

Registered number: 07800337

AFRICAN BATTERY METALS PLC

**ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

AFRICAN BATTERY METALS PLC

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COMPANY INFORMATION

Directors:	A Bell	<i>Executive Chairman (Appointed 15 February 2019)</i>
	P Johnson	<i>Executive Director (Appointed 15 February 2019)</i>
	M Wood	<i>Finance Director (Resigned 28 March 2019)</i>
	I Macpherson	<i>Non-Executive Director</i>
	S Richardson Brown	<i>Non-Executive Director (Appointed 28 August 2018)</i>
	R Murphy	<i>Chief Executive Officer (Resigned 15 February 2019)</i>
	N Warrell	<i>Chief Operating Officer (Resigned 13 November 2017)</i>
	H Baker	<i>Non-Executive Technical Director (Resigned 9 October 2017)</i>
Company secretary:	L O'Donoghue ONE Advisory Ltd	
Company number:	07800337	
Registered office:	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT	
Auditor:	BDO LLP 150 Aldersgate Street London EC1A 4AB	
Nominated Adviser and broker:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
Joint broker:	SI Capital Ltd 46 Bridge Street, Godalming, Surrey GU7 1HL	
Solicitor:	Michelmores LLP 12 th Floor 6 New Street Square London EC4A 3BF	

AFRICAN BATTERY METALS PLC

CHAIRMAN'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2018

Highlights from the year under review:

Operational

- Further exploration work undertaken by the Company's wholly owned subsidiary Blue Horizon ("BH") at the Company's Ferensola Gold Project ("FGP"), but a strategic decision was taken by the then board in December 2017 to focus on African Battery Metal project interests and, in August 2018, all FGP and other BH activities were discontinued and BH was put into voluntary liquidation in August 2018;
- Change of name in December 2017 to African Battery Metals plc and acquisition of a 70% interest in the Kisinka copper-cobalt project in the Democratic Republic of the Congo ("DRC") and an option secured over a second cobalt-copper licence in the DRC;
- In August 2018 the Company acquired Cobalt Blue Holdings ("CBH") which held four prospecting licences in Cameroon close to one of the largest undeveloped cobalt reserves in the world and two prospecting licence applications;
- Simultaneous with the acquisition of CBH in August 2018, the Company acquired Regent Resources Interests Corp. ("RRIC") which held the irrevocable right to earn in to up to 70% of the 380km² Lizetta II cobalt, chrome and nickel project in the Cote d'Ivoire; and
- Initial exploration activities were undertaken at the Company's DRC copper-cobalt Kisinka project, during the year under review to 30 September 2018.

Financial

- Loss for the year to 30 September 2018 of £6.6 million (2017: £3.9 million); of which £5.49 million related to the write down of the Company's carrying value of BH and its underlying investments;
- Total equity of £2.0 million at the year end (2017: £5.4 million); and
- Raised £2.0 million (before issue costs) in new equity financing during the year, from a combination of new and existing shareholders, including the Directors, as well as issuing £1.9 million of ordinary shares as consideration for the acquisitions of the share capital of CBH and RRIC.

Post-year end:

- The Company carried out further exploration activities in respect of the Ivory Coast and Cameroon licences acquired in August 2018;
- The Company's ordinary shares were suspended from trading on the AIM Market of the London Stock Exchange ("AIM") on 11 December 2018 pending clarification of its financial position;
- On 28 January 2019 the Company announced a Conditional Financing and Business Update, including repayment proposals for the Company's creditors, a £1.0 million equity fundraising

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CHAIRMAN'S REVIEW (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

at 0.50p per ordinary share and changes to the board of directors, all subject to approval at a General Meeting of the Company ("GM");

- At the GM on 15 February 2019, all resolutions were passed and the Company's trading suspension on AIM was lifted on 18 February 2019;
- The Company announced a Business Update on 6 March 2019 outlining an initial Strategic and Operational Plan for the Company; and
- On 15 March 2019, the Company announced it has acquired an interest in Katoro Gold Plc ("Katoro") and entered into an option agreement to acquire an interest in Katoro's Haneti Nickel Project in Tanzania.

As at 30 September 2018 and the date of this report, African Battery Metals plc ("ABM", the "Company" or the "Group") had two wholly owned subsidiaries, Cobalt Blue Holdings ("CBH") and Regent Resources Interests Corp. ("RRIC"), as well as a 70% shareholding in ABM Kobald SAS, which holds the interest in the Kisinka licence ("Kobald").

Introduction

The junior resource sector experienced significant challenges in 2018 with unfavourable market conditions and extremely poor sentiment as most metal prices saw pullbacks in price, impacting the valuations of junior listed resource companies and their ability to raise reasonably priced finance to sustain corporate overhead and operational activities.

ABM suffered from this climate and took steps to seek the progression of the Company's FGP in Sierra Leone and in its interest in Kisinka in the DRC, through active exploration. The exploration findings were not sufficiently compelling to convince the market and steps were taken to bolster the Company by the addition of new projects in Cameroon and the Ivory Coast in August 2018.

Notwithstanding the efforts to stimulate market engagement, the wider impact of restricted financing in our sector reached a critical point for the Company in December 2018 with the suspension of the Company's shares from trading on AIM pending clarification of its financial position.

Fortunately, through the combined efforts of the Company's then management team, Non-Executive Directors, all Company advisers, and incoming management team members, the Company's financial stability was restored and creditors repaid through a refinancing exercise and trading in the Company's shares resumed on AIM in February 2019.

With this backdrop, the Company is now robustly financed and is moving through a review of its existing business interests and new opportunities and will be communicating on developments regularly to the market.

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CHAIRMAN'S REVIEW (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

I would like to thank my fellow board members, the Company's advisers and shareholders for their support of the Company and it is our intent to work hard to build a sustainable and growing resource exploration and development business.

Operations Review

Projects

Sierra Leone

In Sierra Leone, ongoing exploration activities at the Company's Ferensola Gold Project ("FGP") concluded during the early part of the 2018 financial year following the announcement of 26 September 2017 which had provided an update following completion of a drill and soil sampling programme.

The Company had identified in the previous financial year an abundance of gold across the FGP, as confirmed by the Company's own drilling and surface sampling, and the presence of artisanal panning for gold across most of the rivers crossing the licence. Unfortunately, it became evident that, due to the structural complexity of the licence's geology, in order to further develop the licence the Company needed to seek a Joint Venture or Farm-in partner with the requisite geological skills and access to capital needed to progress the project.

The search for a partner was not successful, despite expressions of interest from several parties, including one group who made a site visit, and ultimately the Company ceased activities at the FGP as announced on 30 August 2018 to focus on the newly acquired nickel cobalt projects in Cameroon and the Ivory Coast.

Cameroon

The acquisition of Cobalt Blue Holdings in August 2018 saw the Company acquire the Cobalt Blue Permits which are close to, and in part contiguous with, the Nkamouna cobalt-nickel-manganese project which was historically owned by Geovic Mining Corporation. Nkamouna holds one of the world's largest undeveloped NI 43-101 compliant cobalt resources outside of the DRC. This makes it a potentially strategic asset and several large international mining groups are believed to be interested in taking Nkamouna forward.

Exploration work formally commenced on the Cameroon interests post year end as announced by the Company on 14 November 2018.

Ivory Coast

The acquisition of Regent Resources Interests Corp. in August 2018 saw the Company acquire the right to earn into up to 70% of the Lizetta II chrome, nickel, cobalt exploration licence ("Lizetta-II") in the Cote d'Ivoire by expending a total of USD 850,000 on the project over the period to June 2021. Grades of up to 0.25% cobalt and 0.87% nickel have been assayed in surface samples with the anomaly open to the

AFRICAN BATTERY METALS PLC

CHAIRMAN'S REVIEW (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

south east. The licence has seen a number of exploration programmes including that by the highly reputed Canadian consultancy, Watts Griffis McOuat.

Following completion of the acquisition, the Company commenced geological work post year end as announced on 16 October 2018.

DRC

The Company acquired a 70% interest in the Kisinka copper-cobalt project in the Democratic Republic of the Congo ("DRC") and an option over a second cobalt-copper licence in the DRC, as outlined in the Company's announcement of 8 December 2017.

In February 2018, the Company commenced field exploration and mapping at Kisinka project including:

- the completion of satellite imagery remote sensing report;
- identification of a number of targets from the satellite report which provided a focus for follow up ground exploration activities; and
- commencement of an auger drilling programme.

The Company noted stunted vegetation on the Kisinka licence, a strong indicator of potential mineralisation.

Two lines of auger drilling were conducted by the Company and elevated levels of cobalt in soils were identified using a Niton XRF gun from this work as confirmed in the 12 April 2018 announcement. This led to an extension of the planned work programme to include additional auger drilling and soil sampling. The Company also noted that XRF results can be unreliable and announced its intention to send samples for assay to assess the validity of the XRF results.

On 5 June 2018 the Company announced that samples from the above work programmes had been bagged, collated and prepared and were due to be sent for assay. The work undertaken at that point was expected to be followed up by a licence-wide sampling programme, including geophysics and soil sampling to test for further anomalies.

Unfortunately significant delays were encountered as reported in the Company's announcement of 14 November 2018. Within this announcement the Company cited delays due to a variety of factors including changes in the Mining Code in the DRC and administrative delays. The announcement further noted the receipt of assays from the auger programme across two transects of the Kisinka licence. The results received were disappointing with cobalt grades of 0.002% to 0.021% and copper grades of up to 0.058%.

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CHAIRMAN'S REVIEW (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

It was noted that the results were disappointing given that the licence is on the Roan rocks which host most of the DRC's cobalt and that the licence is within 30km of seven producing cobalt and copper mines. However it was also noted that the licence exceeds 50km² and is in excess of 7km long and is covered by up to 30 metres of soil cover which is the reason why augering was attempted. The results achieved, although disappointing, did not invalidate Kisinka as an exploration target.

The Company is currently preparing a new exploration programme for the current financial year with a different approach to that taken previously as highlighted in the Company's announcement dated 11 March 2019.

Corporate Social Responsibility ("CSR")

The Company maintains a focus on CSR through internal policies and our approach to external operational activities.

