal the actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value of financial assets – level 3

The Company reviews the fair value of its unquoted equity instruments at each Statement of Financial Position date. This requires management to make an estimate of the value of the unquoted securities in the absence of an active market. See note 2 for detail on the Level 3 valuation process. Management's significant judgement in this regard is that the fair value of the investments is their cost (as permitted by IFRS 13), as a result of a lack of other inputs or evidence to suggest an uplift or impairment of the value.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS - continued

(b) Critical judgements in applying the entity's accounting policies

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. The most critical judgements as applied to these financial statements are as follows:

Available for sale of financial assets

Available for sale financial assets have a carrying value of £4,542,686 at 31 March 2018 following additional equity share acquisitions in the year. An impairment charge of £Nil (2017: £Nil) has been recognised in the year.

The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of the short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow. As per note 2, available for sale financial assets are valued using the cost model. This is because there is no identifiable inputs can be obtained. Management have considered external indicators such as commodity prices, investment performance and demand for the underlying commodity.

Management has concluded that there is no requirement to impair the carrying value of available for sale financial assets based on its valuation of the equity instruments held.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

4. REVENUE

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Dividend income on financial assets at fair value through profit and loss	<u>2,596</u>	<u>2,534</u>

5. EXPENSES BY NATURE

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Directors' remuneration (Note 6)	277,042	76,472
Legal and professional fees	145,461	89,916
Investment transaction costs	156,494	41,995
Auditors' remuneration (Note 7)	21,250	19,500

6. EMPLOYEES AND DIRECTORS

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Directors' remuneration	<u>277,042</u>	<u>76,472</u>

The Company has no employees other than the directors.

Details of the Directors' remuneration can be found in the Report of the Directors. Directors are considered to be key management of the Company.

C Ells received 50 million warrants valued at £32,277 as part of the settlement agreement, which is not included in the above amount.

The average monthly number of employees (including Directors) during the year/period was as follows:

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Directors	3	4

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

7. AUDITOR'S REMUNERATION

During the period/ year the Company obtained the following services from the auditor:

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Fees payable to the Company's auditor in regards to the audit of the Company:	19,500	18,000
Fees payable to the Company's auditor for other services:		-
-Tax services	1,750	-
- Other assurance services		1,500
	<u>21,250</u>	<u>19,500</u>

8. OTHER (LOSSES)/GAINS – NET

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Fair value (losses)/gains on financial assets at fair value through profit or loss	(48,774)	30,053
Gains on disposal of financial assets at fair value through profit or loss		-
Other (Losses)/Gains Net	21,805	-
	<u>(26,969)</u>	<u>30,053</u>

9. NET FINANCE COSTS

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Finance income:		
Bank deposit interest	<u>39</u>	<u>25</u>
Finance costs:		
Loan interest	<u>1,917</u>	<u>43,104</u>

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

10. **INCOME TAX**

Tax charge/ (credit) for the period/ year

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2018 nor for the period ended 31 March 2017.

	Year ended 31 March 2018 £	Period ended 31 March 2017 £
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge/ (credit) for the year/ period

Loss on ordinary activities before income tax	(768,851)	(295,170)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	(146,082)	(59,034)
Effect of:		
Tax losses for which no deferred tax asset was recognised	134,653	54,539
Expenses not deductible	11,429	4,495
	<u>-</u>	<u>-</u>
Tax charge for the year/period	<u>-</u>	<u>-</u>

As at the end of the reporting year the Company held approximately £4,140,000 (2017: £4,139,693) in respect of capital losses and approximately £1,372,000 (2017: £663,000) in relation to operating losses. Both are available to be offset against future gains and profits.

A deferred tax asset has not been recognised in respect of these losses in view of the uncertainty as to the level and timing of future taxable profits.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

11. EARNINGS PER SHARE

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

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

In accordance with IAS 33 the share options and warrants in issue do not have a dilutive impact on the earnings per share for the year ended 31 March 2018 and the year ended 31 March 2017. The total number of potentially dilutive securities are 853,735,450 (2017: 272,500,000).

