Company Registration No. 05697574

KENNEDY VENTURES plc

ANNUAL REPORT 2016

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COMPANY INFORMATION

DIRECTORS:	G Clarke	Chairman
	P Hibberd	Chief Executive Officer
	C McLeod	Director
	N Harrison	Director
SECRETARY:	B James	
REGISTERED OFFICE:	Lakeside Fountain lane St Mellons Cardiff CF3 0BW	
COMPANY REGISTRATION NUMBER:	05697574	
REGISTRAR AND TRANSFER OFFICE:	Capita Registrars 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	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU	
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 2016

The last twelve months have seen our African investment make significant progress, achieving commercial production levels of tantalum, a rare and valuable metal used in the production of electronic components and alloys, whilst unearthing an opportunity to diversify into the lucrative lithium market.

Since Kennedy Ventures' investment in African Tantalum (Pty) Limited ("Aftan") in 2015, our main aim has been to facilitate the re-opening of the Tantalite Valley Mine ("TVM") and recommission the processing plant in order to extract the inherent and significant value from the TVM and surrounding ore bodies. The Company is delighted to say that Aftan's development programme has remained within budget, on schedule, and has now reached its final stage, with the installation of a milling circuit forecast to complete in December 2016.

Upon its completion, the TVM is expected to be cash flow positive and have an increased recovery rate of fine tantalite. In November 2016 and on schedule, Aftan delivered its first shipment containing 1.6 tons of tantalite concentrate under an agreement with its long-term offtake partner, a leading manufacturer of electronic components. This agreement ensures Aftan receives security of payment and a sustainable source of income going forward.

In July 2016, we successfully raised £2.0 million through the issue of 66,666,665 new ordinary shares at 3p per share, with the proceeds invested in Aftan to allow it to upgrade and expand its current plant at the TVM, in addition to opening up the lepidolite orebody, which through its association with tantalite, has exciting lithium potential.

Aftan is in the process of assessing the potential value of the lepidolite lithium deposit by conducting both geological and metallurgical test studies, which are advancing in line with expectations. Its plant upgrade programme is scheduled to complete in Q1 2017 with the installation of an additional flotation circuit. This final step will allow for the removal of mica to create a lithium-rich concentrate, which may enable the Group to become the first and only AIM quoted company with investments in lithium producing operations.

The strong progress of Aftan's plant upgrade programme has enabled the production of Tantalum to resume. We forecast that production will ramp up to full capacity in Q2 2017 and achieve the targeted throughput rate of 15,000 tonnes per month and 15 tonnes of tantalite concentrate per month with improved ore sourcing and grades.

Tantalite is predominantly used in tantalum capacitors, a key component required by a wide range of electronic equipment and mobile devices, resulting in high, sustained levels of demand for the mineral. Additionally, Tantalum's chemical inertness and high resistance to corrosion allows it to be used as a minor component in alloys.

We remain fully aware that tantalum is a conflict mineral and we are dedicated to ensuring that all tantalum produced by Aftan is conflict-free. TVM, located in Southern Namibia near Warmbad in the Karas District, represents a fully traceable source of tantalum. Aftan has established good relationships with the local community which provides many of the workforce. It has also provided educational assistance and will seek to build up an appropriate CSR programme. Caroline McLeod plays a key role in this.

Financials

The Company recorded a loss before tax of £788,000, compared to £219,000 in 2015, and had cash balances of £60,000 at the end of the period. The Group continues to maintain operations on a low cash cost basis and administrative expenses for the year of £788,000 included a share based payment charge of £197,000. The Company does not plan to pay a dividend for the twelve months to 30 June 2016.

Board and management team

The Group has continued to strengthen its management team through the addition of Renier Swieger as General Manager of Operations for Aftan. Renier is an experienced engineer and project manager with a history of successfully delivering mining projects on time and in budget. In addition to his sector experience, Renier, a Namibian citizen, has vast regional expertise having worked across Africa in managerial roles for MDM Engineering, Anglo Gold Ashanti Ltd and Manhattan Corporation.

CHAIRMAN'S STATEMENT (continued)
Year to 30 June 2016

Outlook

Aftan is close to achieving full production levels at the TVM, has already secured a long-term offtake partner, and operates in a stable mining friendly country and commodity market. This provides the Group with confidence that Aftan can become a leading tantalum producer with significant potential to enter the lithium market.

As previously stated, the Group is very excited by the TVM's significant lithium potential, and has already committed the resources to enable further exploration. It is viewed as a viable opportunity to achieve near-term production of lithium concentrate, which would enhance Aftan's growth prospects substantially, particularly when considering the rising demand and value of lithium. Aftan is currently working towards producing a JORC compliant resource report for the lepidolite deposit, expected in the first half of next year.

Moving forward, we will assist Aftan to continue to identify ways to improve its current operations, whilst actively seeking to identify and evaluate prospective complementary investment opportunities that will enhance shareholder value.

