

KENNEDY VENTURES PLC

Company Registration No. 05697574

KENNEDY VENTURES plc

ANNUAL REPORT 2017



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KENNEDY VENTURES PLC

COMPANY INFORMATION

DIRECTORS:	G Clarke Chairman L Johnson CEO N Harrison Director
SECRETARY:	B James
REGISTERED OFFICE:	Lakeside Fountain lane St Mellons Cardiff CF3 0FB
COMPANY REGISTRATION NUMBER:	05697574
REGISTRAR AND TRANSFER OFFICE:	Link Asset Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
SOLICITORS:	Kuit Steinart Levy LLP 3 St Mary's Parsonage, Manchester M3 2RD
INDEPENDENT AUDITORS:	Welbeck Associates Registered Auditors Chartered Accountants 30 Percy Street London W1T 2DB
NOMINATED ADVISOR AND JOINT BROKER	FinnCap Limited 60 New Broad Street London EC2M 1JJ
JOINT BROKER	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
BANKERS:	HSBC Bank PLC 3 Rivergate Temple Quay Bristol BS1 6ER

CHAIRMAN'S STATEMENT

Year to 30 June 2017

Since Kennedy Ventures' initial investment in African Tantalum (Pty) Limited ("Aftan"), the mine has seen significant progress. Initially focusing on recommissioning the mine, the Namibia Tantalite Investment Mine ("NTI" or "the Mine") is now attracting the attention from global end-users of Tantalum and producing world leading grades of Tantalum shipments.

During the Period, the platform has been established for the Company to extract the inherent value from its investment in Aftan. In 2015, the Company's main aim was to facilitate the re-opening of the NTI mine and recommission the processing plant to extract the inherent and significant value from the NTI mine and surrounding ore bodies. Having successfully achieved this, and, since the appointment of Larry Johnson as CEO, the Company has now shifted focus to increasing the quality of its shipments in line with a multi-year supply agreement being agreed with the Customer. This change in strategy has had a direct impact on the Company which, during the Period, saw the Company booking its first sales from its shipment to the Customer of its high grade 48% Ta₂O₅, one of the highest grades reported from Tantalum mines globally, with further purchase orders having followed the first.

Post Period, the plant and Aftan continue to work hard to meet the shipments and the required Tantalite quality which our Customer demands. The NTI mine has now progressed to a condition where it is attracting more interest, with a second potential customer having begun a thorough audit of the NTI mine in September 2017. As Aftan continues to meet these orders and attract world class Customers, the Company looks forward to updating shareholders on further progress being delivered at the mine and on further investments in line with Kennedy Ventures investment strategy.

On behalf of the Board, I thank our fellow employees for their unwavering hard work and all the staff of Aftan and our shareholders for their continued support.

Giles Clarke
Chairman

9 February 2018

CHIEF EXECUTIVE OFFICER'S REVIEW

Year to 30 June 2017

The Period, and months following to date, have seen significant changes at the operational level at the Mine which have reshaped and refocused deliverables of our world class, high grade product.

The potential of the Mine and wider licence package is significant, and was a fundamental reason for my joining Kennedy Ventures as CEO in January 2017. My initial focus was to realise this potential through significant plant upgrades; optimising the operation to enable the production of world class grade product that would facilitate the negotiation and execution of a multiyear supply agreement with an end user. Following a visit to the site in May 2017, a multiyear supply agreement was signed post period with a North American leading tantalum consumer and end user, guaranteeing ongoing production purchase and protecting against market volatility.

With the support of our shareholders we successfully raised funds of £3.25 million in two separate placings in July 2016 and January 2017 leading to a series of personnel and equipment site upgrades as well as the implementation of new controls and quality management systems, resulting in improved efficiencies at the plant and quality output of our product. These upgrades included installation and refurbishment of new crushers, new conveyors, multiple James tables, thickener installation and new water management systems. Aftan has also implemented a new explosives programme with more consistent blasting and the generation of new adits, which has resulted in improved mining face availability and flexibility. Moreover, Aftan has improved fixed costs and working capital by driving out upfront cash payments and sourcing fixed price agreements while working towards more localisation within Namibia.

These plant improvements have resulted in our shipments being of very high quality ensuring Aftan can consistently deliver shipments of the required high grade 48% Ta₂O₅, one of the highest grades reported from Tantalum mines globally.

The tantalum market, by its very nature, is opaque but what we are seeing is an increase in global demand for high quality, high grade, conflict free tantalum which Aftan supplies. Accordingly, Kennedy is in discussions with additional consumers, one of which has already conducted a physical audit of the Mine and discussions have begun on potentially supplying multiple minerals found in the mine.

Financials

The Company has cash and cash equivalents of £364,000 at the end of the period compared to £60,000 in 2016 and has net assets of £3,537,000 compared to £1,405,000 in 2016. The group recorded a loss before tax of £1,098,000 compared to £788,000 in 2016. The Company does not plan to pay a dividend for the twelve months to 30 June 2017. Post Period, the Company completed an additional fundraise, raising gross proceeds of £3.75 million in July 2017 which are being used for further plant upgrades and execution of a new drilling program.

Outlook

As the Company looks to the future, and reflecting upon its Namibian roots, the Board will be recommending to shareholders at the AGM to change the name of Kennedy Ventures PLC to Kazera Global PLC, subject to ratification, to underline a new chapter for the Company. In addition to this, the Company will be amending its investing policy to reflect the directors focus on resource ventures in Africa and has also taken the decision to appoint Mr John Fahy as Interim Chief Financial Officer for Aftan in addition to appointing a new Technical Director to meet the Company's increased operational requirements.