Following the recent refinancing we are positioned to expand operational activities and will look to prudently invest in the regions where we have business activities, in support of the communities where we operate.

Financial Review

The Group recorded an audited loss after tax for the year to 30 September 2018 of £6.6 million (2017: £3.9 million). The loss per share from continuing activities was 1.83p (2017: 4.69p).

The Group's exploration activities during the financial year under review were funded through the issue of shares to either raise cash, as consideration for acquisitions or in lieu of fees. In aggregate, new ordinary shares were issued during the financial year, raising a total of approximately £3.9 million before placement costs (2017: £4.1 million).

We ended the financial year with a cash balance of £0.15 million (2017: £0.18 million), which was enhanced post year end by a further equity issue of approximately £1.0 million (before costs) in February 2019, through a combination of direct subscriptions and institutional placements.

Targets for 2019

Our operational targets for the remainder of 2019 are:

- To recommence prioritised and targeted exploration programmes across selected business interests; and
- To identify, review and, if appropriate, acquire new resource exploration and development opportunities to complement existing business interests.

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CHAIRMAN'S REVIEW (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Board Changes

The Company experienced a number of management changes during the year. Howard Baker and Nick Warrell resigned from the Board and left the Company in October 2017 and November 2017, respectively.

In August 2018, Scott Richardson Brown joined as a non-executive Director and, following completion of the Company's recent £1.0 million refinancing in February 2019, myself and Paul Johnson joined as Executive Chairman and Executive Director, respectively. Roger Murphy stepped down as CEO on the same day and, as noted in the RNS on 28 January 2019, Matt Wood has today stepped down as FD as the Annual Results for the Company have been published. We pay tribute to the former management and staff of the Company for the efforts they made in difficult conditions and for their unstinting assistance during a period of transition.

We also thank those shareholders and former creditors whose support for the reconstruction has put the Company in the position it is today.

Outlook

2018 was a challenging year in the junior resource sector at large, for African Battery Metals plc and for all shareholders who lived the trauma of a suspended share from 11 December 2018 until the successful refinancing exercise completed on 18 February 2019.

The Company is now robustly financed, able to fund its corporate costs and operational activities and eager to restore value for shareholders.

We are starting at the core of our business by reviewing the existing interests, and we have just confirmed our interest in continuing the search for copper-cobalt at Kisinka in the DRC. More updates will follow for each of the Company's existing interests.

As the junior resource sector struggles, many attractive resource opportunities are available on reasonable terms giving the Company avenues that, in stronger markets, may not have been available. Given the Company's solid financial resources, we intend to take advantage and are reviewing various new opportunities to complement existing interests.

We look forward with optimism and determination as we build our business during 2019.

Andrew Bell
Executive Chairman
28 March 2019

AFRICAN BATTERY METALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

Overview of the business

The financial year to 30 September 2018 resulted in a loss for the year of £6.6 million (2017: £3.9 million). The loss for the year resulted from administrative and exploration costs, primarily incurred in Sierra Leone, where the Group's operations were discontinued at the end of August 2018.

Net assets at the year end stood at £2.0 million (2017: £5.4 million). The Group's cash position of £0.15 million as at 30 September 2018 improved post year end following an equity issues in February 2019, which raised £1.0 million, before expenses.

During the financial year to 30 September 2018, the Directors at the time undertook a strategic review assessing among other matters, the Company's resources (both internal and through various strategic partnerships), its assets, positioning in the market and market fundamentals within the Company's operating sector.

This review was undertaken by the Directors, supported by the Company's advisers and the decision was taken to diversify the Company's assets by acquiring exploration assets in other jurisdictions. As a result, the Company acquired two projects in August 2018 in Cameroon and the Ivory Coast.

In addition, the Group's cobalt asset, Kisinka, acquired in December 2017, is located on the Katangan Copperbelt of the DRC, some 30km from the regional capital, Lubumbashi. The Katangan Copperbelt has been a globally dominant supplier of copper and cobalt for well over a century and is host to the world's largest copper and cobalt resources.

Business Strategy

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through becoming a significant explorer, developer and ultimately miner of the battery metal commodity suite, particularly cobalt, lithium, copper and nickel. The Company's strategy is to identify highly prospective opportunities at various stages of development in proven jurisdictions to acquire or farm into, that with investment and development have the potential to re-rate quickly and impact shareholder value.

Further information on the Group's operations is set out in the Chairman's Review on page 2 to 7.

Principal risks

Exploration risk

The Group's business is mineral exploration and evaluation, which are speculative activities. There is no certainty that ABM will proceed to the development of any of its projects or otherwise realise their full value. The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available

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STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

and where leading exploration consultants believe there is strong evidence of high class mineral deposits.

Resource risk

All mineral projects have risk associated with defined grade and continuity. Mineral Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions.

Environmental risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. The Group's environmental risk extends to the Group's licences in the DRC, Cameroon and the Ivory Coast. Any disturbance to the environment during any exploration on any of the licence areas will be rehabilitated in accordance with the prevailing local regulations.

Financing & liquidity risk

The Group has an ongoing requirement to fund its activities through the equity capital markets. There is no certainty such funds will be available when needed. To date the Group has managed to raise the required funds, primarily through equity placements, despite the very difficult market that currently exists for raising funding in the junior mining industry. However the Directors have prepared cash flow forecasts for at least the next 12 months from the date of this report and are confident that the Company can raise additional equity funds, if required. Nevertheless, in the event that the Group is unable to secure further financial resources it may have a detrimental impact on the Group's exploration activities and viability of its exploration licences.

Political risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets. The Company has working knowledge of the countries in which it holds exploration licences and has appointed experienced local operators to assist the Company in its activities in order to help reduce possible political risk.

Internal controls & risk management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place

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STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

Review of business and financial performance

The ongoing performance of the Company is managed and monitored using a number of key financial and non-financial indicators (“KPIs”) on a monthly basis:

i. Cash position

Having sufficient cash for business operations is vital for an exploration company and cash must be managed accordingly. The Directors review and manage the Group’s cash flow on a monthly basis. The financial strategy is to ensure that, wherever possible, there are sufficient funds to cover corporate overheads and as much of the exploration expenditure for as long a period as possible.

ii. Exploration expenditure by project

The Company controls its exploration spend by project versus budget and in relation to its available cash resources. If the results of exploration do not meet expectations, then budgeted activities are re-evaluated or even cancelled. Evaluation of early stage projects is approached in a cost effective way. The Group determines whether there are any indicators of impairment of its exploration assets on an annual basis.

iii. Share price

The Company monitors its share price monthly versus a peer group of explorers. Many factors outside the Company’s control can affect the share price but the Company appreciates that this KPI is important to shareholders and the market in general in assessing the Company’s performance.

On behalf of the board

Paul Johnson,
Executive Director
28 March 2019

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THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2018

Andrew Bell, Executive Chairman

Andrew Bell began his career as a natural resources analyst at Morgan Grenfell & Co. in the 1970s. His business experience encompasses periods in fund management and advisory work at leading financial institutions, international corporate finance work and private equity. Andrew Bell's listed company directorships are Regency Mines plc (AIM) Non-Executive Director, Red Rock Resources Plc (AIM), Chairman and Chief Executive Officer, and Jupiter Mines Ltd (ASX), Non-Executive Director. Andrew Bell is also a former Director various resource sector companies including Star Striker Ltd (now Intiger Group Ltd) (ASX), and a former Non-Executive Chairman of Greatland Gold Plc (AIM).

Andrew Bell has considerable sector experience, and his relevant skills also include financial, business and legal analysis, knowledge of Africa and Asia, as well as experience of public markets.

Paul Johnson, Executive Director

Paul Johnson holds a degree in Management Science from the University of Manchester Institute of Science and Technology and is a Chartered Accountant, Chartered Loss Adjuster and Associate of the Chartered Insurance Institute. Paul is the Chief Executive Officer of Value Generation Limited a family investment and advisory company focused on the natural resource and related fintech sectors.

Paul Johnson is an experienced public company director and has previously been Chief Executive Officer of Metal Tiger plc (AIM), Metal NRG plc (NEX) and China Africa Resources plc (AIM). He has been Chairman of ECR Minerals plc (AIM) and Non-Executive Director of Greatland Gold plc (AIM), Papua Mining plc (AIM) and Thor Mining plc (AIM).

Iain Macpherson, Non-Executive Director

Iain is a seasoned mining executive with over 30 years' experience in senior management and executive roles for both junior and major mining companies. He has a track record of operating, developing and financing mining projects, having led several significant stock market listings in the UK and North American markets and as a result has developed a network of private and institutional investors.

He has operated in senior operational and executive roles in Western and Eastern Europe and Russia including the development of three new mining projects before joining UraMin as Chief Operating Officer, which subsequently CEO. From late 2009 to July 2014 he was Chief Executive Officer of Elemental Minerals, building the team that has taken the project through exploration into project development and raising the finance to support the successful fast-track project strategy, delivering an on-time and on-budget advanced pre-feasibility study in September 2012.

In late 2014, Iain co-founded Madini with a group of similarly experienced mining professionals focusing on African near cash high margin mining projects.

AFRICAN BATTERY METALS PLC

**THE BOARD OF DIRECTORS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Scott Richardson Brown, Non-Executive Director

Scott is a Fellow of the Institute of Chartered Accountants in England and Wales. He began his career at Coopers & Lybrand (later PricewaterhouseCoopers) in the banking and capital markets division, he later became a partner in the corporate broking/finance division of Oriel Securities Limited covering a range of sectors.

Since leaving Oriel Securities Limited, Scott has held a number of directorships of AIM-quoted companies operating within the natural resources sector.

AFRICAN BATTERY METALS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Directors present their report together with the audited consolidated financial statements of African Battery Metals plc (the "Company"), together with:

- its former subsidiary, Blue Horizon (SL) Ltd ("Blue Horizon") which ABM voluntarily put into liquidation in August 2018;
- the 70% owned ABM Kobald SAS ("Kobald"), incorporated in the DRC, in which its 70% interest in the Kisinka licence is to be held; and
- the two acquisitions made in August 2018, RRIC and CBH for the year ended 30 September 2018 (together "ABM" or the "Group").

