

St Peter Port Capital Limited (the “Company” or “St Peter Port” or “SPPC”)

Final Results for the Year Ended 31 March 2020

St Peter Port Capital Limited, the AIM-quoted investment company announces its final audited results for the year ended 31 March 2020.

For further information:

St Peter Port Capital Limited

Lynn Bruce, Director

+44 (0) 1481 724 222

Grant Thornton UK LLP (Nominated Adviser)

Philip Secrett
Jamie Barklem

+44 (0) 20 7383 5100

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Chairman’s statement

Introduction

I report upon the year ended 31 March 2020.

Background

These final results have been prepared using the information we have available, but against the backdrop of major economic disruption. Measures to deal with COVID-19 have impacted the entire economy of the world and, most probably, touched every sector. It is too early to comment on the medium-term effects on investment markets and values. We can only at this stage comment upon the short term impacts on the Company’s portfolio

Some of our core companies have achieved further progress in the reporting period but progress remains slow. It has not been helped by the current COVID-19 pandemic. We continue to seek opportunities to sell down St Peter Port's positions at a sensible price and remain focused on shareholders’ wish to liquidate the portfolio as soon as possible on reasonable terms.

Financial Results

The balance sheet shows investments of £9.8 million (2019: £10.4 million), consisting of financial assets at fair value through profit or loss of £9.8 million (2019: £10.4 million). Net assets were £10.2 million (2019: £11.1 million), giving a net asset value of 15.81p per share (2019: 17.21p per share). Net assets have decreased by 12.9 per cent. since the interim results as at 30 September 2019. The changes result from write-downs to several of the portfolio valuations, all as described further in the Investment Report below.

At the balance sheet date, the Company held £425,000 in cash (2019: £756,000). As at 27 May 2020, the Company held £395,000 in cash, sufficient for at least another 12 months of the Company's operations.

Realisation and Investments

The Company made no new investments during the year and, reflecting the current illiquidity of our portfolio, made no realisations during the period under review.

Investment Report

As previously reported, having terminated its discretionary investment management agreement with St Peter Port Investment Management Limited, the Company is now a self-managed fund.

The Company's portfolio comprises a potash mine development in Brazil, an oil exploration project in the Caspian Sea, a nickel development project in Oregon, USA, a company engaged in the development and manufacture of technology for screens which allows viewers to watch in 3D without glasses, a vaccine development company in the UK focused on a universal flu vaccine and a large farmland owner in Uruguay. As previously reported, the size of each holding as a percentage of each portfolio company's share capital is small (less than 2 per cent), other than in the case of the nickel development project, in which the Company has an indirect controlling interest and the vaccine development company, in which the Company has an interest of approximately 7 per cent. Most of the portfolio companies have their main activity outside of the UK and all the holdings are currently in private companies, its remaining listed positions having been sold down during previous financial years.

The following table shows the breakdown by sector of the portfolio (excluding investments fully written off) as at 31 March 2020:

| Sector | Number | Cost £m | Book Value £m | Percentage (of book value) |
|---------------|----------|------------|---------------------|----------------------------------|
| Mining | 2 | 3.7 | 6.1 | 62.4 |
| Oil and Gas | 1 | 1.8 | 3.0 | 30.4 |
| Technology | 2 | 1.7 | 0.5 | 5.6 |
| Ag./ Forestry | 1 | 1.9 | 0.2 | 1.6 |
| Total | 6 | 9.1 | 9.8 | 100.0 |

The table below shows the breakdown by region of the portfolio (excluding investments fully written off) as at 31 March 2020:

| Analysis by continent* | Number | Cost £m | Book Value £m | Percentage (of book value) |
|---------------------------|----------|------------|---------------------|----------------------------------|
| Europe | 1 | 0.7 | 0.3 | 3.6 |
| North America | 2 | 3.2 | 0.4 | 4.1 |
| Asia | 1 | 1.8 | 3.0 | 30.4 |
| South America | 2 | 3.4 | 6.1 | 61.9 |
| Total | 6 | 9.1 | 9.8 | 100.0 |

* This is based on area of company's principal activities, rather than its place of incorporation. Stream TV has been included in North America as this is where a significant

element of its administration and sales activities takes place, but it has R&D in Europe and manufacturing in Asia.