Larry F. Johnson
Chief Executive Officer

9 February 2018

STRATEGIC REPORT

Year to 30 June 2017

The Directors present their strategic report on the Group for the year ended 30 June 2017.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group is as an investor in the resources and energy sectors. The Group is focused on projects located in Southern Africa but will also consider investments in other geographical regions. The Group may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings.

The review of the period is contained within the Chairman's statement.

The results for the Group are set out in the income statement.

The Directors recommend that there is no dividend payment for the year ended 30 June 2017 (2016: nil).

The Chairman's statement provides a balanced and comprehensive analysis of the development and performance and results of the Group during the period and the balance sheet position of the Group at the end of that period in the context of the Group's current activities.

INVESTING POLICY

The Directors are proposing that the Company adopt an amended investing policy and a resolution to adopt the revised investing policy will be put to shareholders at the AGM in March 2018. A summary of the revised policy, as proposed, is as follows:

Kennedy Ventures plc (the "Company") seeks to achieve shareholder return primarily via capital appreciation through the purchase and sale of securities and other direct investments in companies and projects primarily in, but not limited to, Africa within the mining and resource sectors (the "Target Sectors") including traditional direct investments in securities and similar financial instruments including any combination of the following:

- (a) equity securities (predominantly unlisted);
- (b) listed and unlisted debt securities that may be rated or not rated (bonds, debt instruments, convertible bonds and bonds with warrants, fund-linked notes with a capital guarantee, loan facilities etc.); and
- (c) hybrid instruments.

The Company may exploit a wide range of investment opportunities within the Target Sectors as they arise and, to this end, the Company has complete flexibility in selecting the specific investment and trading strategies that it sees fit in order to achieve its investment objective. In this regard, the Company may seek to gain Board representation and/or managerial control in its underlying investments if it deems to be the best way of generating value for Shareholders.

Opportunities will be chosen through a careful selection process which will appraise both the fundamental factors specific to the opportunity as well as wider economic considerations. Typical factors that will be considered are the strength of management, the quality of the asset base, the investment's scale and growth potential, the commodity price outlook, any geopolitical concerns, the underlying financial position, future working capital requirements as well as potential exit routes. Investments may be in the form of buy-outs, controlling positions (whether initially or as a result of additional or follow-on investments) or strategic minority investments.

There is no fixed limit on the number of projects or companies into which the Company may invest, nor the proportion of the Company's gross assets that any investment may represent at any time.

No material change will be made to the Company's investing policy without the approval of Shareholders.

KEY PERFORMANCE INDICATORS

The Group considers investment value and return on investment as its principal key performance indicators. This is monitored quarterly and reviewed at Board meetings.

STRATEGIC REPORT (continued)

Year to 30 June 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business is to identify, make, manage and realise investments in accordance with the Group's stated investing policy. The Directors consider the following risks to be the most material or significant for the management of the business. These issues do not purport to be a complete list or explanation of all the risk factors facing the Group. In particular the Group's performance may be affected by changes in the market and/or economic conditions and changes in legal, regulatory or tax requirement legislation. Additional risks and uncertainties not presently known by the Group or that the Group currently deems immaterial may also impact the business.

- **Unable to invest**

The Directors may be unable to identify investments which are consistent with the Group's investment policy and which are available at a price which the Directors consider suitable, which would limit the potential for the Group's value to grow.

- **Unavailability of finance**

The Directors may identify suitable investments at what they believe to be a suitable price but which may require more funds than are available to the Group and the Group may then be unable to raise further funds at all or on terms which the Directors consider acceptable.

- **Investment risk**

Once an investment has been made, the underlying business invested in may not perform as the Directors had expected and this may impair or eliminate the value of the Group's investment.

- **Realisation risk**

Once an investment has been made, it may not prove possible to realise the investment at the time the Directors intend or only to realise it at a value which damages the Group's value.

The Board of Directors monitors these risks and the Group's performance on a regular basis, considering investment proposals, the performance of investments made and opportunities for divestment as appropriate as well as considering the actual performance of the Group against budgets.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Note 22 to the financial statements sets out the financial risks to which the Group is exposed, together with its policies for managing these risks.

GOING CONCERN

The financial statements have been prepared on a going concern basis because, as set out in detail in Note 3 (Going Concern), the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future.

On behalf of the Board

Larry Johnson

Director

9 February 2018

DIRECTORS' REPORT

Year to 30 June 2017

The Directors present their annual report on the Group, together with the financial statements and the auditor's report, for the year ended 30 June 2017.

The current Directors of the Company are:

G Clarke – Chairman

Giles Clarke was appointed as a director on 25 March 2014. He is currently Chairman of AIM quoted Amerisur Resources plc and of Westleigh Investments Holdings Limited and Non-executive Chairman of Ironveld plc (which is also AIM quoted). He began his career as an investment banker with Credit Suisse First Boston before successfully establishing, building and selling a number of high profile businesses including Majestic Wine, Pet City plc and Safestore plc. He is also Chairman of several private organisations.