The Group's focus is in exploring for battery metals in Africa.

Results

The Group reports a loss after tax, and including discontinued operations of £6.6 million (2017: £3.9 million) for the year ended 30 September 2018.

Major events after the reporting date

The following events occurred after the year end:

- In December 2018, the Company's trading on AIM was suspended pending clarification of its financial position;
- On 28 January 2019, the Company announced a Conditional Financing and Business Update, including repayment proposals for the Company's creditors, a £1.0 million equity fundraising at 0.50p per ordinary share and changes to the board of directors, all subject to approval at a General Meeting of the Company ("GM");
- At the GM on 15 February 2019, all resolutions were passed and the Company's trading suspension on AIM was lifted on 18 February 2019;
- In February 2019, Roger Murphy resigned from the Board with immediate effect;
- In February 2019, Andrew Bell and Paul Johnson were appointed as Executive Chairman and Executive Director, respectively;
- In March 2019, the Company acquired 1.6% of Katoro Gold plc, with the option to acquire an additional 7,500,000 new ordinary shares in Katoro Gold plc at 1.0p per share and a 25% holding in Kibo Nickel (a subsidiary of Katoro Gold plc which 100% owns the Haneti Nickel Project in Tanzania), within 60 days;
- On 28 March 2019, Matt Wood resigned from the Board, in accordance with the announcement of 28 January 2019 and subsequent passing of the resolutions at the GM held on 15 February 2019.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 30 September 2018 (2017: £nil).

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

During the year, the Company performed a share buy back exercise, which were subsequently cancelled, further detail is provided in note 18.

Financial risk management

The Group's operations are exposed to a variety of financial risks and these are detailed in note 24 to these financial statements.

Political donations

There were no political donations during the year ended 30 September 2018 (2017: £nil).

Bribery legislation

The Directors have adopted appropriate procedures to ensure compliance with the Bribery Act 2010.

Directors

The Directors of the Company who served during the year and since the reporting date are as follows:

A Bell, Executive Chairman (appointed 15 February 2019)

P Johnson, Executive Director (appointed 15 February 2019)

I Macpherson, Non-executive Director

M Wood, Finance Director (resigned 28 March 2019)

S Richardson Brown, Non-executive Director (appointed 28 August 2018)

R Murphy, Chief Executive Officer (resigned 15 February 2019)

N Warrell, Chief Operating Officer (resigned 13 November 2017)

H Baker, Non-executive Technical Director (resigned 9 October 2017)

Directors' interests

The beneficial interests of the Directors holding office on 30 September 2018 in the issued share capital of the Company as at 30 September 2018 were as follows:

	30 September 2018	
	Number of ordinary shares of 0.1p each	Percentage of issued ordinary share capital
M Wood	1,250,970	0.92%
R Murphy	1,716,092	1.26%
I Macpherson	1,287,434	0.94%
S Richardson Brown	-	-

Details of share options and warrants granted to Directors are disclosed in note 20 to the financial statements.

AFRICAN BATTERY METALS PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Directors' remuneration and service contracts

Details of Directors' emoluments including share-based payments are disclosed in note 10 to these financial statements.

	Salary/ fees 2018 £'000	Salary/fees settled in shares 2018 £'000	Share- based payments 2018 £'000	Total 2018 £'000	Total 2017 £ '000
N Warrell	-	16	-	16	151
M Wood	17	80	-	97	28
R Murphy	34	99	-	133	48
H Baker	-	-	-	-	22
I Macpherson	21	4	1	26	16
S Richardson Brown	2	-	-	2	-
Total	74	199	1	274	265

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Going concern

The Directors have adopted the going concern basis in preparing these financial statements. This is further explained in note 2 to the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results 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 estimates that are reasonable and prudent;

AFRICAN BATTERY METALS PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- all the Directors have taken the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. A resolution will be proposed at the annual general meeting to reappoint BDO LLP as auditor for the next financial year.

By order of the Board

Paul Johnson

Executive Director

28 March 2019

**CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

As Chairman of the Board of Directors of African Battery Metals, it is my responsibility to ensure that ABM has both sound corporate governance and an effective Board. As Chair of ABM, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner. The Chairman's principal responsibility is to ensure that the Company and its Board are acting in the best interests of shareholders.

ABM adopted the Quoted Companies Alliance Corporate Governance ("QCA Code") in September 2018, in line with the London Stock Exchange's recent changes to the AIM Rules. This report follows the structure of these guidelines and explains how we have applied the guidance. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

The Board understands that application of the QCA Code supports the Company's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders.

ABM seeks to constantly improve its corporate governance practices, illustrated this year through the appointment of the Chairman and an Independent Non-Executive Director.

Strategy and Risks

A description of the Company's business model and strategy can be found on page 8, and the key challenges in their execution can be found on page 8 to 10.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks in a timely manner. The Board ensures that corrective action is taken and that risks are identified as early as practically possible, as well as being responsible for reviewing the effectiveness of internal financial controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In addition, members of the Board attend industry conferences and seminars to keep abreast of sector risks and industry changes.

**CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The Audit Committee reviews reports from the Company's auditors relating to the internal control systems in use throughout the Group in order to determine the adequacy and efficiency of internal control and risk management systems. An internal audit function is not yet considered necessary as day to day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

The Board

The Company's Board includes Directors from a range of industries including the engineering, accounting and finance, and natural resources sectors. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional capabilities, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term.

The Board currently comprises an Executive Chairman, Andrew Bell, one Executive Director, Paul Johnson and two Non-Executive Directors, Iain Macpherson and Scott Richardson Brown. For the year ended 30 September 2018, the Board comprised a Chief Executive Officer, Roger Murphy, an Executive Director, Matt Wood, and two Non-Executive Directors, Iain Macpherson and Scott Richardson Brown.

Scott Richardson Brown is considered to be an Independent Director. Iain Macpherson is a founding shareholder of Madini Minerals, a company that has previously acted as ABM's exploration project manager and is therefore not considered Independent.

The Board notes that the QCA recommends that there be two Independent Non-Executive Directors, and that the Chair be Independent. Therefore, the Board acknowledges that, at its current stage of development, it does not comply with Principle 5 of the QCA Code, although the Board notes that the Chairman and Non-Independent Director both have significant experience in building successful businesses and offer key expertise to the Executive Directors thus benefitting the Company as a whole. Furthermore, the Board maintains that its composition will be frequently reviewed as the Company develops.

Mr Macpherson works for a minimum of 36 days per year and Mr Richardson Brown works for not less than 24 days per year. Biographical details of the Directors can be found on pages 11 to 12.

AFRICAN BATTERY METALS PLC

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2018

In the financial year there have been 12 Board meetings, each attended by all Directors. ABM has held two Audit Committee meetings, attended as follows:

Mr Wood	2
Mr Macpherson	2
Mr Richardson Brown	0*

* Mr Richardson Brown replaced Mr Macpherson as a member of the Audit Committee on 28 August 2018.

The Board annually reviews the appropriateness and opportunity for continuing professional development, whether formal or informal. The Directors also endeavour to ensure that their knowledge of best practices and regulatory developments is continually up to date by attending relevant seminars and conferences.

Advisors

ONE Advisory Limited has been contracted by the Company to act as ABM's Company Secretary and has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, including assistance with Board and shareholder meetings and Market Abuse Regulations ("MAR") compliance. ONE Advisory Limited also supports the Board in its development of the Company's corporate governance responsibilities, assisting with the Company's application of the QCA Code and amendments in relation to AIM Rule 26.

The Company's Nomad is consulted on all matters. Post year-end, the Company took legal advice in relation to its ability to trade as a going concern and insolvency matters.

All Directors have access to independent professional advice, if required.

Board Evaluation

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. Therefore, the Board accepts that the Company does not comply with this aspect of the QCA Code, although in the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would be beneficial for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it intends to expand the Board and, with expansion, re-consider the need for a formal Board evaluation.

**CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon an open and respectful dialogue with shareholders, contractors, regulators and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Audit Committee

During the year under review, the Audit Committee comprised Matt Wood and Iain Macpherson and post year end, the Audit Committee comprises Paul Johnson, Iain Macpherson and Scott Richardson Brown, and is chaired by Scott Richardson Brown. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing audit reports relating to the accounts. Meetings of the Audit Committee are held at least twice a year, at appropriate times in the reporting and audit cycle. The Audit Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility. The members of the Audit Committee will be re-elected annually by the Board.

Remuneration Committee

The Remuneration Committee was formed post year end, in March 2019, and comprises Andrew Bell, Iain Macpherson and Scott Richardson Brown, is chaired by Scott Richardson Brown, a qualified chartered accountant, and meets not less than twice each year. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company.

The Board notes that additional information supplied by the Audit Committee and by the Remuneration Committee has been disseminated across the whole of this Annual Report, rather than included as separate Committee Reports.

**CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Major events after the reporting date

The following events occurred after the year end date:

- In December 2018, the Company's trading on AIM was suspended pending clarification of its financial position;
- On 28 January 2019, the Company announced a Conditional Financing and Business Update, including repayment proposals for the Company's creditors, a £1.0 million equity fundraising at 0.50p per ordinary share and changes to the board of directors, all subject to approval at a General Meeting of the Company ("GM");
- At the GM on 15 February 2019, all resolutions were passed and the Company's trading suspension on AIM was lifted on 18 February 2019;
- In February 2019, Roger Murphy resigned from the Board with immediate effect;
- In February 2019, Andrew Bell and Paul Johnson were appointed as Executive Chairman and Executive Director, respectively;
- In March 2019, the Company acquired 1.6% of Katoro Gold plc, with the option to acquire an additional 7,500,000 new ordinary shares in Katoro Gold plc at 1.0p per share and a 25% holding in Kibo Nickel (a subsidiary of Katoro Gold plc which 100% owns the Haneti Nickel Project in Tanzania), within 60 days;
- On 28 March 2019, Matt Wood resigned from the Board, in accordance with the announcement of 28 January 2019 and subsequent passing of the resolutions at the GM held on 15 February 2019.

