

Hot Rocks Investments plc: AUDITED FINAL RESULTS TO 31 MARCH 2020 DGAP

Hot Rocks Investments plc (HRIP)
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14 December 2020

HOT ROCKS INVESTMENTS PLC
(the "Company")

AUDITED FINAL RESULTS TO 31 MARCH 2020

CHAIRMAN'S STATEMENT

I hereby present the financial results for the Company for the year ended 31 March 2020.

The Company is an active investor primarily in junior natural resources companies.

The Company made a profit for the year of £75,050 for the year, compared to a pre-tax loss of £35,376 in the prior year. The Company will not be paying a dividend at this stage (2019: £Nil).

Cash and cash equivalents as at the year end of 31 March 2020 were £19,868 (2019: £46,745).

Interest has recently resumed in exploration companies and we are generally pleased with performance and are working on a number of new projects to continue to add value to the portfolio. We are particularly excited about a new Africa-focused copper and gold exploration company where we will be a founder shareholder and where we plan to float such company on a stock exchange in 2021.

We hold cash at bank today of £84,000 though we will be investing some of these funds in a further gold exploration company with interests in Brazil.

We currently hold stakes in the following entities:

- Bermele plc (LSE:BERM)

- Block Energy plc (AIM: BLOE)
- Brazil Tungsten Holdings Limited
- Copper Bay Limited
- Elephant Oil Limited
- Impact Oil & Gas Limited
- Mafula Energy Limited
- MedGold Resources Corp (TSXV:MED)
- Minergy Limited
- New Horizon Oil & Gas Limited (trading as T5)
- Predator Oil & Gas Holdings plc (LSE:PRD)
- Rift Resources Limited
- Royal Road Minerals Limited (previously Tigris Resources) (TSXV:RYR)
- TAG Oil (TSX:TAO)
- Trigon Metals Inc (TSXV:TM)

The Board of Directors will continue to introduce further equity positions to the Company to enable additional diversification of the portfolio. It is anticipated that these will continue to be primarily within the natural resources sector.

A General Meeting will be called shortly for which a further announcement will be made and the notice of GM will be available on the Company's website, together with the audited report and accounts.

Brian Rowbotham

Non-Executive Chairman

14 December 2020

The Directors of the issuer are responsible for the content of this announcement.

For further information please contact:

Hot Rocks Investments plc

Gavin

Burnell:

0207 264 4444

Peterhouse Capital Limited

Guy

Miller: 020 7220 9796

HOT ROCKS INVESTMENTS PLC

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2020

The Directors of the Company present their Strategic Report on the Company for the year ended 31 March 2020.

Principal Activities and Review of the Business

The principal activity of the Company is to invest in companies, or assets, in the natural resources sector. The Company has continued in this activity, managing the investments, as detailed in the Chairman's Statement. The Company will continue to seek to make investments primarily within this sector but the Directors will review other opportunities as they arise.

Financial Review

The profit for this year before taxation was £75,050 (2019: loss of £35,376).

Cash in the bank at the end of March 2020 was £19,868 (2019: £46,745).

The Directors consider the results for the year to be satisfactory.

Key Performance Indicators ("KPI's")

The Directors consider the following to be the KPIs of the business:

2020

2019

%

£

£

Increase/

(Decrease)

Valuation of financial assets at fair value through profit and loss

913,213

770,235

18.5%

Cash

19,868

46,745

(57.5%)

The company performed in line with expectations.

Principal Risks and Uncertainties

The principal risks and uncertainties lie in the investments the Company holds. The nature of the natural resource sector means that returns are uncertain and resources may be unviable to extract.

The Directors seek to mitigate this risk by monitoring the performance of the companies in which it holds investments so they can take action accordingly.

Given the nature of the business and activity of the Company, the Directors believe that the Company is exposed to the following risks:

Liquidity risk

The Company's continued future operations depend on the ability to hold sufficient working capital to be able to meet its financial obligations.