L Johnson – Chief Executive Officer

Larry Freeman Johnson has more than 25 years' experience in the tantalum industry having worked with two large US based publicly listed companies with core interests in tantalum. Throughout his career, Larry has held several senior key positions, most recently as Director: Mining and Global Tantalum Supply Chain at KEMET Electronics Corporation, and significantly he has spent several years focussing on the development of conflict-free global supply chains.

N Harrison – Non-Executive Director

Nick Harrison was appointed as a director on 25 March 2014. He is currently Finance Director of AIM quoted Amerisur Resources plc and a Non-executive Director of Ironveld plc (also AIM quoted). Mr Harrison was Finance Director of Pet City plc and has held Board positions at a number of private companies with international activities. He is a Chartered Accountant, having qualified with Arthur Andersen before holding senior roles with Deloitte, Midland Bank (International) and Coopers & Lybrand.

DIRECTORS' INTERESTS

The Directors who held office during the period and their beneficial interest in the ordinary shares of the Company were as follows:

	30 June 2017	30 June 2016
G Clarke (see note)	8,066,372	6,399,705
N Harrison (see note)	7,233,038	6,399,705
L Johnson (appointed 9 January 2017)	-	-
C McLeod (resigned 15 March 2017)	-	-
P Hibberd (resigned 9 January 2017)	-	-

Note: Westleigh Investments Holdings Limited (a company beneficially owned by Giles Clarke and Nick Harrison), holds 10,338,095 Ordinary shares in addition to the personal holdings shown above.

DIRECTORS' REPORT (continued)

Year to 30 June 2017

CAPITAL STRUCTURE

Details of the issued share capital are shown in Note 19. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote on a poll at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on the exercise of voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

SUBSTANTIAL SHAREHOLDINGS

The Board has been notified of the following disclosures in respect of shareholders with an interest in 3 per cent. or more of the issued share capital of the Company at 31 December 2017 (based on a total number of shares in issue of 251,517,093):

	Number of ordinary shares	% of ordinary share capital and voting rights
Hargreaves Lansdown, stockbrokers (EO)	36,205,336	14.39%
Walker Crips Stockbrokers	24,214,826	9.63%
Interactive Investor (EO)	16,484,730	6.55%
UBS Wealth Management	14,974,265	5.95%
Tracarta	12,652,095	5.03%
Hargreave Hale Investment Managers	10,866,667	4.32%
Westleigh Investment Holdings	10,338,095	4.11%
HSDL, stockbrokers (EO)	9,625,687	3.83%
Barclays Stockbrokers (EO)	9,505,165	3.78%
Giles Clarke	8,899,705	3.54%
SVS Securities (EO)	8,010,418	3.18%
David Ord	7,706,428	3.06%

Note: Westleigh Investments Holdings Limited is a company beneficially owned by Giles Clarke and Nick Harrison and the interest of Westleigh Investments Holdings Limited is not included in either the holding of G Clarke or N Harrison as shown above.

EVENTS AFTER THE REPORTING PERIOD

On 27 July 2017 the Company announced that it had conditionally raised £3.75m before expenses through the placing of 62,500,000 new ordinary shares in the Company at a price of 6p per share. The net proceeds of the placing will be used by African Tantalum (PTY) Limited ("Aftan"), Kennedy Ventures' investee company, for upgrades and expansion of the Namibia Tantalite Investments mine in order to fulfil increasing demand, in addition to drilling and bulk sampling to establish JORC lithium resource and extension to the life of the NTI mine. The upgrade and expansion of the mine will support the multiyear supply agreement signed with a global North American leading tantalum consumer and end user of the Company's tantalum ore. Giles Clarke participated in the placing and subscribed for 833,333 shares.

On 17 August 2017, the Company granted 10,000,000 options to L Johnson, exercisable at 6p per share and vesting over a 3 year period.

EMPLOYEES

The Group is an equal opportunities employer.

DIRECTORS' REPORT (continued) YEAR TO 30 June 2017

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- 1) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 2) The Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Welbeck Associates have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE

The Company, whose shares are quoted on AIM, is not required to comply with the requirements of the Combined Code but the Board is committed to high standards of corporate governance. The Board is accountable to the shareholders for good governance. All functions have to date therefore been undertaken by the Board as a whole including the consideration of relations with the auditors, the appointment of further directors and the setting of remuneration levels.

The Board has resolved to establish an audit committee comprising Giles Clarke (Chairman) and Nick Harrison (Non-Executive Director) and a remuneration committee comprising Giles Clarke (Chairman) and Nick Harrison (Non-Executive Director).

The Board is committed to implementing corporate governance structures in line with best practice for a company of its size and complexity as its business and activities develop.

The Directors acknowledge that they have overall responsibility for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets. The close involvement of the Directors in all decisions and actions undertaken by the Company is intended to ensure that the risks to the Company are minimised.

By order of the Board

Larry Johnson

Director

9 February 2018

DIRECTORS' REPORT ON REMUNERATION
YEAR TO 30 June 2017

REMUNERATION

The remuneration of the Directors is set by the Board as a whole and is reviewed annually. They are remunerated by a fixed fee for their duties as Directors, but it is anticipated that additional payments may be made where as a result of the Company's activities the time to be spent by the Directors on the affairs of the Company are greater than envisaged by the fixed fee.

With a view to aligning the efforts of the Directors most closely with the achievement of success by the Company, the Directors resolved to grant options to directors to subscribe up to 8,531,760 new ordinary shares at 1.25p per share. As at 30 June 2017, 3,199,410 options had been granted to each of G Clarke and N Harrison.