Andrew Bell
Executive Chairman
28 March 2019

AFRICAN BATTERY METALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN BATTERY METALS PLC

Opinion

We have audited the financial statements of African Battery Metals Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2018 which comprise, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statement of changes in equity, the consolidated and company statements 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 the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 18 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group and the Parent 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 Group's or the Parent 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AFRICAN BATTERY METALS PLC**

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.

<p>Valuation of group intangible mining asset (Note 3d)</p> <p>The risk is that the carrying value of the exploration asset is overstated and so should be impaired.</p> <p>The directors consider whether there is any potential impairment by calculating a present value of the exploration licences held based on 3rd party resource statements and current commodity prices along with projected extraction costs to obtain a NPV for the mining asset.</p>	<ul style="list-style-type: none"> • We reviewed the assumptions used by management in the valuation model. In particular we agreed the underlying figures in the calculation to a supporting valuation carried out by Madini Minerals • We performed sensitivity analysis on the key assumptions, being resources available and current commodity prices, used in the valuation of the intangible mining asset acquired by Madini Minerals to confirm no impairment is required at the financial reporting date.
<p>Rights and Obligations and Valuation of subsidiary investments (parent company only) (Note 14)</p> <p>Assessment of the carrying value of subsidiary investments requires the Directors to exercise judgement as to whether there has been an indication of impairment.</p>	<p>In response to the risk:</p> <ul style="list-style-type: none"> • We reviewed the legal title relating to share ownership for subsidiary entities. • We reviewed the financial performance and position of each of the investments to gain assurance that no impairment is required at the financial reporting date. • We reviewed management's budgets and forecasts as part of our review of going concern to gain assurance that there is no potential impairment of the investments.
<p>Compliance with mining exploration licence acquired in the year.(Note 14)</p>	<ul style="list-style-type: none"> • We reviewed the key terms of the newly acquired mining exploration license to gain assurance that there were no material areas of non-compliance in the year since acquisition.

AFRICAN BATTERY METALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN BATTERY METALS PLC

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined the materiality for the consolidated financial statements as a whole to be £59,910 (2017: £217,000), calculated with reference to a benchmark of net assets, of which it represents 3%. This is the threshold above which missing or incorrect information in financial statements is considered to have an impact on the decision makers of users. The parent company was audited a materiality of £59,900 (2017: £46,000).

We agreed to report to the Audit and Risk Committee all potential adjustments in excess of £3,000 being 5% of the consolidated financial statements materiality as a whole, in addition to other identified misstatements that warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group operated for most of the year through a trading subsidiary undertaking which was put into liquidation prior to the year end. The financial statements consolidate this entity with the parent company along with three other subsidiaries which were all acquired during the year and which had minimal level of trade throughout the period owned. A full scope audit was carried out by us on the financial statements of the parent company and we have carried out an audit of the expenses relating to all of the subsidiaries.

In establishing our overall approach to the group audit, we determined the type of audit work that needed to be performed on each component which were all reviewed as part of our audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

AFRICAN BATTERY METALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN BATTERY METALS PLC

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 Group and the Parent 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.

In the light of the knowledge and understanding of the Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 13 and 14, 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.

AFRICAN BATTERY METALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN BATTERY METALS PLC

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Simms (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London UK
28 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AFRICAN BATTERY METALS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Operating expenses	8	<u>(1,146)</u>	<u>(368)</u>
Loss from operating activities		<u>(1,146)</u>	<u>(368)</u>
Finance costs		<u>-</u>	<u>(633)</u>
Loss before tax		<u>(1,146)</u>	<u>(1,001)</u>
Taxation	11	<u>-</u>	<u>-</u>
Loss for the year from continuing operations		<u>(1,146)</u>	<u>(1,001)</u>
Discontinued operations			
Loss from discontinued operations	12	<u>(5,494)</u>	<u>(2,944)</u>
Net loss attributable to owners		<u>(6,640)</u>	<u>(3,945)</u>
Other comprehensive income			
Items that will or may be reclassified to profit or loss;			
Exchange translation		(39)	-
Exchange differences arising on translation of discontinued operation	12	<u>(531)</u>	<u>(41)</u>
Total other comprehensive expense		<u>(570)</u>	<u>(41)</u>
Total comprehensive expense for the year		<u><u>(7,210)</u></u>	<u><u>(3,986)</u></u>
Loss for the period attributable to:			
Owners of the parent		(6,494)	(3,945)
Non-controlling interests		<u>(146)</u>	<u>-</u>
		<u>(6,640)</u>	<u>(3,945)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(7,059)	(3,986)
Non-controlling interests		<u>(151)</u>	<u>-</u>
		<u><u>(7,210)</u></u>	<u><u>(3,986)</u></u>
Loss per share from continuing operations attributable to the ordinary equity holder of the parent:			
Basic and diluted loss per share (pence)	19	<u>(1.83)</u>	<u>(4.69)</u>
Loss per share from discontinued operations attributable to the ordinary equity holder of the parent:			
Basic and diluted loss per share (pence)	19	<u>(8.78)</u>	<u>(13.78)</u>

The notes on pages 36 to 68 are an integral part of these financial statements

AFRICAN BATTERY METALS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

		2018 £'000	2017 £'000
	Notes		
Assets			
Property, plant and equipment	13	-	141
Intangible assets	14	2,082	5,661
Non-current assets		<u>2,082</u>	<u>5,802</u>
Trade and other receivables	16	39	111
Cash and cash equivalents	17	147	180
Current assets		<u>186</u>	<u>291</u>
Total assets		<u>2,268</u>	<u>6,093</u>
Equity			
Share capital	18	6,606	6,330
Share premium		12,453	9,049
Capital redemption reserve		5	-
Warrant reserve		437	365
Share based payment reserve		649	648
Exchange reserve		(34)	531
Retained deficit		(17,991)	(11,497)
Total equity		<u>2,125</u>	<u>5,426</u>
Non-controlling interests		<u>(151)</u>	<u>-</u>
		1,974	5,426
Liabilities			
Trade and other payables	21	279	519
Short term borrowings	22	-	15
Derivative financial liability	23	-	133
Deferred consideration		15	-
Current liabilities		<u>294</u>	<u>667</u>
Total liabilities		<u>294</u>	<u>667</u>
Total equity and liabilities		<u>2,268</u>	<u>6,093</u>

The financial statements of African Battery Metals plc, company number 07800337, were approved by the board of Directors and authorised for issue on 28 March 2019. They were signed on its behalf by:

Paul Johnson
Executive Director

AFRICAN BATTERY METALS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share capital	Share premium	Shares to be issued	Warrant Reserve	Share based payment reserve	Exchange reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2016	4,114	7,422	152	197	648	572	(7,552)	5,553
Loss for the year	-	-	-	-	-	-	(3,945)	(3,945)
Total other comprehensive expense	-	-	-	-	-	(41)	-	(41)
Total comprehensive expense for the year	-	-	-	-	-	(41)	(3,945)	(3,986)
Issue of ordinary shares	2,064	1,882	-	168	-	-	-	4,114
Costs of share issues	152	-	(152)	-	-	-	-	-
Share-based payments	-	(255)	-	-	-	-	-	(255)
	2,216	1,627	(152)	168	-	-	-	3,859
Balance at 30 September 2017	6,330	9,049	-	365	648	531	(11,497)	5,426

The notes on pages 36 to 68 are an integral part of these financial statements

AFRICAN BATTERY METALS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant reserve £'000	Share based payment reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000	Non- controlling interests £'000	Total Equity £'000
Balance at 1 October 2017	6,330	9,049	-	365	648	531	(11,497)	5,426	-	5,426
Loss for the year	-	-	-	-	-	-	(6,494)	(6,494)	(146)	(6,640)
Reclassification arising on subsidiary disposal	-	-	-	-	-	(531)	-	(531)	-	(531)
Total other comprehensive expense	-	-	-	-	-	(34)	-	(34)	(5)	(39)
Total comprehensive expense for the year	-	-	-	-	-	(565)	(6,494)	(7,059)	(151)	(7,210)
Issue of ordinary shares	212	1,783	-	-	-	-	-	1,995	-	1,995
Issue of ordinary shares for acquisitions	64	1,847	-	-	-	-	-	1,911	-	1,911
Costs of share issues	-	(154)	-	-	-	-	-	(154)	-	(154)
Repurchase of own shares	-	-	5	-	-	-	-	5	-	5
Share-based payments	-	(72)	-	72	1	-	-	1	-	1
	276	3,404	5	72	1	-	-	3,758	-	3,758
Balance at 30 September 2018	6,606	12,453	5	437	649	(34)	(17,991)	2,125	(151)	1,974

The notes on pages 36 to 68 are an integral part of these financial statements

AFRICAN BATTERY METALS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 SEPTEMBER 2018

	2018 £'000	2017 £'000
	Notes	
Cash flows used in operating activities		
Loss for the year	(6,640)	(3,945)
Adjustments for:		
- Depreciation	-	90
- Impairment	5,713	15
- Expenses settled in shares	307	175
- Finance costs	5	-
- Equity settled share-based payments	73	-
- Foreign exchange differences	(623)	4
- Loss on derivative	-	633
- Loss on disposal of fixed assets	141	-
	<u>(1,024)</u>	<u>(3,028)</u>
Changes in:		
- Trade and other receivables	71	(55)
- Trade and other payables	(240)	55
Net cash from operating activities	<u>(1,193)</u>	<u>(3,028)</u>
Cash flows from investing activities		
Purchase of intangibles	(206)	(70)
Cash acquired with subsidiary	50	-
Net cash flows from investing activities	<u>(156)</u>	<u>(70)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	1,689	3,939
Issue costs	(226)	(255)
Repayment of short term loans	(15)	(16)
Repayment of loan under equity agreement	(133)	(500)
Net cash flows from financing activities	<u>1,315</u>	<u>3,168</u>
(Decrease)/increase cash and cash equivalents	(34)	70
Cash and cash equivalents at beginning of year	180	101
Exchange gains on cash and cash equivalents	1	9
Cash and cash equivalents at 30 September*	<u>17</u> <u>147</u>	<u>180</u>

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 36 to 68 are an integral part of these financial statements

AFRICAN BATTERY METALS PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

		2018	2017
		£'000	£'000
	Notes		
Assets			
Investments	15	2,132	3,687
Non-current assets		<u>2,132</u>	<u>3,687</u>
Trade and other receivables	16	534	10,224
Bank balances	17	96	157
Current assets		<u>630</u>	<u>10,381</u>
Total assets		<u>2,762</u>	<u>14,068</u>
Equity			
Share capital	18	6,606	6,330
Share premium		12,453	9,049
Capital redemption reserve		5	-
Warrant reserve		437	365
Share based payment reserve		649	648
Retained deficit		(17,682)	(2,807)
Total Equity		<u>2,468</u>	<u>13,585</u>
Liabilities			
Trade and other payables	21	279	350
Derivative financial liability	23	-	133
Deferred consideration		15	-
Current liabilities		<u>294</u>	<u>483</u>
Total liabilities		<u>294</u>	<u>483</u>
Total equity and liabilities		<u>2,762</u>	<u>14,068</u>

The loss for the financial year dealt with in the financial statements of the parent Company was £14,875,000 (2017: £915,000).