The Directors are confident that there is adequate funding to finance future immediate working capital requirements.

Financial Risk Management

The Company's principal financial instruments comprise financial assets at fair value through profit and loss, other payables and cash and cash equivalents. No bank loans or other financing arrangements have been required. No borrowings have been required to finance

working capital. Therefore, the Company's exposure to credit risk, liquidity risk and market risk is not deemed significant.

HOT ROCKS INVESTMENTS PLC

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2018

Political and country risk - including EU Referendum

The Company holds investments whose operations are based in a number of locations worldwide, some of which have a history of political uncertainty. The Directors routinely monitor political and regulatory developments in its countries of interest, in particular those developments which may indicate a movement in fair value to financial assets through profit and loss.

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.

Section 172 Statement

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole. This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

1. the likely consequences of any decision in the long term,
2. the interests of the Company's employees,
3. the need to foster the Company's business relationship with suppliers, customers and others,
4. the impact of the Company's operations on the community and environment,
5. the desirability of the Company maintaining a reputation for high standards of business conduct, and
6. the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to invest in businesses where prospects appear to be exceptional and deliver growth to its shareholders.

Some key decisions were taken by the Board since April 2019 which were aimed to deliver on this strategy, being the point in time when the Board invests and disposes in its key investments throughout the year, and which Company's to invest in.

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of a listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). We also provide an environment where shareholders can interact with the Board and management, ask questions and raise their concerns.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

HOT ROCKS INVESTMENTS PLC

REPORT OF THE DIRECTORS

YEAR ENDED 31 MARCH 2020

Supplier Payment Policy

Whilst there is no formal code or standard, it is Company policy to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the creditors' terms of payment.

There are no creditors subject to special arrangements outside of suppliers' terms and conditions.

Provision of Information to Auditor

The Directors at the time when this Directors' Report is approved have confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that ought to have been taken as Directors in order to be aware of any information needed by the Company's auditor in

connection with preparing its report and to establish that the Company's auditor is aware of that information.

Going concern

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors having reviewed the Company's plans, taking into account reasonably possible changes in the value of investments, including any impact from the COVID-19 pandemic and Brexit, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore the Directors confirm that they consider that the going concern basis remains appropriate. Further details can be found in the accounting policies accompanying the financial statements.

Independent Auditor

So far as the directors are aware, there is no relevant audit information on which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PKF Littlejohn LLP has signified their willingness to continue in office as auditor and will be proposed for reappointment at the next Annual General Meeting.

HOT ROCKS INVESTMENTS PLC

STATEMENT OF DIRECTORS RESPONSIBILITIES

YEAR ENDED 31 MARCH 2020

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 (IFRSs) 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 for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 a 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 company's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements which may differ from legislation in other jurisdictions.

HOT ROCKS INVESTMENTS PLC

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	N	2	2
	o	0	0
	t	2	1
	e	0	9
Continuing Operations		£	£
Revenue		-	-

Foreign exchange gain on financial assets at fair value through profit and loss	-	2 0, 8 9 7
Operating expenses	(7 1, 8 8 6)	(5 0, 0 6 0)
Share based payments expense	-	-
Movement in fair value of financial assets through profit and loss	7 6, 3 7 4	(3 1, 7 9 6)
Other gains - sale of financial assets at fair value through profit and loss	7 0, 5 5 5	3 5, 5 7 2
Impairment	-	(1 0, 0 0 0)
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Operating Profit/Loss	7 5, 0 4 3	(3 5, 3 8 7)

Finance income	7	11
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—

Profit/(Loss) before Income Tax	7	(3
	5,	5,
	0	3
	5	7
	0	6)

Income tax expense	-	-
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—

Profit/Loss for the Year attributable to equity holders	7	(3
	5,	5,
	0	3
	5	7
	0	6)
	—	—
	—	—
	—	—
	—	—
	—	—
	—	—