The Company does not provide a pension scheme for employees or Directors and does not contribute to plans established by them.

DIRECTOR'S SERVICE CONTRACTS

The Directors have letters of appointment which commence from their date of appointment and will continue unless terminated in accordance with the terms of the letter.

AUDITED INFORMATION

Directors' emoluments for the year are as follows:

	Fees £'000	Share based payments £'000	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
G Clarke	29	-	29	61
N Harrison	24	-	24	61
L Johnson	90	-	90	-
C McLeod	32	-	32	36
P Hibberd	28	-	28	59
	203	-	203	217

Details of the share options held by Directors are shown below:

	Number outstanding at 30 June 2017	Exercise price	Vesting date	Expiry Date
G Clarke*	1,599,705	1.25p	16.07.2015	25.03.2018
N Harrison*	1,599,705	1.25p	16.07.2015	25.03.2018
	3,199,410			

*On 25 March 2014, 1,599,705 options were granted each to G Clarke and N Harrison. On 16 July 2015, a further 1,599,705 options were granted each to G Clarke and N Harrison. On 4 April 2016, G Clarke and N Harrison each exercised 1,599,705 options at 1.25p per share.

On 17 August 2017, 10,000,000 options were granted to L Johnson, vesting over a period of three years and exercisable at 6p per share.

By order of the Board

Giles Clarke
Director
9 February 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- the strategic report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Giles Clarke

Director

9 February 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENNEDY VENTURES PLC

Opinion

We have audited the financial statements of Kennedy Ventures Plc (the 'Company') and its subsidiaries (the "Group") for the year ended 30 June 2017 which comprise the Group income statement, the Group statement of comprehensive income, the Group and Parent Company statements of changes in equity, the Group and Parent Company statements of financial position, the Group and Parent 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

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

Key audit matter

How we addressed it

Carrying value of intangible fixed assets

The capitalisation of development costs as an intangible asset requires the Board of Directors to demonstrate that six criteria as defined within IAS 38 "Intangible Assets" have all been met.

At the 30 June 2017, there is £1,881k of Development Costs capitalised (2016: £664k) in the Consolidated Statement of Financial Position.

We focused on this area because the Directors' assessment of whether impairment triggers have been identified that could give rise to an impairment charge in relation to the development costs involved complex and subjective judgements and assumptions including the progress and future performance of the mine.

The Directors have prepared impairment assessment models which include a number of assumptions. The assumptions which are deemed to be the most significant in respect of these models are related to the estimated length of contracts and the associated costs.

We focused on the key assumptions relating to future revenue forecasts, margin expectations and associated selling costs. We were able to evaluate the reasonableness of the Directors' forecasts and expectations including the impact upon terminal values by agreeing changes in growth assumptions to corroborating evidence.

We validated the inputs used by the Directors to calculate the discount rate applied by comparing this to a selection of comparable organisations. The Directors' key assumptions for long term growth rates were also compared to economic and industry forecasts for reasonableness.

We assessed, through the performance of sensitivity analysis over the key assumptions above, the extent of change in those assumptions that either individually or collectively would be required for any potential impairment charges, to have a material impact on the carrying value of the acquired intangible assets and goodwill. We also assessed the likelihood of such changes occurring.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENNEDY VENTURES PLC (continued)

Going concern basis

Clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including whether there is a related material uncertainty, is a key financial statement disclosure. Significant judgement is required in assessing the disclosures.

Our procedures included:

Assessing the completeness and accuracy of the matters covered in the going concern disclosure by assessing its consistency with the cash flow forecasts prepared by the Group.

We assessed whether the disclosure was balanced, understandable and sufficiently prominent, and referred to there being a material uncertainty.

Our application of materiality

Materiality for the Group/Company financial statements as a whole was set at £110k (2016: £25k).

This has been calculated as 3% of the benchmark of gross assets (2016: An average of net loss, net assets and gross assets was used), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group.

Materiality for the parent company financial statements was also set at £110k (2016: £25k), determined with reference to a benchmark of gross assets of £4,701k, of which it represents 3% (2016: An average of net loss, net assets and gross assets was used). This calculation was then reduced further to be in line with the overall group level of materiality.

We report to the Directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £5.5k (2016: £250), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

All entities of the group were subject to full scope audit procedures for group and statutory reporting purposes and we have relied on the work of the component auditors

As part of our planning we assessed the risk of material misstatement including those that required significant auditor consideration at the component and group level. Procedures were then performed to address the risk identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined above in the key audit matters section of this report.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENNEDY VENTURES PLC (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page 10], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Jonathan Bradley-Hoare (Senior statutory auditor)

for and on behalf of Welbeck Associates

Chartered Accountants and Statutory Auditor

London, United Kingdom

9 February 2018

GROUP INCOME STATEMENT

Year to 30 June 2017

	Notes	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Administrative expenses			
Administrative expenses		(1,098)	(788)
Operating loss and loss before tax	6	(1,098)	(788)
Taxation	9	-	-
Loss for the year and total comprehensive loss		(1,098)	(788)
Loss attributable to owners of the Company		(901)	(676)
Loss attributable to non-controlling interests		(197)	(112)
		(1,098)	(788)
Earnings per share attributable to owners of the Company			
From continuing operations:			
Basic and diluted (pence)	10	(0.5)p	(0.6)p

The accounting policies and notes form an integral part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

Year to 30 June 2017

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Loss for the year attributable to owners of the Company	(901)	(676)
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss:		
Exchange differences on translation of foreign operations	235	21
Other comprehensive income/(expense) for the period	235	21
Total comprehensive loss for the year attributable to equity holders of the parent	(666)	(655)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company profit and loss account. The loss for the Parent Company for the year was £308,000 (2016: £341,000).