Giles Clarke
Chairman

18 December 2016

STRATEGIC REPORT
Year to 30 June 2016

The Directors present their strategic report on the Group for the year ended 30 June 2016.

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 2016 (2015: 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.

THE COMPANY'S ABRIDGED STATED INVESTING POLICY (APPROVED BY SHAREHOLDERS 25 MAY 2012)

The Company's investing policy is to invest principally, but not exclusively in the resources and energy sectors. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. Once a target has been identified, additional funds may need to be raised by the Company to complete a transaction.

The proposed investments to be made by the Company may be in either quoted or unquoted securities, made by direct acquisition, and may be in companies, partnerships, joint ventures, or direct interests in projects, and can be at any stage of development. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.

The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist. The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of any potential investment will be subject to rigorous due diligence, as appropriate. It is likely that the Company's financial resources will be invested in a small number of projects or investments.

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.

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.

STRATEGIC REPORT (continued)
Year to 30 June 2016

- **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

Nick Harrison
Director
18 December 2016

DIRECTORS' REPORT
Year to 30 June 2016

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 2016.

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 President of the England and Wales Cricket Board and Chairman of several private organisations.

P Hibberd – Chief Executive Officer

Peter Hibberd was appointed on 11 June 2015. He is a qualified geologist and mining engineer from the Royal School of Mines, Imperial College with over 30 years' experience in the mining industry. During this time he held a number of positions with major mining houses including De Beers and JCI. He has specialised in pegmatite geology and has been involved in numerous tantalite projects in South Africa, Namibia, Mozambique, DR Congo and Colombia.

C McLeod – Director

Caroline McLeod was appointed on 19 June 2015. She is a Namibian national and a lawyer, specialising in labour and mining. She has consulted for Sanlam Namibia Limited, where she was appointed a Trustee of the Pension Fund, and more recently has advised Telecom Namibia Limited. She has also been a board member of African Tantalum (Pty) Ltd for over five years.

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 Deloittes, 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 2016	30 June 2015
G Clarke (see note)	**6,399,705**	4,800,000
N Harrison (see note)	**6,399,705**	4,800,000
C McLeod	**-**	-
P Hibberd	**-**	-
P Redmond (resigned 15 July 2015)	**-**	1,320,000
C L Weinberg (resigned 15 July 2015)	**-**	1,960,000

Note: Westleigh Investments Holdings Limited (a company beneficially owned by Giles Clarke and Nick Harrison), holds 9,484,524 Ordinary shares in addition to the personal holdings shown above.

DIRECTORS' REPORT (continued)
Year to 30 June 2016

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 13 November 2016 (based on a total number of shares in issue of 175,128,204):

	Number of ordinary shares	% of ordinary share capital and voting rights
Walker Crips Stockbrokers	21,076,851	12.04%
Hargreave Hale Limited	12,691,667	7.25%
Jarvis Investment Management (EO)	12,196,357	6.96%
Hargreaves Lansdown (EO)	11,316,685	6.46%
Westleigh Investments Holdings Limited (see note)	10,338,095	5.90%
UBS Wealth Management	10,103,265	5.77%
Weighbridge Trust	9,079,762	5.18%
G Clarke (see note)	8,066,372	4.61%
TD Waterhouse (EO)	7,835,119	4.47%
David Ord	7,373,095	4.21%
N Harrison (see note)	7,233,038	4.13%
Redmayne Nominees Limited	6,268,726	3.58%
Barclays Stockbrokers	5,513,376	3.15%

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 20 July 2016 the Company announced that it had conditionally raised £2 million before expenses through the placing of 66,666,665 new ordinary shares in the Company at a price of 3p per share. The net proceeds of the Placing will be used by African Tantalum (Pty) Limited ("Aftan"), Kennedy Ventures' investee company, to upgrade and expand Aftan's current plant at Tantalite Valley Mine and open up the Lepidolite orebody where, due to the association of lepidolite (lithium-rich mica) with the tantalite, lithium potential exists.

EMPLOYEES

The Group is an equal opportunities employer.

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.

DIRECTORS' REPORT (continued)
YEAR TO 30 June 2016

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

Nick Harrison
Director
18 December 2016

DIRECTORS' REPORT ON REMUNERATION
YEAR TO 30 June 2016

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 2016, 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 2016 £'000	Year ended 30 June2015 £'000
G Clarke	5	56	61	5
N Harrison	5	56	61	5
C McLeod	36	-	36	-
P Hibberd	59	-	59	-
C J Yates	-	-	-	7
P Redmond	-	-	-	14
C L Weinberg	-	-	-	13
	105	112	217	44

*The amounts disclosed as share based payments represented the taxable benefit on the exercise of options by G Clarke and N Harrison.