Top Three Investments as at 31 March 2020

The following table lists SPPC's top three investments by value as at 31 March 2020 representing 94.3 per cent. by value of the portfolio.

| Company | Cost | Valuation | Gain | Status |
|---------------------------------|--------------|--------------|--------------|----------|
| | £000's | £000's | £000's | |
| Brazil Potash Corp | 1,507 | 5,906 | 4,399 | Unquoted |
| Buried Hill Energy (Cyprus) Plc | 1,749 | 2,982 | 1,233 | Unquoted |
| iQur | 727 | 348 | (379) | Unquoted |
| Total | <u>3,983</u> | <u>9,236</u> | <u>5,253</u> | |

Portfolio review

Brazil Potash

Brazil Potash owns the key mineral rights in a world-class scale potash basin some 120 kilometres south-east of Manaus, one of the main cities in northern Brazil. The site is about eight kilometres from the Madeira River (feeding into the Amazon), which should allow the company to transport planned production to fertiliser plants downriver by barge. Brazil is one of the major importers of potash today, and the management of Brazil Potash believe that the company should be able to mine, process and deliver its product for an amount equivalent to the delivery costs alone of potash imports from Canada and Russia.

Brazil Potash's management report that the company has recently achieved some major permitting milestones, including the approval by Brazil's mineral agency of their economic development plan ("EDP") which is one of the main authorizations required to be issued by Brazil's Mining Minister pre-construction. This means 76 of the required 78 social and environmental studies needed to obtain the Installation License as required for project construction to commence have been completed out of which 69 have been approved by the Amazonas State Environmental Agency. The final two items required relate to completion of indigenous consultations which have started but are currently on hold due to the outbreak of the Coronavirus. In addition to having the EDP approved, Brazil Potash has also received approval for its port construction authorization license.

As noted in the Company's interim report, last year Brazil Potash signed a binding Engineering, Consulting and Construction ("EPC") contract with CITIC Construction ("CITIC") that includes a condition whereby CITIC committed to arranging the bulk of funding required for project construction in exchange for being awarded the EPC contract. CITIC's parent company, CITIC Ltd., has a market capitalization of over US\$200 billion and is one of the largest State-Owned Enterprises ("SOE") in China. Whilst Brazil remains in Coronavirus lockdown, China is beginning to return to normal so the management are progressing discussions with a consortium of Chinese investors for project construction.

Brazil Potash also recently announced its intention to undertake a new United States Regulation A+ equity raise to bring the project to a construction ready state.

Whilst Brazil Potash is no closer to an exit by way of an IPO or sale of the company, we are encouraged by this progress which should help SPPC's efforts to sell its position in Brazil Potash in the secondary market. The board decided to leave the valuation as is at US\$2.50 per share.

Buried Hill

Buried Hill has a Production Sharing Agreement ("PSA") with the government of Turkmenistan in relation to one of the largest oil blocks under the Caspian Sea. However, the block lies beneath a disputed border between Turkmenistan and Azerbaijan and all operational activities at the site ceased several years ago, pending a resolution between the two countries of this border dispute. The project is fully funded by Buried Hill's co-venturer (an international oil major) and the company's leadership is strong.

We understand that shortly before the year end, the presidents of Turkmenistan and Azerbaijan met and agreed to go ahead with the joint development on the terms of the 2016 "agreement" – i.e. 70% to Turkmenistan and 30% to Azerbaijan. Buried Hill's management team was given the news personally by the Turkmenistan Oil Minister. Lukoil will be the partner on the Azeri side with Buried Hill the partner on the Turkmen side and we understand that Lukoil and Buried Hill have been negotiating a formal agreement in the last few months. Unfortunately, the Coronavirus lockdown has slowed this process but Buried Hill remain confident that the agreement will be signed in the short term.

Meanwhile, Buried Hill's ongoing focus has been on protecting its rights under the Block III PSA whilst reviewing its ongoing costs to maintain a sustainable level. As previously reported, Buried Hill has placed the licence into Force Majeure which should achieve all the objectives envisaged under freezing but, as a unilateral act, is not without risk.

In the event the Turkmenistan/Azerbaijan agreement is concluded, we would expect renewed interest in Buried Hill which should help SPPC's efforts to sell its position in the secondary market. Meanwhile, Buried Hill remains substantially funded (in relation to this project) and your board has decided to leave the valuation as is at US\$1.60 per share.

iQur

iQur is a vaccine development company. Its lead candidate vaccine is FLUTCORE – a universal Influenza A vaccine. The company owns an exclusive worldwide licence to a platform technology called Tandem Core, which is a modified hepatitis B protein that forms virus like particles (VLPs) which can be coated with specific antigens. These VLPs stimulate antigen specific immune responses, and FLUTCORE is designed to harness Tandem Core technology to stimulate a prophylactic immune response to the conserved (non-variable) parts of flu. Although other companies (large and small) are also looking to develop universal flu vaccines, iQur's approach and technology is unique.