The accounting policies and notes are an integral part of these financial statements.

KENNEDY VENTURES PLC

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

	Notes	GROUP		COMPANY	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-Current assets					
Goodwill	11	588	571	-	-
Other intangible assets	12	1,891	674	-	-
Property, plant and equipment	13	655	466	-	-
Investment in subsidiaries	14	-	-	4,434	2,184
		3,134	1,711	4,434	2,184
Current assets					
Trade and other receivables	15	174	70	19	38
Cash and cash equivalents	16	364	60	249	27
		538	130	268	65
Current liabilities					
Trade and other payables	17	135	286	128	212
Short term borrowings	18	-	150	-	150
		135	436	128	362
Net assets		3,537	1,405	4,574	1,887
Equity					
Share capital	19	1,890	1,084	1,890	1,084
Share premium account	19	11,314	9,125	11,314	9,125
Capital redemption reserve		2,077	2,077	2,077	2,077
Currency translation reserve		252	17	-	-
Retained earnings		(11,674)	(10,773)	(10,707)	(10,399)
Equity attributable to owners of the Company		3,859	1,530	4,574	1,887
Non-controlling interests		(322)	(125)	-	-
Total equity		3,537	1,405	4,574	1,887

These financial statements were approved by the Board of Directors on 9 February 2018.

Signed on behalf of the Board by:

Larry Johnson

Director

Company number: 005697574

The accounting policies and notes form an integral part of these financial statements

KENNEDY VENTURES PLC

GROUP STATEMENT OF CHANGES IN EQUITY

Year to 30 June 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Equity shareholders' funds £'000	Non-controlling interests £'000	Total £'000
Balance at 1 July 2015	763	7,849	2,077	(4)	(10,182)	503	143	646
Comprehensive income								
Loss for the year	-	-	-	-	(676)	(676)	(112)	(788)
Other comprehensive income	-	-	-	21	-	21	-	21
Total comprehensive income	-	-	-	21	(676)	(655)	(112)	(767)
Issue of share capital	321	1,276	-	-	-	1,597	-	1,597
Acquisition of subsidiary undertakings	-	-	-	-	-	-	(156)	(156)
Share based payment expense	-	-	-	-	85	85	-	85
Balance at 30 June 2016	1,084	9,125	2,077	17	(10,773)	1,530	(125)	1,405
Comprehensive income								
Loss for the year	-	-	-	-	(901)	(901)	(197)	(1,098)
Other comprehensive income	-	-	-	235	-	235	-	235
Total comprehensive expense	-	-	-	235	(901)	(666)	(197)	(863)
Issue of share capital	806	2,189	-	-	-	2,995	-	2,995
Balance at 30 June 2017	1,890	11,314	2,077	252	(11,674)	3,859	(322)	3,537

The accounting policies and notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year to 30 June 2017

	Share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2015	763	7,849	2,077	(10,143)	546
Loss for the financial period	-	-	-	(341)	(341)
Issue of share capital	321	1,276	-	-	1,597
Share based payment expense	-	-	-	85	85
Balance at 30 June 2016	1,084	9,125	2,077	(10,399)	1,887
Total comprehensive expense for the year	-	-	-	(308)	(308)
Issue of share capital	806	2,189	-	-	2,995
Balance at 30 June 2017	1,890	11,314	2,077	(10,707)	4,574

The accounting policies and notes form an integral part of these financial statements.

KENNEDY VENTURES PLC

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

Year to 30 June 2017

	Notes	GROUP		COMPANY	
		Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
OPERATING ACTIVITIES					
Net cash used in operating activities	23	(1,291)	(423)	(615)	(147)
INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(251)	(88)	-	-
Development costs		(1,217)	(664)	-	-
Advances to subsidiary undertakings		-	-	(2,008)	(1,306)
Acquisition of non-controlling interests		-	(336)	-	-
Acquisition of subsidiary undertakings		-	-	-	-
Net cash used in investing activities		(1,468)	(1,088)	(2,008)	(1,306)
FINANCING ACTIVITIES					
Net proceeds from share issues		2,995	1,365	2,995	1,365
Loans from associates		-	108	-	108
Repayment of loans		(150)	-	(150)	-
Net cash from financing activities		2,845	1,473	2,845	1,473
Net (decrease)/increase in cash and cash equivalents		86	(38)	222	20
Exchange rate translation adjustment		218	72	-	-
Cash and cash equivalents at beginning of year		60	26	27	7
Cash and cash equivalents at end of year	16	364	60	249	27

The accounting policies and notes are an integral part of these financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year to 30 June 2017

1 GENERAL INFORMATION

Kennedy Ventures Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Strategic Report and the Directors' Report.

2 STATEMENT OF COMPLIANCE

The financial statements have been prepared and approved by the Directors in accordance with all relevant IFRSs as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee, endorsed by the European Union ("EU").