The financial statements of African Battery Metals plc, company number 07800337, were approved by the board of Directors and authorised for issue on 28 March 2019. They were signed on its behalf by:

Paul Johnson
Executive Director

AFRICAN BATTERY METALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Share Capital	Share premium	Shares to be issued	Warrant Reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2016	4,114	7,422	152	197	648	(1,892)	10,641
Loss for the year	-	-	-	-	-	(915)	(915)
Total comprehensive expense for the year	-	-	-	-	-	(915)	(915)
Issue of ordinary shares	2,064	1,882	-	168	-	-	4,114
Costs of share issues	152	-	(152)	-	-	-	-
Share-based payments	-	(255)	-	-	-	-	(255)
	2,216	1,627	(152)	168	-	-	3,859
Balance at 30 September 2017	6,330	9,049	-	365	648	(2,807)	13,585

The notes on pages 36 to 68 are an integral part of these financial statements

AFRICAN BATTERY METALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	Share premium	Capital redemption reserve	Warrant reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2017	6,330	9,049	-	365	648	(2,807)	13,585
Loss for the year	-	-	-	-	-	(14,875)	(14,875)
Total comprehensive income expense for the year	-	-	-	-	-	(14,875)	(14,875)
Issue of ordinary shares	212	1,783	-	-	-	-	1,995
Issue of shares for acquisitions	64	1,847	-	-	-	-	1,911
Costs of share issues	-	(154)	-	-	-	-	(154)
Repurchase of own shares	-	-	5	-	-	-	5
Share based payments	-	(72)	-	72	1	-	1
	276	3,404	5	72	1	-	3,758
Balance at 30 September 2018	6,606	12,453	5	437	649	(17,682)	2,468

The notes on pages 36 to 68 are an integral part of these financial statements

AFRICAN BATTERY METALS PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Loss for the year		(14,875)	(915)
Adjustments for:			
- Impairment		14,385	-
- Share based payment expense		73	-
- Expenses settled in shares		307	175
- Finance costs		5	-
- Loss on derivative		-	633
		<u>(105)</u>	<u>(107)</u>
Changes in:			
- trade and other receivables		(1,011)	(3,091)
- trade and other payables		<u>(71)</u>	<u>3</u>
Net cash from operating activities		<u>(1,187)</u>	<u>(3,195)</u>
Cash flows from investing activities			
Investment in subsidiary undertakings		<u>(205)</u>	<u>-</u>
Net cash from investing activities		<u>(205)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of share capital and warrants		1,689	3,939
Issue costs		(226)	(255)
Funds applied to short term loans		-	(500)
Loan under equity agreement		<u>(133)</u>	<u>-</u>
Net cash flows from financing activities		<u>1,330</u>	<u>3,184</u>
Net decrease in cash and cash equivalents		(62)	(11)
Cash and cash equivalents at beginning of year		157	160
Exchange gains on cash and cash equivalents		1	8
Cash and cash equivalents at 30 September	17	<u><u>96</u></u>	<u><u>157</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Reporting entity

African Battery Metals Plc is a public company limited by shares which is incorporated and domiciled in England and Wales. The address of the Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT. The consolidated financial statements of the Company as at and for the year ended 30 September 2018 include the Company and its subsidiaries. The Group is primarily involved in the exploration and exploitation of mineral resources in Africa.

2. Going concern

After making enquiries and preparing forecasts for 12 months from the date the financial statements are signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group and the Company have adequate resources to continue in existence for the foreseeable future. However, for the Company to carry out high levels of exploratory activities, the Directors believe that it would need to obtain further funding either from a strategic partner or subsequent equity raisings in the next financial year, which the Company has succeeded in completing over recent years. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. In forming this judgement, the Directors have taken account of funds raised through to February 2019 and believe these funds are adequate for, inter alia, the Group's ongoing administration costs and drilling programme.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union, and as applied to the parent company by the Companies Act 2006 .

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis with the exception of the following items; (refer to Note 6 for individual accounting policies and details):

- Derivative financial assets and liabilities

(c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

3. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

The estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

- Carrying value of intangible assets – Notes 4(e) and 14
- Valuation of share options – Notes 4(g) and 20
- Receivables from Group undertakings – Note 15

4. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the year presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When the excess is positive, goodwill is recognised in the statement of financial position, if the excess is negative, a bargain purchase price is recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that control ceases.

Costs incurred in the acquisition of subsidiaries that does not relate to the issue of equity or arrangement of debt are capitalised to the cost of investment.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation into an entity's functional currency are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, are translated to pounds sterling at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to pounds sterling at exchange rates at the dates of the transactions, with differences recognised in other comprehensive income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the exchange reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets as loans and receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment terms that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 4(f)(i)).

Loans and receivables comprise cash and cash equivalents, and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and overdrafts.

(iii) Financial assets and liabilities at fair value through the profit or loss

Financial assets and liabilities at fair value through the profit or loss comprise derivative financial instruments. Subsequent to initial recognition, financial assets at fair value through the profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss unless they relate to derivatives designated and effective as hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current year of significant items of property, plant and equipment are as follows:

- | | |
|-------------------------|-----------------|
| • Buildings | Period of lease |
| • Plant and equipment | 5-10 years |
| • Fixtures and fittings | 3-5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(e) Intangible assets

(i) Prospecting and exploration rights

Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and development expenditure are recognised at cost.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Development costs will only be capitalised when the Directors have reasonable beliefs that a JORC compliant resource estimate will be obtained. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure will be measured at cost less accumulated amortisation and impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- Prospecting and exploration rights Life of mine

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Amortisation is included within administrative expenses in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(f) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit ('CGU') exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(f) Impairment (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

For all assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits – share based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

4. Significant accounting policies (continued)

(j) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Discontinued operations

Discontinued operations comprise those activities that were ceased during the period, and represent a major line of business or geographical area that can be clearly distinguished for operational and financial reporting purposes. Cash flows and operations that has been disposed of during the period are shown separately from continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

5. **New standards and interpretations not yet adopted**

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning after 1 January 2019 or later periods, but which the Group has early adopted:

IFRS 9 - Financial Instruments replaces IAS 39. The standard is effective for the Group's first IFRS financial statements for the period beginning on 1 October 2018 and will impact the classification and measurement of financial instruments and will require certain additional disclosures. Whilst an assessment of the new standard is ongoing, the impact of the changes to recognition and measurement of financial instruments especially of intra group receivables and the application of an expected credit loss model expected to be limited to additional disclosures at the Parent Company level. Further changes to hedge accounting rules are not currently considered likely to have any major impact on the Group's current accounting treatment or hedging activities due to the simple nature of our financial instruments.

IFRS 15 – Revenue with Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of this standard has had no effect on the Group, as the Group does not currently have any revenue.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 16 Leases, effective 1 January 2019, and;
IFRIC 23 "Uncertainty over income tax treatments", effective 1 January 2019.

Where relevant, the Group is evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements. The Directors have assessed there to be no material impact of for standards on the Group financial statements of the new standards or interpretations issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

6. **Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) **Intangible assets**

The fair value of intangible assets is based on external valuations or on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(ii) **Derivative financial assets and liabilities**

Derivative financial liabilities are measured at fair value, at initial recognition, for measurement and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the estimated exit price of the derivative based on observable inputs.

(iii) **Share-based payments**

The fair value of the employee and director share options and warrants are measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option and warrant holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

7. **Operating segments**

The Group has one single business segment which is the exploration of mineral resources and exploitation.

During the year, the Company acted as the holding company of entities involved in mineral resources exploration and exploitation in the Democratic Republic of Congo, Cameroon, the Ivory Coast and Sierra Leone (which was discontinued during the year), therefore has the following geographical segments, detailed in the tables below. None of the segments generated revenue during the period. Expenses incurred are shown in note 15.

	2018	2017
	£'000	£'000
Non-current Assets		
Cameroon	970	-
Democratic Republic of Congo	156	-
Ivory Coast	956	-
Sierra Leone	-	5,661
Total	<u>2,082</u>	<u>5,661</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

8. Operating expenses

	2018	2017
	£'000	£'000
Operating expenses include:		
Staff costs (note 9)	464	874
Depreciation	-	90
Impairment	-	15
Foreign exchange (loss)	(8)	(10)
Auditor's remuneration – audit services	23	25
	<u>464</u>	<u>874</u>

Auditor's remuneration in respect of the Company amounted to £23,000 (2017: £20,000).

9. Staff costs

	2018	2017
	£'000	£'000
Wages and salaries	273	761
Social security contributions	23	2
Directors fees	168	111
	<u>464</u>	<u>874</u>

The monthly average number of employees (including Directors) during the period was:

	2018	2017
Directors	4	4
Other employees	37	58
	<u>41</u>	<u>62</u>

Other than Directors, there are no other key management personnel.