Other Comprehensive Income

**Items that may be Reclassified
Subsequently to**

Profit or Loss

Fair value change in value on
available-for-sale financial assets

- -

- -

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**Total Comprehensive
income/(loss) for the Year
attributable to equity holders**

7 (3

5, 5,

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**Earnings Per Share - Basic and
Diluted (expressed in pence
per share)**

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HOT ROCKS INVESTMENTS PLC

STATEMENT OF FINANCIAL POSITION
REGISTERED NUMBER 06163193

AT 31 MARCH 2020

Note	As at 31 Ma rch 20 20	As at 31 Ma rch 20 19
	£	£

Assets

**Non-Curr
ent
Assets**

Financial assets at fair value through profit and loss	18 8,6 72	42 1,5 21
	—	—
	—	—
	—	—
	—	—

18	42
8,6	1,5
72	21

—	—
—	—
—	—
—	—

Current Assets

Financial assets at fair value through profit and loss	72	34
	4,4	8,7
	42	14

Cash and cash equivalents	19,8	46,74
	8	5

—	—
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—	—
—	—

74	39
4,3	5,4
10	59

Total Assets	93	81
	2,9	6,9
	82	80

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—	—

Equity and Liabilities

**Equity
Attributable to
Shareholders**

Ordinary shares	17 3,6 02	17 3,6 02
Share premium account	1,1 74, 63 1	1,1 74, 63 1
Share options and warrants reserve	11 5,6 00	11 5,6 00
Retained loss	(70 1,8 21)	(77 6,8 71)
	—	—
	—	—
	—	—
	—	—
	76 2,0 12	68 6,9 62

**Current
Liabilities**

Trade and other payables	17 0,9 70	13 0,0 18
	—	—
	—	—
	—	—
	—	—

Total	93	81
Equity	2,9	6,9
and	82	80
Liabilities		

—	—
—	—
—	—
—	—

HOT ROCKS INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

Attributable to
Equity
Shareholders

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HOT ROCKS INVESTMENTS PLC

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

2 2
0 0
2 1
0 9
£ £

**Cash
Flows
from
Operati
ng
Activiti
es**

Profit / 7 (
(Loss) 5 3
before , 5
income 0 ,
tax 5 3
0 7
6
)

Finance ((
income 7 1
) 1
)

Unrealis - (
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profit
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loss

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value of
financial
assets
through
profit
and
loss

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and
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Cash
Used in

((3 2

Operati	0	5
ons	,	,
	6	7
	6	2
	7	3
	)	)

Interest	-	-
paid		

Income	-	-
tax paid		

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—	—
—	—
—	—
—	—
—	—
—	—

Net	(	(
Cash	3	2
Used in	0	5
Operati	,	,
ons	6	7
	6	2
	7	3
	)	)

—	—
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—	—

Cash
Flows
from
Investi
ng
Activiti
es

Purchases	(	(
es of	1	6
financial	7	2
assets	3	,
through	,	3
profit	0	4
and	3	0
loss	9	)
	)	

Procee		
ds from	1	1
disposal	7	1
of	6	8
financial	,	,
assets	8	0
through	2	9
profit	9	8
and		
loss		

—	—
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Net	3	5
Cash	,	5
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ted	9	7
from	0	5
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Activiti	—	—
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(Decrease / Increase in Cash and Cash Equivalents

(3
 2 0
 6 ,
 , 0
 8 3
 7 5
 7
)

Cash and cash equivalents at the beginning of the year

4 1
 6 6
 , ,
 7 7
 4 1
 5 0

— —
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 — —

Cash and Cash Equivalents at the End of the Year

1 4
 9 6
 , ,
 8 7
 6 4
 8 5

— —
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HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

General Information

Hot Rocks Investments Plc is a public limited company incorporated and domiciled in the United Kingdom.

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 of Financial Statements

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations (IFRS IC) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

The preparation of Financial Statements in conformity with IFRSs 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 later in these accounting policies.