At the date of authorisation of this document, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue, but not yet effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 27 (amendments) Equity Method in Separate Financial Statements

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for future reporting periods, although they have yet to complete their full assessment in relation to the impact of IFRS 9 and IFRS 15.

3 ACCOUNTING POLICIES

The principal accounting policies adopted and applied in the preparation of the Group and Company Financial statements are set out below.

These have been consistently applied to all the years presented unless otherwise stated:

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") including standards and interpretations issued by both the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") as adopted and endorsed by the European Union ("EU"), further to IAS Regulation (EC 1606/2002).

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

3 ACCOUNTING POLICIES (continued)**GOING CONCERN**

The financial statements have been prepared on the going concern basis.

The Directors have prepared cash flow forecasts to 31 March 2019, which show that the Company will have sufficient available cash resources to provide for its future requirements. In preparing their forecasts the Directors have given due regard to the risks and uncertainties affecting the business as set out in the Strategic report.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the financial statements of Kennedy Ventures Plc (the "Company") and entities controlled by the Company (its subsidiaries). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method under IFRS 3. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are expensed as incurred.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition and is included as a non-current asset.

Goodwill is tested annually, or more regularly should the need arise, for impairment and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

In accordance with IAS 36 the Group values Goodwill at the lower of its carrying value or its recoverable amount, where the recoverable amount is the higher of the value if sold and its value in use.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

3 ACCOUNTING POLICIES (continued)**FOREIGN CURRENCIES**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Group financial statements, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the Group financial statements.

In preparing the financial statement of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year end date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting Group financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the year end date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

TAXATION

The tax currently payable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

3 ACCOUNTING POLICIES (continued)**DEVELOPMENT COSTS**

Development costs relate to expenditure incurred on the development and evaluation of mineral resources. These costs are recorded as intangible assets until the mineral resource reaches the production stage. Upon completion of development and commencement of production, capitalised development costs as well as evaluation expenditures are transferred to mining assets in property, plant and equipment and depreciated over the expected life of the mineral resource.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment are recorded at cost, less depreciation, less any amount of adjustments for impairment, if any.

Significant improvements are capitalised, provided they qualify for recognition as assets. The costs of maintenance, repairs and minor improvements are expensed when incurred.

Tangible assets, retired or withdrawn from service, are removed from the balance sheet together with the related accumulated depreciation. Any profit or loss resulting from such an operation is included in the income statement.

Tangible and intangible assets are depreciated on the straight-line method based on their estimated useful lives from the time they are put into operation, so that their net cost is diminished over the lifetime of consideration to estimated residual value as follows:

Land and buildings – Over 20 years

Plant and equipment – Between 5 and 10 years

IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually and where there are indications that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

3 ACCOUNTING POLICIES (continued)**TRADE RECEIVABLES, LOANS AND OTHER RECEIVABLES**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets and are measured at amortised cost less an allowance for any uncollectible amounts. The net of these balances are classified as "trade and other receivables" in the balance sheet.

Trade and other receivables are assessed for indicators of impairment at each balance sheet date and are impaired where there is objective evidence that the recovery of the receivable is in doubt.

Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation.

The carrying amount of trade and other receivables is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Loans and receivables, as categorised above, are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, deposits at call with banks, other short-term highly liquid investments with original maturity at acquisition of three months or less that are readily convertible to cash, net of bank overdrafts. For the purpose of the cash flow statement, cash and cash equivalents consist of the definition outlined above.

FINANCIAL LIABILITIES

All non-derivative financial liabilities are classified as other financial liabilities and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Other financial liabilities consist of borrowings and trade and other payables.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

OTHER FINANCIAL LIABILITIES, BANK AND SHORT TERM BORROWINGS

Other financial liabilities, as categorised above, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Other financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL

Equity instruments consist of the Company's ordinary share capital and are recorded at the proceeds received, net of direct issue costs.

SEGMENTAL ANALYSIS

Under IFRS 8 operating segments are considered to be components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Board of Directors. At present, and for the period under review, the Company's sole reporting segment is the tantalite mining operation in Namibia.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The valuation of the options involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 20. The estimates and assumptions could materially affect the Income Statement.

5 SEGMENTAL REPORTING

The business consists of a single investment activity being the tantalite mining operation in Namibia. As a result the segmental financial information is the same as that set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows.

6 OPERATING LOSS

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Loss for the period has been arrived at after charging:		
Staff costs as per Note 8 below	311	406
Auditors remuneration	20	20
Depreciation of property, plant and equipment	62	17

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

7 AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	20	20
Total audit fees	20	20
Fees payable to the Group auditor and their associates for other services to the Group:		
Tax services	1	1
	21	21

8 STAFF COSTS

The average monthly number of employees (including executive directors) for the continuing operations was:

	Year ended 30 June 2017 Number	Year ended 30 June 2016 Number
Group total staff	100	100
	£'000	£'000
Wages and salaries	277	194
Share based payment in respect of exercise of options	-	112
Other share base payment expense	-	85
Social security costs	34	15
	311	406

DIRECTORS' EMOLUMENTS

An analysis of the directors' emoluments and pension entitlements and their interest in the share capital of the Company is contained in the Report of the Board on remuneration accompanying these financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

9 TAXATION

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Loss on continuing operations before tax	(1,098)	(788)
Tax at the UK corporation tax rate of 19.75% (2016: 20%)	(217)	(158)
Effects of:		
Expenses not deductible for tax purposes	5	8
Unutilised tax losses carried forward	212	150
Tax charge for period	-	-

The total taxation charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates.