10. Directors' emoluments

2018

	Executive	Non-executive	Total
	£'000	£'000	£'000
Fees	<u>246</u>	<u>27</u>	<u>273</u>

In the year ended 30 September 2018, an expense of £1,000 was recognised for share based payments in respect of directors (2017 : £5,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

10. Directors' emoluments (continued)

2017

	Executive £'000	Non- executive £'000	Total £'000
Wages and salaries	142	-	142
Fees	90	21	111
Benefits	7	-	7
	<u>239</u>	<u>21</u>	<u>260</u>

Emoluments disclosed above include the following amounts paid to the highest Director:

	2018 £'000	2017 £'000
Emoluments for qualifying services	<u>133</u>	<u>151</u>

11. Taxation

Reconciliation of tax expense

	2018 £'000	2017 £'000
Losses from operations	<u>(1,146)</u>	<u>(1,001)</u>
Tax using the Company's effective domestic tax rate of 19% (2017: 19.50%)	(218)	(195)
Effects of:		
Current losses with no recognisable deferred tax asset	<u>218</u>	<u>195</u>
	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

At the year end, the Group had unused tax losses available for offset against suitable future profits of approximately £3,230,375 (2017: £11,456,790). The loss has decreased as a result of the discontinued operation, see note 12 for further detail. A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

The main rate of UK corporation tax during the year ended 30 September 2018 was 19.00 per cent (2017: 19.5 per cent). The comparative tax rate of 19.5 per cent is calculated on a pro-rated decrease of the tax rate of 20 per cent to 19 per cent for the corporate tax year ended 6 April 2017. There is no change in tax rate for the tax year ended 6 April 2019 to be pro-rated in the year ended 30 September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

12. Discontinued operations

On 27 September 2018, the Group agreed to place Blue Horizon (SL) into voluntary liquidation.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows;

	2018 £'000	2017 £'000
Expenses	(622)	(2,944)
Loss of discontinued operation	(622)	(2,944)
Loss on disposal of subsidiary	(4,872)	-
Loss from discontinued operations	(5,494)	(2,944)
Reclassification of translation reserve of discontinued operations	(531)	41
Total comprehensive expense from discontinued operations	(6,025)	(2,903)
Loss per share relating to discontinued operations (pence)	(8.78)	(13.78)
Net cash outflows from operating activities	(332)	(2,865)
Net cash outflows from investing activities	-	(71)
Net cash decrease incurred by subsidiary	(332)	(2,936)

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:

	2018 £'000	2017 £'000
Carrying amount of net assets disposed	3,950	-
Loss on disposal before income tax and reclassification of foreign currency translation reserve	(3,950)	-
Reclassification of foreign exchange currency reserve	531	-
Realised exchange loss on discontinued activity	(1,453)	-
Loss on disposal after income tax	(4,872)	-

The tax losses to be forfeited as a result of the discontinuation and subsequent disposal of Blue Horizon are £9,994,420 comprising of £622,000 for the loss to 30 September 18 and the brought forward losses attributable to the subsidiary of £9,372,420.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

13. Property, plant and equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 October 2016	97	611	45	753
Additions	69	2	-	71
Effect of movements in exchange rate	(7)	(18)	(1)	(26)
Balance at 30 September 2017	159	595	44	798
Balance at 1 October 2017	159	595	44	798
Disposals	(159)	(595)	(43)	(797)
Balance at 30 September 2018	-	-	1	1
Depreciation				
Balance at 1 October 2016	81	450	43	574
Depreciation	19	71	-	90
Disposals	-	15	-	15
Effect of movements in exchange rate	(3)	(18)	(1)	(22)
Balance at 30 September 2017	97	518	42	657
Balance at 1 October 2017	97	518	42	657
Disposals	(97)	(518)	(41)	(656)
Balance at 30 September 2018	-	-	1	1
Carrying amounts				
At 30 September 2018	-	-	-	-
At 30 September 2017	62	77	2	141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

14. Intangible assets

Group	Prospecting and exploration rights £'000
Cost at 1 October 2016	5,716
Effect of movements in exchange rate	(55)
Balance at 30 September 2017	<u>5,661</u>
Cost at 1 October 2017	5,661
Impairment	(5,713)
Additions	2,082
Effect of movements in exchange rate	52
Balance as at 30 September 2018	<u>2,082</u>
Carrying amounts	
Balance at 30 September 2018	<u>2,082</u>
Balance at 30 September 2017	<u>5,661</u>

The opening balance of intangible assets was initially recognised on the acquisition of the subsidiary, Blue Horizon (SL) Ltd.

The Directors regularly assess the carrying value of the Group's assets, including its prospecting and exploitation rights, and write off any exploration expenditure that they believe to be unrecoverable.

In August 2018, the Company entered into an agreement to acquire the entire issued share capital of Cobalt Blue Holdings (CBH), which holds four Cameroon-based nickel-cobalt exploration licences through two 100% owned subsidiaries. Through one of these subsidiaries CBH has also applied for two further Cameroon-based nickel-cobalt exploration licences. These licences expire in the first quarter of 2021, unless renewed. The licences may be renewed three times for periods of two years provided that obligations have been met by the licensee.

The locations of the four licences held and the Ntam Est licence applied for are either adjacent to, or within 50km of the Nkamouna/Mada Cobalt Project ("Nkamouna/Mada") in Cameroon, formerly owned by ex-TSX-listed Geovic Mining Corp ("Geovic"). According to a report prepared for Geovic by SRK Consulting (US) Inc. in 2011, Nkamouna/Mada has total NI 43-101 compliant resource of 323Mt (18.5% measured, 18.8% indicated and 62.7% inferred) at average grades of 0.21% cobalt, 0.61% nickel and 1.25% manganese. According to the Nkamouna/Mada feasibility study prepared by Lycopodium Minerals Pty Ltd for Geovic in 2011, production of around 6,100 tpa of cobalt and around 3,400 tpa of nickel is envisaged, and there are proven and probable reserves of 68.1mt at 0.26% cobalt, 0.66% nickel and 1.48% manganese. The sixth licence is in the north of the country.

Also in August 2018, the Company entered into an agreement to acquire the entire share capital of Regent Resources Interests Corporation (RRIC). RRIC has entered into an agreement with Regent Resources Capital Corporation (RRCC), Lagune and Lizetta Holding S.A.R.L. to earn into 70% of the Lizetta II chrome, nickel, cobalt exploration licence ("Lizetta-II") in Côte d'Ivoire by expending a total of USD 850,000 on the project over the period to June 2021. Lizetta-II is located 77km NW of Bouake, which is 342km north of Abidjan, the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

14. Intangible assets (continued)

commercial capital of Côte d'Ivoire, and covers approximately 380 sq. km. Local infrastructure includes road access, the proximity of major river creeks and electric networks sufficient for any industrial operations on the property. Historical data shows anomalous concentrations of nickel, cobalt and chromite mineralisation in the ultramafic rocks of the Marabadiassa-Alekro area. An independent assessment commissioned by RRCC confirmed the potential to host cobalt, nickel and chrome mineralisation of economic potential and proposed an initial field programme consisting of historical data compilation, geological mapping, geophysical surveys, trenching and RC drilling. The proposed follow-up phase would be extensive drilling to allow the definition of a JORC/NI 43-101 code compliant resource.

At the end of August 2018, following the acquisitions and a review of its assets, the Group decided to discontinue its activities in Sierra Leone, and impair and write off the subsidiary Blue Horizon (sl) Ltd. Blue Horizon held one exploration licence, the 153km² licence in Sierra Leone, known as Ferensola, which was prospective for gold and iron.

During the year under review, no exploration activities relating to the Group's gold exploration activities on the Ferensola Gold Project ("FGP") have been capitalised. All of the Group's exploration activities carried out during the year, which amounted to approximately £0.7 million were expensed during the year due, in the Directors' opinion, to the need for further drilling activities in order to declare a JORC MRE on the FGP in addition to the 9,000m of drilling carried out by the Group to date. As at the end of the year ended 30 September 2017, whilst the Directors continued to believe that the exploration activities undertaken by the Group to date on the FGP would deliver a significant financial return to the Company's shareholders, with the Group's then finite financial resources, the Directors believed that the best way to deliver value from the FGP was to enter a JV or farm-out arrangement with a third party such that ABM would be able to take a carry in any success delivered by further exploration activities on the FGP. This assessment combined with a shift in strategy towards battery metals increased pressure to locate a farm-out arrangement in order to preserve value and repurpose resources. The Group was unsuccessful in securing a JV or farm-out partner for Ferensola, therefore in August 2018, the Directors impaired the carrying value of the intangible asset and the licence value was written down in full.

Intangible assets are not pledged as security or held under any restriction of title.

15. Investments

Company

	2018	2017
	£'000	£'000
Non-current investments		
Investment in Blue Horizon	-	3,687
Investment in SAS	156	-
Investment in CBH	970	-
Investment in RRIC	1,006	-
Total Investment in subsidiaries	<u>2,132</u>	<u>3,687</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

15. Investments (continued)

Directly	Activity	Country of incorporation	Ownership interest	Registered office
Blue Horizon (SL) Ltd (<i>in liquidation</i>)	Mining and exploration	Sierra Leone	100%	19f Hill Cot Road, Freetown, Sierra Leone
ABM Kobald SAS	Mining and exploration	Democratic Republic of Congo	70%	No. 1022, Avenue of the Congolese Armed Forces, Gombe River Gallery, Kinshasa, DRC
Regent Resources Interests Corporation	Mining and exploration	British Virgin Islands	100%	P.O. Box 2283, ABM Chambers, Columbus Centre, Road Town, Tortola, British Virgin Islands
Cobalt Blue Holdings Inc	Mining and exploration	British Virgin Islands	100%	Intershore Chambers, Road Town, Tortola, British Virgin Islands
Loxcroft Cameroon Holdings Ltd	Mining and exploration	Cameroon	100%	P.O. Box 25647, Bastos, Yaoundé, Republic of Cameroon
LC Minerals Ltd	Mining and exploration	Cameroon	100%	P.O. Box 25647, Bastos, Yaoundé, Republic of Cameroon
LC Exploration Ltd	Mining and exploration	Cameroon	100%	P.O. Box 25647, Bastos, Yaoundé, Republic of Cameroon

For the year ended 30 September 18, the acquired subsidiary ABM SAS Kobald incurred a loss of £488k. There were no other material losses in the subsidiaries acquired.