The company reported some time ago that it has shown that its influenza vaccine lead candidate protects against lethal influenza infection in mice (with experiments conducted at three different independent laboratories) and is confident that its vaccine has true potential as a "universal" flu vaccine on the basis of these tests. iQur continues to seek funding to pursue a phase 1 clinical trial of its flu vaccine, but the investment climate for small bio-tech companies for the last two years has been difficult. The company's CEO has told us that the company has sufficient cash for its immediate needs and that its small diagnostics business continues to generate some net cash.

iQur's technology has the capability to deliver vaccines against a broad range of viral diseases. The company has done some very preliminary work and believes that its

Tandem Core platform could be used to deliver antigens related to COVID-19. It is in the early stages of exploring whether there is potential to fund such a development.

The board decided to leave the valuation as is at £2.10 per share

Red Flat Nickel

St Peter Port is the indirect owner of 80 per cent. of the issued share capital of Red Flat Nickel Corporation, a Las Vegas company which owns 86 claims on top of Red Flat Mountain (“Gold Beach”) and some 137 claims on the McGrew Summit (“Cleopatra”). Both the Gold Beach and Cleopatra claims lie on federal land, which is administered by the United States Forest Service (a part of the United States Department of Agriculture).

Red Flat Nickel estimates that there may be 143,000 tonnes of nickel in Gold Beach alone (the smaller site). It estimates that the average amount of nickel required for an electric vehicle is about 40kg, and for this reason the company believes that there is potentially enough nickel in Gold Beach for over 3,500,000 electric vehicles. To be able to supply the material for such a large number of electric vehicles would represent a huge environmental benefit and we note that Tesla is building a large battery plant on the California/ Nevada border.

In addition to the nickel, RFNC also believes that there are economically viable quantities of scandium and cobalt (also a battery constituent) at both sites. Both scandium and cobalt are included in the Department of Interior’s 2018 list of 35 minerals considered critical to the economy and security of the United States (and both of which the US is increasingly reliant on China and other countries for imports). The United States imports all three minerals from countries with much lower environmental standards than are applied in its own territory.

In the last days of the Obama administration, the Bureau of Land Management announced that the Assistant Secretary for Land and Minerals Management had signed a public land order for a 20 year term withdrawing certain lands managed by the U.S. Forest Service (including all the land on which RFNC owns its claims) from entry under the US mining laws.

Objections to some minor test drilling which was initially proposed at Red Flat in 2013 were adopted and then led by, amongst others, Senators Wyden and Merkley in Oregon and resulted in the 20-year withdrawal (which Senator Wyden is seeking to make permanent). The objections themselves could not possibly have been about the very light drilling programme which was proposed (and which the local Forest Service itself advised would have no environmental impact), and rather were about stymieing the project before it had any momentum.

Red Flat Nickel has continued to explore available options to reverse the decision to have its claims withdrawn from mineral extraction. To that end, Red Flat continues to engage with local officials and make representations in Washington DC. Meanwhile, it has ensured that its mining claims are kept renewed to allow it to seek to establish that it had Valid Existing Rights prior to the withdrawal, in an effort to obtain compensation for the loss of its opportunity.

The board decided to leave the valuation unchanged.

Mediatainment - Stream TV Networks

Stream TV (“STV”) is the owner of a technology which powers 3D TV without glasses. STV’s solution has been to insert a proprietary printed circuit board mounting a programmed chip into the panels of TV and display screens made by a wide variety of

manufacturers. Devices which could use the technology currently range in size from tablets and games machines to 65 inch screens.

During the year under review, following an intra-group restructuring, SPPC's shares are now held directly in Stream TV Networks, Inc (previously they were held through a holding company, Mediatainment, Inc.) which should put SPPC in a better position to take advantage of any future realisation opportunity.

As previously reported, STV has entered into a strategic alliance with Chinese panel manufacturing giant BOE. has expanded its approved and already strong patent portfolio and added a team based in Silicon Valley who are closer to the market for recent commercialisation / productisation developments.

However, recent developments have been less encouraging. STV recently reported that, as a result of recent developments in television screen and tablet technology, it needs to develop a new generation of its own technology. The lockdown in China and now the lockdown in California have led to delays in progressing this work. Consequently, it anticipates that it is still 18 months away from being able to fully commercialise its products. Moreover, we have been made aware of a potentially damaging dispute between the management of STV and some of its non-executive directors and debt-holders. As a result of these recent developments, your board has decided to write down SPPC's carrying value of this investment from US\$1.00 to US\$0.25 per share.