Reconciliations are set out below.

	Earnings £	31 March 2018 Weighted average number of shares	Per-share amount pence
Basic and Diluted EPS	<u>(768,851)</u>	<u>843,102,213</u>	<u>(0.00)</u>

	Earnings £	31 March 2017 Weighted average number of shares	Per-share amount pence
Basic and Diluted EPS	<u>(295,170)</u>	<u>223,251,939</u>	<u>(0.13)</u>

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

12. AVAILABLE FOR SALE FINANCIAL ASSETS

	2018	2017
	£	£
Opening balance	1,022,963	260,463
Additions	3,519,723	762,500
Impairment	-	-
	<u>4,542,686</u>	<u>1,022,963</u>

Available for sale financial assets include the following:

	2018	2017
	£	£
Unlisted securities		
UK	380,463	-
Africa	3,227,036	1,022,963
Israel	935,187	-

See note 2 for details on the valuation methodology applied to the investments.

A brief description of the strategic holdings is as follows:

As at 31 March 2018, the carrying value of the Company's 29.9 per cent investment in IGS (International Geoscience Services) Limited ("IGS") is based on its acquisition cost of £380,463. The Directors consider this carrying value to equate to the fair value of this investment as revenue and costs of the geoconsultancy and IGS Xplore, the technology business, cannot be forecast accurately beyond the near future given the fluidity in both market places.

On 26 March 2017, Blenheim conditionally acquired a 30 per cent interest in Nashwan Holdings Ltd ("Nashwan") for a consideration of £200,000 in cash and 75,000,000 ordinary shares of 0.1 pence each in the capital of the Company. The shares have been included at a value of £352,500 being the fair value on the date of acquisition, 3 January 2018.

As at 31 March 2018, the carrying value of the Company's 40 per cent investment in Mansa Lithium ("Mansa") is based on its acquisition cost of £960,000. The Directors consider this carrying value to equate to the fair value of this investment as the project continues to advance with lithium drilling results expected in Q3, 2018.

As at 31 March 2018, the carrying value of the Company's 2% per cent investment in IMC is based on its acquisition cost of £37,515. The Directors consider this carrying value to equate to the fair value of this investment given the proximity of the transaction to the reporting date.

As at 31 March 2018, the carrying value of the Company's 20 per cent investment (with an option to acquire additional holdings within a two year period at the same subscription price) in Kalahari Key is based on its acquisition cost of £99,020. The Directors consider this carrying value to equate to the fair value of this investment as Kalahari Key are in the process of raising capital at or above the valuation at which the Company invested.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

12. AVAILABLE FOR SALE FINANCIAL ASSETS – Continued

As at 31 March 2018, the carrying value of the Company's 40 per cent investment in Xantus Inc. is based on its acquisition cost of £537,500. The Directors consider this carrying value to equate to the fair value of this investment as the project continues to advance with lithium drilling results expected in Q3, 2018.

As at 31 March 2018, the carrying value of the Company's 7.22 per cent investment in Brandshield is based on its acquisition cost of £935,187. The Directors consider this carrying value to equate to the fair value of this investment given the proximity of the transaction to the reporting date.

As at 31 March 2018, the carrying value of the Company's 25 per cent investment in Cobalt Blue ("Cobalt") is based on its acquisition cost of £1,040,500 being the fair value of the 550,000,000 warrants issued in consideration. Whilst granted, 250,000,000 warrants have not vested as at 31 March 2018 as they are subject to two exploration licenses being granted to Cobalt. The Directors consider this carrying value to equate to the fair value of this investment given the proximity of the transaction to the reporting date.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Equity securities – held for trading	2018	2017
	£	£
Opening balance	231,225	297,380
Additions	154,700	343,485
Disposals	(160,460)	(388,427)
Revaluation losses	(48,774)	(21,213)
Closing balance	<u>176,691</u>	<u>231,225</u>

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the Statement of Cash Flows.