Acquisition costs of £129k were capitalised to investment cost of the subsidiaries acquired in accordance with the Company's accounting policies.

16. Trade and other receivables

Group

	2018 £'000	2017 £'000
Other receivables	20	13
Prepayments	19	98
	<u>39</u>	<u>111</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

16. Trade and other receivables (continued)

Company

	2018 £'000	2017 £'000
Receivables due from group undertakings	497	10,193
Other receivables	28	13
Prepayments	9	18
	<u>534</u>	<u>10,224</u>

The Group and Company's exposure to credit, market and currency risk related to other receivables is disclosed in note 24.

The Directors consider the receivables due from group undertakings balance, £486,000 of which relate to ABM Kobald SAS and £11,000 to Regent Resources Interests Corporation, as recoverable and that there is no need for an impairment charge.

17. Cash and cash equivalents

Group

	2018 £'000	2017 £'000
Bank balances	<u>147</u>	<u>180</u>
Cash and cash equivalents	<u>147</u>	<u>180</u>

Company

	2018 £'000	2017 £'000
Bank balances	<u>96</u>	<u>157</u>
Cash and cash equivalents	<u>96</u>	<u>157</u>

18. Share capital

	Number of ordinary shares	
	2018	2017
Ordinary shares in issue at 1 October	3,118,769,065	902,681,924
Issued for cash	3,505,000,085	2,216,087,141
Issued in settlement for expenses	364,205,606	-
Company buy back	(532,438,356)	-
In issue – fully paid	<u>6,455,536,400</u>	<u>3,118,769,065</u>
Following 100 to 1 consolidation	64,555,364	-
Issued in relation to acquisitions	63,690,447	-
Issued for cash	6,666,666	-
Issued in settlement of expenses	1,666,666	-
In issue at 30 September – fully paid (par value 0.1p)	<u>136,579,143</u>	<u>3,118,769,065</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

18. Share capital (continued)

	Number of deferred shares	
	2018	2017
Deferred shares in issue at 1 October	356,848,594	356,848,594
Issued on subdivision ("Deferred A")	3,271,746,363	-
In issue at 30 September	3,628,594,957	356,848,594

	Ordinary share capital	
	2018 £'000	2017 £'000
Balance at beginning of year	6,330	4,114
Share issues	281	2,216
Consolidation	(5)	-
Balance at 30 September	6,606	6,330

All ordinary shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Both classes of deferred shares (Deferred and Deferred A), do not entitle the holders thereof to receive notice of or attend and vote at any general meeting of the Company or to receive dividends or other distributions or to participate in any return on capital on a winding up unless the assets of the Company are in excess of £1,000,000,000,000. The Company retains the right to purchase the deferred shares from any shareholder for a consideration of one penny in aggregate for all that shareholder's deferred shares. As such, the deferred shares effectively have no value. Share certificates will not be issued in respect of the deferred shares.

Issue of ordinary shares

In October 2017, the Company issued 152,977,298 new ordinary shares to Equity Drilling Ltd, based upon a price of 0.1p each. This was in final settlement for completion of the Phase 3 drilling as part of the Ferensola gold project.

In December 2017, the Company performed a share split to split the existing 3,271,746,363 shares into 1 new ordinary share and 1 Deferred A share.

In December 2017, the Company completed, subject to shareholder approval, a placing of 3,000,000,000 new Ordinary Shares, and a subscription of 500,000,000 new ordinary shares at a price of 0.05p. The net proceeds were used to capitalise a new subsidiary, ABM Kobald SAS, in the DRC, 70% owned by ABM and 30% by the vendor holding the DRC cobalt licence ("Cobalt Licence"); to provide working capital to commence systematic geological exploration work under the Cobalt Licence; to buy back 532,438,356 of its shares; to provide working capital to Blue Horizon, its wholly owned subsidiary in Sierra Leone; to assess other cobalt-copper opportunities in DRC; and for general working capital purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

18. Share capital (continued)

In December 2017, the Company issued 211,228,308 ordinary shares to Roger Murphy, Nicholas Warrell, Matthew Wood and Iain Macpherson in lieu of Directors fees.

In December 2017, the Company purchased 532,438,356 of its own ordinary shares of 0.001p each, having received approval from its shareholders at a general meeting, at a price of 0.05p. These shares were subsequently cancelled in January 2018.

In May 2018, the Company issued 5,000,000 new ordinary shares in settlement of an invoice to a consultant to the value of £2,500.

In August 2018, the Company issued 85 new ordinary shares of 0.0325p each to the Company Secretary, to ensure the total number of ordinary shares in issue was exactly divisible by 100, to assist in the completion of share consolidation of 100 ordinary shares to 1 New Ordinary share.

Post capital reorganisation, in August 2018, the Company completed, a placing of 6,666,666 new ordinary shares at 3 pence each, in order to provide additional working capital for the Enlarged Group, and the issue of 1,666,666 ordinary shares were issued to Roger Murphy and Matthew Wood in lieu of Directors fees.

Additionally, 31,011,890 ordinary shares were issued in relation to the acquisition of Cobalt Blue Associates Inc., and 32,678,557 consideration shares were issued relating to the acquisition of Regent Resources Interests Corporation. All of the above was subject to shareholder approval.

19. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £1,146,000 (2017: £1,001,000), and a weighted average number of ordinary shares in issue of 62,547,951 (2017 restated: 21,366,463). The loss per share attributable to discontinued operations is 8.78p (2017 restated: 13.78p), based on the loss attributable to ordinary shareholders from discontinued operations of £5,494,000 (2017 restated: £2,944,000).

The weighted average number presented for the year ended 30 September 17 above has been adjusted for the effect of a 100 shares to 1 share consolidation.

As detailed in note 27, the Company issued a number of shares subsequent to the year end which would have significantly increased the number of ordinary shares in issue if these transactions had occurred prior to the end of the year. The issues would have had an anti-dilutive effect. All existing warrants and options are also anti-dilutive.

No Directors exercised options or warrants in the year ended 30 September 2018 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

20. Share options and warrants

Reconciliation of outstanding share options:

	Number of options	Weighted average exercise price (£'s)
Outstanding at 1 October 2017	29,750,000	0.050
Lapsed during the year prior to share consolidation	(15,000,000)	0.045
Outstanding immediately prior to share consolidation	<u>14,750,000</u>	<u>0.055</u>
Outstanding immediately post share consolidation	147,500	5.492
Granted during the year subsequent to share consolidation	<u>1,000,000</u>	<u>0.05</u>
Outstanding at 30 September 2018	<u>1,147,500</u>	<u>0.749</u>
Exercisable at 30 September 2018	<u>147,500</u>	<u>5.492</u>

The weighted average contractual life of the options outstanding at the reporting date is 3 years 69 days.

Exercise prices of share options outstanding at the end of the period:

50,000	£4.500
97,500	£6.000
1,000,000	£0.050

Included within the options issued in the year were options issued to Directors (2017: Nil). The 15,000,000 share options that lapsed during the year belonged to Nicholas Warrell. When he resigned these options lapsed in line with the option agreement.

**Directors Options
2018**

	Exercise price (£'s)	Number of Options
Scott Richardson Brown	0.05	<u>1,000,000</u>
		<u>1,000,000</u>

The fair values of the options granted during the year were calculated using the Black Scholes Model using the following assumptions:

Risk free interest rate	1.070%
Expected volatility	70%
Expected dividend yield	0.00%
Life of the option	3.25 years
Weighted average share price	0.05p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

20. Share options and warrants (continued)

Reconciliation of outstanding warrants

	Number of warrants	Weighted average exercise price (£'s)
Outstanding at 1 October 2017	676,305,036	0.008
Lapsed during the year prior to share consolidation	(21,500,000)	0.0003
Granted during the year prior to share consolidation	<u>175,000,000</u>	<u>0.009</u>
Outstanding immediately prior to share consolidation	829,805,036	0.003
Outstanding immediately post share consolidation	<u>8,298,050</u>	<u>0.274</u>
Outstanding and exercisable at 30 September 2018	<u>8,298,050</u>	<u>0.274</u>

Directors Warrants

No warrants were issued to Directors in the year ended 30 September 2018 (2017: 75,000,000);

2017	Exercise price (£'s)	Number of Warrants
Nicholas Warrell	0.002-0.004	25,000,000
Howard Baker	0.002-0.004	15,000,000
Matthew Wood	0.002-0.004	15,000,000
Roger Murphy	0.002-0.004	15,000,000
Iain Macpherson	0.002-0.004	<u>5,000,000</u>
		<u>75,000,000</u>

All warrants issued in the year ended 30 September 2017 were issued on 13 October 2016 and have exercise prices of one third at £0.002, one third at £0.003 and one third at £0.004, a subscription period of 13 October 2016 to 13 October 2021. All warrants vested at date of issue. Following the share consolidation in August 2018, the exercise price of the warrants increased to one third at £0.02, one third at £0.03 and one third at £0.04.

Of the total number of warrants outstanding at 30 September 2018, 8,298,050 have vested and are exercisable (2017 : 676,305,036).

The fair values of the warrants granted during the year were calculated using the Black Scholes Model using the following assumptions:

Risk free interest rate	0.695%
Expected volatility	70%
Expected dividend yield	0.00%
Life of the warrant	5 years
Weighted average share price	0.07p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)**20. Share options and warrants (continued)**

The weighted average remaining contractual life of the warrants outstanding at the reporting date is 2 years 261 days.

£71,566 has been recognised in the warrant reserve as this relates to the fair value assigned to the warrants issued as part of share placings which took place during the year.

21. Trade and other payables**Group**

	2018 £'000	2017 £'000
Trade payables	127	226
Other payables	-	144
Accrued expenses	152	149
	<u>279</u>	<u>519</u>

Company

	2018 £'000	2017 £'000
Trade payables	127	209
Accrued expenses	152	141
	<u>279</u>	<u>350</u>

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

22. Short term borrowings**Group**

	2018 £'000	2017 £'000
Short term borrowings – Opening Liability	15	31
Funds applied to short term loans	(15)	(16)
Short term borrowings – Closing Liability	<u>-</u>	<u>15</u>

Included above is an amount to assist in the short term financing of Blue Horizon (SL), US\$16,500 (£12,300) which was advanced by Nicholas Warrell on 1 April 2016, this amount is unsecured and interest free. This amount was written off when Blue Horizon (SL) was in liquidation on the 27 September 2018.