Agriculture Investment Group (formerly Union Agriculture Group) ("AIG")

Agriculture Investment Group ("AIG") is a diversified agribusiness firm that is the largest agricultural company operating in Uruguay with more than 100 farms across over 180,000 hectares, nearly 1% of Uruguay's total land mass. AIG also has trading and logistics operations through its subsidiary, Granosur Holding Limited, which owns 5 silo plants in Uruguay, a fleet of transportation vehicles and the company has a 50 per cent. interest in a further silo as well as a 37 per cent. interest in a Uruguayan rice producer, processor and exporter.

Shortly before the year-end, AIG carried out an auction at which the company sold treasury shares at US\$0.57 per share (exceeding the minimum price which had been set at US\$0.50). The proceeds of the sale were used to further reduce AIG's debt as well as provide further cash at the start of this harvest season under the extremely uncertain conditions resulting from the Coronavirus pandemic.

AIG's latest shareholder report notes that it has achieved a positive EBITDA (US\$0.6 million) for the third consecutive year and, as well as the company's debt reduction programme, it remains focused on reducing operational costs where possible.

SPPC had been valuing its investment at US\$0.825 per share; however, given the results of the treasury share sale referred to above and notwithstanding the company's most recently reported NAV (US\$2.34 per share as at 31 December 2019), your board has decided to write down SPPC's carrying value of this investment to US\$0.57 per share, or a discount of some 75% to the last net asset value reported by AIG.

Other developments

We continue to monitor all SPPC's written-down investments but there has been no substantive news in relation to any of these during the period under review.

Dividends

There were no net gains on realisations during the year and so no dividend is being proposed.

Outlook and life of the Company

As reported above, whilst there have been some positive developments in our portfolio of companies, none are any closer to being in a position where they are able to realise a liquidity event (a sale of the company or an IPO). Moreover, despite all our efforts, we have not been able to sell any of these holdings in the secondary market on terms which your board believes is reasonably close to their underlying value.

Over the last couple of years, we have undertaken a significant cost-cutting exercise. We are now a self-managed fund with significantly reduced costs. All your directors have reduced their fees and have negotiated reductions in the fees of numerous professionals, including the Guernsey based administrator. As you will note, we have also recently changed auditors to cut costs even further.

We recognise the mandate given to us at the EGM earlier this year at which shareholders voted to continue the life of the Company for another year. Despite the unprecedented market turbulence in light of the COVID-19 pandemic, we remain focused on liquidating the portfolio as soon as possible on sensible terms.

Lynn Bruce
Chairman
for and on behalf of
St Peter Port Capital Limited
28 May 2020

St Peter Port Capital Limited

**Consolidated Statement of Financial Position
As at 31 March 2020**

| | As at 31/03/2020 £'000 | As at 31/03/2019 £'000 |
|---|---------------------------------------|---------------------------------------|
| Assets | | |
| Current Assets | | |
| Financial assets at fair value through profit or loss | 9,795 | 10,382 |
| Loans and other receivables | 20 | 11 |
| Cash and cash equivalents | 425 | 756 |
| Total assets | <u>10,240</u> | <u>11,149</u> |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | (86) | (96) |
| Total liabilities | <u>(86)</u> | <u>(96)</u> |
| Net assets | <u>10,154</u> | <u>11,053</u> |
| Equity | | |
| Capital and reserves attributable to equity holders of the Company | | |
| Share capital | - | - |
| Share premium | - | - |
| Special reserve | - | - |
| Revenue reserve | 10,154 | 11,053 |
| Total Equity | <u>10,154</u> | <u>11,053</u> |
| Net asset value per Ordinary Share (pence per share) | 15.81 | 17.21 |

The accompanying notes 1 to 8 form an integral part of these financial statements.

St Peter Port Capital Limited

Consolidated Statement of Comprehensive Income For the year ended 31 March 2020

| | Year ended 31/03/2020 £'000 | Year ended 31/03/2019 £'000 |
|--|--------------------------------------|--------------------------------------|
| Income | | |
| Net losses on financial assets at fair value through profit or loss | (587) | (1,682) |
| Interest income | 3 | 1 |
| Foreign exchange gain | 1 | - |
| Other income | - | 7 |
| Net investment loss | <u>(583)</u> | <u>(1,674)</u> |
| Administrative expenses | (316) | (541) |
| Net loss from operations | <u>(899)</u> | <u>(2,215)</u> |
| Loss for the year attributable to shareholders of the Company | <u>(899)</u> | <u>(2,215)</u> |
| | | |
| Basic and diluted loss per Ordinary Share (pence) | (1.40) | (3.45) |

The accompanying notes 1 to 8 form an integral part of these financial statements.