Changes in fair values of financial assets at fair value through profit or loss, and gains or losses on disposal are recorded in 'other (losses)/gains – net' in the Statement of Comprehensive Income (note 8). The fair value of all equity securities is based on their observable current bid prices in an active market, being a level 1 hierarchy. These markets are the LSE and ASX as stated in note 2.

14. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Bank accounts	510,272	578,434
Cash held in investment portfolio	<u>2,235</u>	<u>20,011</u>
	<u>512,507</u>	<u>598,445</u>

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

15. SHARE CAPITAL

	Number of shares No.	Ordinary shares £	Deferred shares £	Share premium £	Total £
At 1 May 2016	184,290,900	184,335	1,165,710	1,383,432	2,733,477
Issue of shares	214,285,714	214,286	-	535,714	750,000
Share issue costs	-	-	-	(82,740)	(82,740)
At 31 March 2017	<u>398,576,614</u>	<u>398,621</u>	<u>1,165,710</u>	<u>1,836,406</u>	<u>3,400,737</u>
Issue of shares	922,222,222	922,222	-	3,227,778	4,150,000
Share issue costs	-	-	-	(223,000)	(223,000)
Cancellation of deferred shares	(23,790)	-	(1,165,710)	-	(1,165,710)
Grant of warrants	-	-	-	(15,558)	(15,558)
Exercise of warrants	5,375,661	5,376	-	29,566	34,942
At 31 March 2018	<u>1,326,150,707</u>	<u>1,326,219</u>	<u>-</u>	<u>4,855,192</u>	<u>6,181,411</u>

On 13 March 2018, 200,000,000 Ordinary shares of 0.10 pence each were issued fully paid at a premium of 0.30 pence per share pursuant to a private placement.

On 3 January 2018, 75,000,000 Ordinary shares of 0.10 pence each were issued fully paid at a deemed premium of 0.37 pence per share as part consideration for an investment in Nashwan Holdings.

On 11 December 2017, 125,000,000 Ordinary shares of 0.10 pence each were issued fully paid at a deemed premium of 0.33 pence per share as part consideration for an investment in Xantus Inc.

On 25 September 2017, 200,000,000 Ordinary shares of 0.10 pence each were issued fully paid at a premium of 0.35 pence per share pursuant to a private placement.

On 31 July 2017, 100,000,000 Ordinary shares of 0.10 pence each were issued fully paid at a deemed premium of 0.46 pence per share as part consideration for an investment in Mansa Lithium.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

On 19 June 2017, 2,785,714 Warrants were exercised with 2,785,714 Ordinary shares of 0.10 pence each being issued fully paid at a premium of 0.55 pence per share.

On 6 June 2017, 2,589,947 Warrants were exercised with 2,589,947 Ordinary shares of 0.10 pence each being issued fully paid at a premium of 0.55 pence per share.

On 27 April 2017, 222,222,222 Ordinary shares of 0.10 pence each were issued fully paid at a premium of 0.35 pence per share.

On 7 February 2017, 214,285,714 Ordinary shares of 0.10 pence each were issued fully paid at a premium of 0.25 pence per share.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

16. OTHER RESERVES

	Shares to be issued	Share option reserve	Merger reserve	Total
At 30 April 2016	76,135	8,163	417,284	501,582
Shares to be issued	442,500	-	-	442,500
Issue of share options and warrants	-	21,823	-	21,823
At 31 March 2017	518,635	29,986	417,284	965,905
Issue of share warrants (see note 20)	-	15,558	-	15,558
Issue of warrants for investment	-	1,040,500	-	1,040,500
Issue of warrants to directors	-	32,277	-	32,277
Shares to be issued	(442,500)	-	-	(442,500)
Equity component of convertible note	(76,135)	-	-	(76,135)
At 31 March 2018	-	1,118,321	417,284	1,535,605

Merger relief reserve of £417,284 arose in the period ended 31 December 1995 and relates to shares that were issued on a share for share basis in relation to the Langdon (Coffee & Tea) Limited transaction.