10 LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Loss for the year attributable to owners of the Company	(901)	(676)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	177,144,947	104,756,967
LOSS PER SHARE (PENCE PER SHARE) BASIC AND FULLY DILUTED: - from continuing and total operations	(0.5)	(0.6)

The Company has outstanding warrants and options as disclosed under Note 20 which may be dilutive in future periods. The effect in respect of the current year would have been anti-dilutive (reducing the loss per share) and accordingly is not presented. In addition the effect of the issue of ordinary shares shortly after year end, would also have been anti-dilutive, and accordingly is not considered. The issue however, may be dilutive in future periods.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

11 GOODWILL

	2017	2016
GROUP	£'000	£'000
Balance brought forward	571	442
Arising on acquisition of non-controlling interest	-	180
Exchange translation difference	17	(51)
Balance carried forward	588	571

The Directors have reviewed the carrying value of Goodwill at 30 June 2017 and consider that no impairment provision is required. The Impairment review involved calculating the NPV of the Group's cash generating assets. The NPV calculation involved using the discounted cash flow forecast model based on current and expected production results. As a result of carrying out this impairment testing review the Directors considered that there was no need for any impairment of the carrying value of the goodwill.

The Directors continue to review goodwill on an on-going basis and where necessary in future periods will request external valuations to further support the valuation basis.

12 OTHER INTANGIBLE ASSETS

	Development costs	Mining licences	Total
GROUP	£'000	£'000	£'000
At 1 July 2016	664	10	674
Additions in year	1,217	-	1,217
At 30 June 2017	1,881	10	1,891

13 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Plant & machinery	Furniture & equipment	Total
GROUP	£'000	£'000	£'000	£'000
Cost				
At 1 July 2015	125	270	-	395
Additions	-	51	37	88
Cost at 30 June 2016	125	321	37	483
Adjustment	-	64	(4)	60
Additions	-	251	-	251
Cost at 30 June 2017	125	636	33	794
Depreciation				
At 1 July 2015	-	-	-	-
Charge for the year	6	7	4	17
Depreciation at 30 June 2016	6	7	4	17
Adjustment	-	63	(3)	60
Charge for the year	9	49	4	62
Depreciation at 30 June 2017	15	119	5	139
Net book value at 30 June 2017	110	517	28	655
Net book value at 30 June 2016	119	314	33	466

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

14 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company invests in its subsidiary and associated undertakings

COMPANY	2017 £'000	2016 £'000
Cost and net book value		
At 1 July	2,184	758
Additional advances to African Tantalum (Pty) Ltd	2,008	1,306
Intercompany loan interest	242	120
As at 30 June	4,434	2,184

The intercompany loan to Aftan bears interest at 12% p.a.

All principal subsidiaries of the Group are consolidated into the financial statements. At 30 June 2017 the subsidiaries were as follows:

Subsidiary undertakings	Country of registration	Principal activity	Holding	%
African Tantalum (Pty) Ltd	Namibia	Intermediate holding company	Ordinary shares	75
Namibia Tantalite Investments (Pty) Ltd	Namibia	Tantalite mining	Ordinary shares	100
Tameka Shelf Company Four (Pty) Ltd	Namibia	Mining licence holder	Ordinary shares	100

The following table summarises the movement in the investments made by the Company in subsidiary undertakings, as above:

COMPANY	2017 £'000	2016 £'000
At 1 July	2,184	758
Part capitalisation of loan to Aftan	550	500
Increase in loan to Aftan	1,700	926
As at 30 June	4,434	2,184

During the year approximately 25% of the intercompany loan was converted into shares in Aftan.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

15 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Other receivables	166	64	11	32
Prepayments and accrued income	8	6	8	6
	174	70	19	38

The Directors consider the carrying amount of intercompany loans and other receivables approximates to their fair value.

16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash and cash equivalents	364	60	249	27

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term, highly liquid investments with a maturity of three months or less.

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	33	56	33	£
Other payables	-	129	-	£
Accruals	102	101	95	£
	135	286	128	£

The Directors consider the carrying amount of trade payables approximates to their fair value.

18 SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Westleigh Investments Holdings Ltd loan	-	150	-	150
	-	150	-	150

See Note 25, Related party transactions, for further details.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value £'000	Share premium £'000
ISSUED AND FULLY PAID:			
At 30 June 2015, shares of 1p each	76,309,748	763	7,849
Share issue	32,151,791	321	1,351
Share issue expenses	-	-	(75)
At 30 June 2016, shares of 1p each	108,461,539	1,084	9,125
Share issues	80,555,554	806	2,444
Share issue expenses	-	-	(255)
At 30 June 2017	189,017,093	1,890	11,314

Share issues

On 20 July 2016, the Company issued 66,666,665 ordinary shares of 1p at 3p per share for cash in respect of a private placing.

On 1 February 2017, the Company issued 13,888,889 ordinary shares of 1p at 9p per share for cash in respect of a private placing.

20 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates share-based payment arrangements to incentivise directors by the grant of share options. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 25 March 2014, the Board resolved to grant options over up to 8,531,760 new ordinary shares exercisable at 1.25p per share and granted 1,599,705 such options each to G Clarke and N Harrison. On 16 July 2015, a further 1,599,705 such options were granted each to G Clarke and N Harrison, and 2,132,940 options were granted to former directors on the same terms. The options are exercisable at any time up to 25 March 2018.