St Peter Port Capital Limited

Consolidated Statement of Changes in Equity For the year ended 31 March 2020

| | Special reserve £'000 | Revenue reserve £'000 | Total £'000 |
|------------------------------------|--------------------------------------|--------------------------------------|------------------------|
| Opening balance as at 1 April 2018 | - | 13,268 | 13,268 |
| Loss for the year | - | (2,215) | (2,215) |
| Balance as at 31 March 2019 | - | 11,053 | 11,053 |
| Loss for the year | - | (899) | (899) |
| Balance as at 31 March 2020 | - | 10,154 | 10,154 |

The accompanying notes 1 to 8 form an integral part of these financial statements.

St Peter Port Capital Limited

**Consolidated Statement of Cash Flows
For the Year Ended 31 March 2020**

| | Year ended 31/03/2020 £'000 | Year ended 31/03/2019 £'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Interest and investment income | 3 | 1 |
| Operating expenses paid | (335) | (676) |
| Net cash outflow from operating activities | <u>(332)</u> | <u>(675)</u> |
| Cash flows from investing activities | | |
| Sale of investments | - | 1,096 |
| Repayment of subsidiary loans | - | 34 |
| Cash (outflow)/ inflow from investing activities | <u>-</u> | <u>1,130</u> |
| Net (decrease)/ increase in cash and cash equivalents | (332) | 455 |
| Foreign exchange gain | 1 | - |
| Opening cash and cash equivalents | 756 | 301 |
| Closing cash and cash equivalents | <u>425</u> | <u>756</u> |

The accompanying notes 1 to 8 form an integral part of these financial statements.

1. General Information

St Peter Port Capital Limited is a Guernsey registered, closed ended investment company, admitted to trading on the AIM Market of the London Stock Exchange. St Peter Port's investment strategy is primarily to invest in unquoted companies which are close to a liquidity event. The funds invested by St Peter Port will often provide the working capital to make such an event possible. The event could be an IPO, trade sale or repayment of a bridging loan (typically with warrants or other form of participation) from a fund-raising achieved by the investee at a higher price after the bridging event has occurred.

The universe for investment is principally companies across a broad range of sectors and geography expecting to achieve a liquidity event in the months after the Company's investment.

The company's website is www.stpeterportcapital.gg.

2. Financial Information

The report on the full financial statements for the year ended 31 March 2020 has been signed and the financial information presented in this results announcement is an extract of these audited accounts. Whilst the financial information included in this final results announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The auditor's report on the 31 March 2020 financial statements was unqualified and not modified. A key audit matter was included in the accounts concerning the fair valuation of unquoted investments and a material uncertainty paragraph relating to going concern.

3. Earnings Per Share

The calculation of basic loss per share is based on the net loss from continuing operations for the year of £899,000 (2019: £2,215,000 net loss) and on 64,221,500 (2019: 64,221,500) shares being the weighted average number of shares in issue during the year. There is no difference between basic earnings per share and diluted earnings per share.

4. Net Asset Value per Share

| | As at 31/03/2020 £'000 | As at 31/03/2019 £'000 |
|--|---------------------------------------|---------------------------------------|
| Net asset value | 10,154 | 11,053 |
| Ordinary shares in issue | 64,222 | 64,222 |
| Net Asset Value per Ordinary Share (pence per share) | 15.81 | 17.21 |

The Net Asset Value per Ordinary Share is based on the Net Asset Value at the end of the reporting period and on 64,221,500 (2019: 64,221,500) Ordinary Shares being the shares in issue at the year end.

5. Taxation

The Company is exempt from taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is liable to an annual fee of £1,200. Subsidiaries are subject to tax in their respective jurisdictions.

6. Pre-IPO and other investments

At the end of the reporting period, the Company held 6 investments totalling £9,795,000. This excludes all pre-IPO investments which have been written off.

7. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

8. 2020 Report and Accounts

Copies of the 2020 accounts will be posted to shareholders in due course. Copies of this announcement (and the 2020 accounts in due course) are available from the Company at 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey, GY1 1WD or alternatively on the Company's website at: www.stpeterportcapital.gg.