Share option reserve comprises the cumulative fair value of share options and warrants – See note 20. During the year ended 31 March 2018 a total of 21,111,111 warrants with a fair value of £15,558 were issued in connection with share placements, and 550,000,000 warrants with a fair value of £1,040,500 were issued in connection with an investment in Cobalt Blue.

In addition a total of 50,000,000 warrants were issued to directors as remuneration with a fair value of £32,277 and recognised in the Statement of Comprehensive Income.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. BORROWINGS

	2018	2017
	£	£
Current:		
Convertible loan notes	-	275,000
	<u> </u>	<u> </u>
Terms and debt repayment schedule:		
Less than 1 year	-	275,000
	<u> </u>	<u> </u>

Borrowings represent convertible loan notes which were fully repaid on 18 April 2017.

The carrying amounts and the fair value of borrowings are as follows:

	Carrying amount		Fair value	
	2018	2017	2018	2017
	£	£	£	£
Convertible loan notes	-	275,000	-	275,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The carrying amounts of the company's borrowings are denominated in UK sterling.

The convertible bond recognised at the reporting date is calculated as follows:

	2018	2017
	£	£
Face value of convertible loan notes issued	-	275,000
Equity component (note 16)	-	(76,135)
	<u> </u>	<u> </u>
Liability component on initial recognition	-	198,865
Interest expense	1,917	139,666
Interest paid	(1,917)	(63,531)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

The fair value has been calculated using discounted cash flows at a rate of 15% per annum.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. BORROWINGS - continued

Company	1 April 2017	Cash flows	Non-cash changes		31 March 2018
			Foreign exchange movements	Interest charge	
Long-term borrowings	-	-	-	-	-
Short-term borrowings	275,000	(276,917)	-	1,917	-
Total	275,000	(276,917)	-	1,917	-

18. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Trade payables	68,906	58,036
Deferred consideration	-	200,000
Other payables	-	125
Accruals	<u>25,833</u>	<u>52,642</u>
	<u><u>94,739</u></u>	<u><u>310,803</u></u>

Deferred consideration of £200,000 related to the cash consideration due on the Nashwan acquisition referred to in note 12 of these Financial Statements.

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

19. RELATED PARTY DISCLOSURES

The following transactions were undertaken with related parties:

Transactions	2018 £	2017 £
The Main Group Ltd	11,883	5,316
Entity under common Directorship: C J ELLs	Administration costs	
The Main Group Ltd	-	4,320
Entity under common Directorship: C J ELLs	Costs in relation to IGS acquisition	
The Main Group Ltd	60,000	-
Entity under common Directorship: C J ELLs	Termination fee	
Tudeley Holdings Ltd	-	1,836
Entity under common Directorship: K P Legg	Costs in relation to IGS acquisition	
C Cleverly	-	1,530
Director	Costs in relation to IGS acquisition	
KPL Investments Ltd	-	1,498
Entity under common Directorship: K P Legg	Finance costs	
Tudeley Holdings	-	1,961
Entity under common Directorship: K P Legg	Finance costs	
M E Parker	-	300
Director	Finance costs	
Orana Corporate LLP	-	4,170
Entity under common Directorship: C Wood	Costs in relation to IGS acquisition	
	4,000	-
Entity under common Directorship: C Wood	Administration costs	

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

19. RELATED PARTY DISCLOSURES – continued

The receivables and payables are unrestricted in nature and no provisions are held against receivables from related parties.