The significant inputs to the model in respect of the options granted in July 2015 were as follows:

Share price at date of grant	4.85 pence
Exercise price	1.25 pence
No. of share options	5,332,350
Expected volatility	50%
Option life	2.7 years
Risk free rate	2%
Calculated fair value per share	3.70 pence

The total share-based payment expense recognised in the income statement for the year ended 30 June 2017 in respect of the share options granted was £Nil (2016: £197,000).

Number of options at 1 July 2016	Issued in the year	Exercised in the year	Number of options at 30 June 2017	Exercise price	Vesting Date	Expiry date
5,332,350	-	-	5,332,350	1.25p	16.07.2015	25.03.2018
5,332,350	-	-	5,332,350	1.25p		

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

21 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the Statement of financial position and the headings in which they are included are as follows:

	2017 £'000	2016 £'000
Financial assets:		
Cash and cash equivalents	364	60
Loans and receivables	166	64
	530	124

FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the Statement of financial position and the headings in which they are included are as follows:

	2017 £'000	2016 £'000
Financial liabilities at amortised cost:		
Trade and other payables	33	8
Short term borrowings	-	8
	33	3

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest repayment date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	Over 5 years £'000	£'000
30 June 2017					
Non-interest bearing:					
Trade and other payables	-	33	-	-	-
Short term borrowings	-	-	-	-	-
30 June 2016					
Non-interest bearing:					
Trade and other payables	-	185	-	-	-
Short term borrowings	-	150	-	-	-

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

22 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Group are exposed to through its financial instruments and the operations of the Group are credit risk, foreign currency risk, liquidity risk and market price risk. These risks are managed by the Group's finance function together with the Board of Directors.

Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit risk

The Company's principal financial assets are bank balances and cash and other receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk is £364,000 (2016: £60,000) comprising cash and cash equivalents.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

Foreign Currency risk

The Group undertakes transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Following the acquisition of African Tantalum (Pty) Ltd. Ltd, the Group's major activity is now in Namibia, bringing exposure to the exchange rate fluctuations of GBP/£ Sterling with the Namibian Dollar and South African Rand, the currencies in which most of the operating costs are denominated. At the year end the value of assets denominated in these currencies was such that the resulting exposure to exchange rate fluctuations was not material to the Group's operations. Going forwards the Group is exposed to the US\$ as it has entered into an off-take agreement for the major part of its production, priced in US\$.

Exchange rate exposures are managed within approved policy parameters. The Group has not entered into forward exchange contracts to mitigate the exposure to foreign currency risk.

The Directors consider the assets most susceptible to foreign currency movements to be the Investment in Subsidiaries. Although these investments are denominated in Namibian Dollars their value is dependent on the global market value of the available Tantalite resources.

Market Price risk

Going forwards the Group's exposure to market price risk mainly arises from potential movements in the market price of Tantalite. The Group is managing this price risk by completing a fixed price off-take agreement in respect of the major part of its planned production.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

23 NOTES TO THE CASHFLOW STATEMENT

	GROUP		COMPANY	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Operating loss	(1,098)	(788)	(308)	(341)
Depreciation and amortisation	62	17	-	-
Share based payment expense	-	197	-	197
Shares issued in settlement of fees	-	20	-	20
Intercompany loan interest	-	-	(242)	(120)
Operating cash flows before movement in working capital	(1,036)	(554)	(550)	(244)
(Increase)/decrease in receivables	(104)	(57)	19	(28)
(Decrease)/increase in payables	(151)	188	(84)	125
Net cash used in operating activities	(1,291)	(423)	(615)	(147)

24 EVENTS AFTER THE REPORTING PERIOD

On 27 July 2017 the Company announced that it had conditionally raised £3.75m before expenses through the placing of 62,500,000 new ordinary shares in the Company at a price of 6p per share. The net proceeds of the placing will be used by African Tantalum (PTY) Limited (“Aftan”), Kennedy Ventures’ investee company, for upgrades and expansion of the Namibia Tantalite Investments mine in order to fulfil increasing demand, in addition to drilling and bulk sampling to establish JORC lithium resource and extension to the life of the NTI mine. The upgrade and expansion of the mine will support the multiyear supply agreement signed with a global North American leading tantalum consumer and end user of the Company’s tantalum ore.

On 17 August 2017, the Company granted 10,000,000 options to L Johnson, exercisable at 6p per share and vesting over a 3 year period.

25 RELATED PARTY TRANSACTIONS

The remuneration of the Directors, who are the key management personnel of the Company, is set out in the report of the Board on remuneration accompanying these financial statements.

During the year Westleigh Investment Holdings Ltd (“WIHL”) received £48,000 (2016: £48,000) in respect of accounting, administration and office accommodation services provided to the Company. WIHL is a substantial shareholder in the Company and is controlled by Giles Clarke and Nick Harrison through their holdings of 73.28% and 26.72% respectively.

There have been no other material transactions with related parties.

26 OPERATING LEASES

The Group has an operating lease over the land for which it has a mining licence which endures until the mining operations permanently cease. The rent is approximately £150 per annum.

27 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments authorised by the Directors or contracted for at 30 June 2017 (2016: £nil).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2017

28 ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be one single ultimate controlling party.