The parent company had no short term borrowings at 30 September 2018 (2017: nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

23. **Derivative financial liability**

In August 2017, the Company raised £900,000 (before expenses) through the issue of 616,438,356 Ordinary Shares at a price of 0.146p per share to investors (“Investors”) designated by RiverFort Global Capital Ltd (‘Riverfort’). The Company simultaneously entered into an Equity Sharing Agreement (‘ESA’) with the Investors, in which £500,000 of the subscription proceeds were loaned to the Investors. The ESA entitled the Company to receive back the payment of £500,000 on a pro-rata monthly basis until September 2017, subject to adjustment upwards or downwards each month depending on the Company’s share price at the time as against a benchmark price of 0.161 pence per Ordinary Share (“Benchmark Price”).

As at the end of the financial year under review, due to the Market Price having been significantly below the Benchmark Price, the Company had received an aggregate of only £9,168 pursuant the ESA. The fair value of the derivative financial liability entered into in 2017 has been determined by reference to the Company’s then prevailing share price and has been estimated as follows

	2018 £’000	2017 £’000
Derivative financial liability		
Fair Value at inception	-	500
Loss on revaluation of derivative financial asset recognised in the year	-	(633)
Total derivative financial liability	<u>-</u>	<u>(133)</u>

On 8 December 2017, it was mutually agreed by the Company and the Investors that the ESA be settled by a net payment of £133,193. This payment represented the fair value of the derivative at the time of settlement.

24. **Financial instruments**

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments.

- credit risk
- liquidity risk
- market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

Risk management framework

The Company’s board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

24. Financial instruments (continued)

Financial instruments measured at fair value

The fair value hierarchy of financial instruments is measured at fair value is provided below:

	Level 1		Level 2	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial Liabilities				
Derivative financial liabilities (fair value through the profit or loss)	-	-	-	133
	<u>-</u>	<u>-</u>	<u>-</u>	<u>133</u>

There were no transfers between levels during the year. (2017: None)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Financial Instrument	Valuation techniques used	Significant unobservable	Inter-relationship between key unobservable inputs and fair value
Derivative financial assets and liabilities	Fair value – based on the estimated exit price cashflows discounted where appropriate	Not applicable	Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

24. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Group

	Carrying amount	
	2018	2017
	£'000	£'000
Trade and other receivables	20	13
Cash and cash equivalents	147	180
	167	193
	167	193

Company

	Carrying amount	
	2018	2017
	£'000	£'000
Trade and other receivables	534	10,224
Cash and cash equivalents	96	157
	630	10,381
	630	10,381

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

24. Financial instruments (continued)

Liquidity risk (continued)

Group

30 September 2018

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade and other payables	279	279	-	-
Deferred consideration	15	-	15	-
	<u>294</u>	<u>279</u>	<u>15</u>	<u>-</u>

Group

30 September 2017

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Short term borrowings	15	-	15	-
Trade and other payables	519	519	-	-
Derivative financial liabilities				
Financial liability	133	-	133	-
	<u>667</u>	<u>519</u>	<u>148</u>	<u>-</u>

Company

30 September 2018

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade and other payables	279	279	-	-
Deferred consideration	15	-	15	-
	<u>294</u>	<u>279</u>	<u>15</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

24. Financial instruments (continued)

Liquidity risk (continued)

Company

30 September 2017

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade and other payables	350	350	-	-
Derivative financial liabilities				
Financial liability	133	-	133	-
	<u>483</u>	<u>350</u>	<u>133</u>	<u>-</u>

The Group reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the nature of the Group's operations, it will be mainly exposed to fluctuations in the price of iron and gold. The Group, where able, will look to hedge its foreign currency exposure.

Currency risk

The Group operates internationally and is exposed to foreign currency risk arising on cash and cash equivalents and receivables denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are USD. The Group's and Company's net exposure to foreign currency risk at the reporting date is as follows;

	Group		Company	
Net foreign currency financial (liabilities)/assets	2018 £'000	2017 £'000	2018 £'000	2017 £'000
USD	(32)	(115)	(32)	(115)
SLL	-	22	-	-
Total net exposure	<u>(32)</u>	<u>(93)</u>	<u>(32)</u>	<u>(115)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

24. Financial instruments (continued)

Sensitivity analysis

A 10 per cent strengthening of sterling against the US Dollar at 30 September 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below;

Group	Profit and loss		Equity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
USD	3	12	3	12
SLL	-	(2)	-	(2)
Total net exposure	<u>3</u>	<u>10</u>	<u>3</u>	<u>10</u>

Company	Profit and loss		Equity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
USD	3	12	3	12
Total net exposure	<u>3</u>	<u>12</u>	<u>3</u>	<u>12</u>

A 10 per cent weakening of the sterling against the US Dollar would have an equal but opposite effect.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of equity which at 30 September 2018 for the Group totalled £1,974,000 (2017: £5,426,000) and for the Company totalled £2,468,000 (2017: £13,585,000).

Accounting classifications and fair values

Fair values and carrying amounts

The carrying values of financial assets and liabilities are all approximate to their fair values per the statement of financial position.

25. Contingent Liabilities

There were no material contingent liabilities during the year ended 30 September 2018. During 2017, Blue Horizon (SL) was involved in the following litigation:

A claim was made against Blue Horizon in October 2013 by Lamrana Sall for loss of business and damages to a fuel tanker. Judgement was made by the High Court for the payment of the sum of US\$43,350 plus 35% interest on the amount from 19 September 2012 until payment. A counter-claim was submitted by Blue Horizon in August 2016 to appeal this judgement. Based on the grounds of the appeal, counsel to the subsidiary is of the opinion that Blue Horizon has a very high prospect of succeeding in its appeal to overturn the judgement.

An ex-employee of Golden Mining Co. Limited is claiming action against Blue Horizon. It is the view of the counsel to the subsidiary that said action is not maintainable and judgement by the High Court was made against Golden Mining Co. Ltd and not Blue Horizon.

Provisions were not made in the financial statements for either claim.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

26. Related parties

In addition to matters reported in Note 10, the following related party transactions took place during the year ended 30 September 2018:

Roger Murphy and Iain Macpherson, both Directors who served during the year, are also Directors of Ongeza Mining, which provided consultancy services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2018 were £99,403 (2017: £65,704), of which £40,624 was outstanding at the year end.

Matt Wood, a Director who served during the year is also director of ONE Advisory Limited, which provided accounting, audit assistance, company secretarial, registered office and administration services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2018 were £105,347 (2017: £88,873) of which £21,661 was outstanding at the year end.

To assist in the short term financing of Blue Horizon (SL), US\$33,000 (£25,000) was advanced by Nicholas Warrell on 1 April 2017. This amount is unsecured and interest free. This amount was written off on 27 September 2018 when Blue Horizon (SL) was dissolved.

During the year, the Company advanced funds to Blue Horizon (SL) Ltd totalling £270,378 (2017: £1,396,948). The loan was repayable on demand and incurred a 1% interest charge compounding on a monthly basis. The amount of interest charged during the year totalled £97,059. The full amount outstanding was written off at 27 September 2018 when Blue Horizon (SL) was placed into liquidation.

27. Subsequent events

On 11 December 2018, the Company's shares were suspended from trading on AIM pending clarification of its financial position.

On 17 January 2019, the Company entered into an agreement with SI Capital Ltd whereby SI Capital would act as joint broker for the Company and complete a fundraise of £500,000 to enable readmission to AIM.

On 28 January 2019, the Company announced a refinancing and business strategic update, including the conditional placing and subscription of 200,000,000 new ordinary shares of 0.1 pence each, raising £1,000,000, which allowed the payment of all material creditors through a mixture of cash and/or shares and enabled the Company to be essentially debt free with a robust cash position sufficient for at least 12 months, allowing the resumption of trading in the Company securities on AIM. Each of the shares has an attaching warrant to subscribe for a new ordinary share of 0.1 pence each in the Company, at a price of 1 pence per share with a two-year life to expiry.

On the same day, the Company also announced the resignation of Roger Murphy with immediate effect, and the resignation of Matthew Wood upon publication of the Company's audited results for the year ended 30 September 2018. ONE Advisory Ltd (a company of which Matt Wood is a director and shareholder), will continue to provide administrative support in respect of accounting, general legal and company secretarial support.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

27. Subsequent events (continued)

The Company announced that Andrew Bell and Paul Johnson were appointed as directors on 28 January 2019 in the roles of Executive Chairman and Executive Director respectively. Red Rock Resources (a Company of which Andrew Bell is a significant shareholder and acts as CEO & Chairman), and Value Generation Ltd (a Company beneficially owned by Paul Johnson), were each awarded 5,000,000 new ordinary shares at 0.5 pence per share each as payment for restructuring fees; £50,000 costs settled by this share issue.

Additionally, Andrew Bell and Paul Johnson were granted 13,613,929 management options each, at a strike price of 1 pence, vesting immediately with a life to expiry of 3 years. These options are only exercisable once the volume weighted average share price of the Company is 1.5 pence or greater for five consecutive trading days, after which they may be exercised at any time.

The Company's trading suspension on AIM was lifted on 18 February 2019, following the passing of all resolutions regarding the refinancing and business strategic update at a General Meeting.

In March 2018, the Company acquired 1.558% of Katoro Gold plc, for consideration of £25,000 to acquire 2,500,000 new ordinary shares at 1.0p per share with the option to acquire an additional 7,500,000 new ordinary shares in Katoro Gold plc at 1.0p per share and a 25% holding in Kibo Nickel (a subsidiary of Katoro Gold plc which 100% owns the Haneti Nickel Project in Tanzania), within 60 days. Furthermore, if the option is taken, the Company have the right to acquire an additional 10% of Kibo Nickel through payment to Katoro Gold plc of £25,000.