Year/ Period end balances	2018	2017
	£	£
Entity under common Directorship: K P		
KPL Investments Ltd Legg Other loans*	-	25,000
Entity under common Directorship: K P		
Tudeley Holdings Legg Other loans*	-	15,000
M E Parker Director Other loans*	-	5,000
Andiamo Entity under Investments	-	3,680
common		
Exploration Ltd directorship: M E Parker		

* See note 9 in relation to details of the interest charges attached to other loans. These loans were fully repaid on 18 April 2017.

Details of the Directors' remuneration can be found in the Report of the Directors. Directors are considered to be key management of the Company.

20. SHARE-BASED PAYMENT TRANSACTIONS

The measurement requirements of IFRS 2 have been implemented in respect of share options and warrants granted. The expense recognised for share based payments during the year is £32,277 (2017: £21,823).

621,111,111 options or warrants were issued during the financial year ended 31 March 2018 with an average exercise price of 0.43 pence.

TWO SHIELDS INVESTMENTS PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

20. SHARE-BASED PAYMENT TRANSACTIONS – continued

Movement in issued share options and warrants during the period

The table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options and warrants during the year as follows:

	No of options and warrants	WAEP
Outstanding at the beginning of the year	272,500,000	0.67p
Granted during the year	621,111,111	0.43p
Exercised during the year	(5,375,661)	0.65p
Expired/ forfeited in the period	(34,500,000)	0.85p
Outstanding at the end of the year	853,735,450	0.49p
Exercisable at the end of the year	853,735,450	0.49p

The fair value of the options and warrants granted in the year and comparative year have been calculated using the Black Scholes model assuming the inputs shown below:

Grant date	24 September 2017	21 February 2018	12 March 2018	28 March 2018
- No. of options/warrants granted	10,000,000	300,000,000	50,000,000	250,000,000
- Share price at grant date	0.44p	0.43p	0.42p	0.34p
- Exercise price at grant date	0.65p	0.10p	0.65p	0.65p
- Risk free rate	0.44%	0.67%	0.84%	0.83%
- Option life	2 years	3 years	3 years	3 years
- Expected volatility	47.2%	43.1%	43.2%	43.4%
- Expected dividend yield	0%	0%	0%	0%
- Fair value of option/ warrant	£0.0006	£0.0032	£0.0006	£0.004

Grant date	7 February 2017	7 February 2017	23 March 2017	26 April 2017
- No. of options/warrants granted	214,285,714	10,714,286	22,500,000	11,111,111
- Share price at grant date	0.475p	0.475p	0.625p	0.52p
- Exercise price at grant date	0.65p	0.35p	0.65p	0.65p
- Risk free rate	2.75%	2.75%	2.75%	0.73%
- Option life	2 years	3 years	3 years	2 years
- Expected volatility	10.81%	10.81%	10.81%	45.9%
- Expected dividend yield	0%	0%	0%	0%
- Fair value of option/ warrant	0.03p	0.004p	0.013p	0.09p

TWO SHIELDS INVESTMENTS PLC
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

20. SHARE-BASED PAYMENT TRANSACTIONS – continued

Share options and warrants outstanding at the end of the year have the following expiry dates:

Grant date	Exercise date	Number of shares
30 October 2015	15 October 2018	3,000,000
7 February 2017	18 January 2019	208,910,053
7 February 2017	18 January 2020	10,714,286
23 March 2017	7 February 2020	10,000,000
26 April 2017	26 April 2019	11,111,111
24 September 2017	24 September 2019	10,000,000
21 February 2018	28 March 2021	250,000,000
12 March 2018	12 March 2021	50,000,000
28 March 2018	28 March 2021	300,000,000

21. ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.

22. EVENTS AFTER THE REPORTING PERIOD

On 20 April 2018, the shareholders, at a General Meeting, voted in favour of an amendment to the Company's Investment Policy that provides for a potential broadening of the Company's portfolio of assets. The broadening of the Investment Policy facilitates the Company's investment in Brandshield, which the Board believes presents a distinct opportunity to utilise blockchain platforms in the resource sector particularly in commodity trading and initial coin offerings.