The Financial Statements are presented in sterling (£), rounded to the nearest pound.

Changes in accounting policies and disclosures

a) New and amended standards and interpretations adopted by the Company

There have been no new standards which were applied for the first time this year which have had a material impact on these financial statements.

b) New and amended standards and interpretations issued but not yet effective and not early adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that the directors expect to have a material impact on the Company.

HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

Segmental Reporting

The Company has only one operating segment being the investment in companies, or assets, in the natural resource sector. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. Therefore, the Financial Statements 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 Change in Equity and the Statement of Cash Flows.

Foreign Currency Translation

(a)

Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

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

(b)

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Company's contractual rights to future cash flows from the financial asset expire or when the Company transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

1. Financial Assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and include both listed and unlisted equity investments. Details of these assets and their fair value is included in critical accounting estimates Note i.

2. Trade and other receivables

Trade and other receivables

are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

3. Cash and cash equivalents

The Company considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At the reporting date management believes that the carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these financial instruments.

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less, all of which are available for use by the company unless otherwise stated. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

4. Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's financial liabilities include trade and other payables. All financial liabilities, except for derivatives, are recognised initially at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability and subsequently measured at amortised cost.

5. Share Capital

Ordinary shares are recorded at nominal value and proceeds received in excess of nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly to the issue of shares are accounted for as a deduction from share premium, otherwise they are charged to the Income Statement.

6.

7. Share Based Payments

The Company operates a number of equity-settled, share-based schemes, under which it receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Company.

The Company may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised, if material, as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued.

The total amount to be expensed or charged is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or 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).

In the case of warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable, the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest.

The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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.

It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

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.

HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

7. 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.

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.

8. 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 necessity of liquidation, ceasing trading or seeking protection from creditors.

In making their assessment the Directors have considered their net annual cash spend and the ability of the company to service such payments through its cash resources and liquid, tier 1 investments.

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 at least 12 months from the date of signing the financial statements. For this reason they have prepared the financial statements on the going concern basis.

9.

10. 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.

HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

- 1.
2. **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:

Financial assets held at fair value through profit or loss

Level 3 financial assets held at fair value through profit or loss have a carrying value of £188,672 at 31 March 2020. An impairment charge of £Nil (2019: £10,000) has been recognised in the year.

The Company follows the guidance of IFRS 9 to determine when an investment at fair value through profit or loss 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. Management also consider external indicators such as commodity prices, investment performance and demand for the underlying commodity. As per note 2, financial assets held at fair value through profit or loss are assessed individually. Details of the assessment of each investment is included in note J.

10. Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels are 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); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets that were measured at fair value as at 31 March 2020 and 31 March 2019. The Company does not have any liabilities measured at fair value.

Level 1

Level 2

Level 3

Total

31 March 2020:

Financial assets through profit and loss

£

£

£

£

- Equity holdings

679,442

45,000

188,672

913,114

31 March 2019:

Financial assets through profit and loss

- Equity holdings

348,714

67,500

354,022

770,235

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the Statement of Financial Position.

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 of equity investments quoted on the AIM, London Stock Exchange, TSX, Toronto Stock Exchange, and TSXV, TSX Venture Exchange, Botswana stock exchange and classified as trading securities or available-for-sale.

HOT ROCKS INVESTMENTS PLC

ACCOUNTING POLICIES

YEAR ENDED 31 MARCH 2020

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available, and rely as little possible on entity-specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has valued all level 3 financial instruments at cost. The Directors perform an annual impairment assessment in for all level three inputs and recognise any impairment charge due.

The following table presents the changes in Level 3 instruments for the year ended 31 March 2020 and 31

March 2019:

2020

2019

£

£

Opening balance

354,021

526,428

Transfers into level 2

-

(25,000)

Transfers into level 1

(165,349)

(139,595)

Gains (and losses) recognised in profit or loss

-

2,186

Impairment

-

(10,000)

Closing Balance

188,672

354,021

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