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

	Number outstanding at 30 June 2016	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**
P Hibberd**	-	-	-	-
	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 24 July 2015 the Company agreed to make a conditional award of 1,400,000 ordinary shares of 1p each to Peter Hibberd. The shares granted under the award will be issued as certain performance criteria are met, including inter alia the completion of the initial shipments of tantalite by Aftan pursuant to its recent off-take agreement and the on-going profitability of the Company. As at 30 June 2016 the total number of these conditional options that had been granted was nil.

By order of the Board

Giles Clarke
Director
18 December 2016

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

N Harrison
Director

18 December 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENNEDY VENTURES PLC

We have audited the financial statements of Kennedy Ventures plc for the year ended 30 June 2016 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 the related notes. The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

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 2016 and of the Group's loss for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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.

Rory Heier (Senior statutory auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
London, United Kingdom

18 December 2016

GROUP INCOME STATEMENT

Year to 30 June 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Administrative expenses			
Administrative expenses		**(788)**	(219)
Operating loss and loss before tax	**6**	**(788)**	(219)
Taxation	**9**	**-**	-
Loss for the year and total comprehensive loss		**(788)**	(219)
Loss attributable to owners of the Company		**(676)**	(199)
Loss attributable to non-controlling interests		**(112)**	(20)
		(788)	(219)
Earnings per share attributable to owners of the Company			
From continuing operations:			
Basic and diluted (pence)	**10**	**(0.6)p**	(0.3)p

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

Year to 30 June 2016

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Loss for the year attributable to owners of the Company	**(676)**	(199)
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss:		
Exchange differences on translation of foreign operations	**21**	(4)
Other comprehensive income/(expense) for the period	**21**	(4)
Total comprehensive loss for the year attributable to equity holders of the parent	**(655)**	(203)

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 £341,000 (2015: £160,000).

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

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016

		GROUP		COMPANY	
		2016	2015	**2016**	2015
	Notes	**£'000**	£'000	**£'000**	£'000
Non-Current assets					
Goodwill	**11**	**571**	442	**-**	-
Other intangible assets	**12**	**674**	10	**-**	-
Property, plant and equipment	**13**	**466**	395	**-**	-
Investment in subsidiaries	**14**	**-**	-	**2,184**	758
		1,711	847	**2,184**	758
Current assets					
Trade and other receivables	**15**	**70**	13	**38**	10
Cash and cash equivalents	**16**	**60**	26	**27**	7
		130	39	**65**	17
Current liabilities					
Trade and other payables	**17**	**286**	98	**212**	87
Short term borrowings	**18**	**150**	142	**150**	142
		436	240	**362**	229
Net assets		**1,405**	646	**1,887**	546
Equity					
Share capital	**19**	**1,084**	763	**1,084**	763
Share premium account	**19**	**9,125**	7,849	**9,125**	7,849
Capital redemption reserve		**2,077**	2,077	**2,077**	2,077
Currency translation reserve		**17**	(4)	**-**	-
Retained earnings		**(10,773)**	(10,182)	**(10,399)**	(10,143)
Equity attributable to owners of the Company		**1,530**	503	**1,887**	546
Non-controlling interests		**(125)**	143		-
Total equity		**1,405**	646	**1,887**	546

These financial statements were approved by the Board of Directors on 18 December 2016.

Signed on behalf of the Board by:

Nick Harrison
Director

Giles Clarke
Director

Company number: 005697574

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

GROUP STATEMENT OF CHANGES IN EQUITY

Year to 30 June 2016

	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 2014	711	7,673	2,077	-	(9,983)	478	-	478
Comprehensive income								
Loss for the year	-	-	-	-	(199)	(199)	(20)	(219)
Other comprehensive income	-	-	-	(4)	-	(4)	-	(4)
Total comprehensive income	-	-	-	(4)	(199)	(203)	(20)	(223)
Issue of share capital	52	176	-	-	-	228	-	228
Acquisition of subsidiary undertakings	-	-	-	-	-	-	163	163
Balance at 30 June 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 expense			-	**21**	**(676)**	**(655)**	**(112)**	**(767)**
Issue of share capital	**321**	**1,276**	-	-	-	**1,597**	-	**1,597**
Acquisition of non-controlling interests	-	-	-	-	-	-	**(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**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

Year to 30 June 2016

	Share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2014	711	7,673	2,077	(9,983)	478
Loss for the financial period	-	-	-	(160)	(160)
Issue of share capital	52	176	-	-	228
Balance at 30 June 2015	**763**	**7,849**	**2,077**	**(10,143)**	**546**
Total comprehensive expense for the year	**-**	**-**	**-**	**(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**

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

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

Year to 30 June 2016

		GROUP		COMPANY	
	Notes	**Year ended 30 June 2016 £'000**	Year ended 30 June 2015 £'000	**Year ended 30 June 2016 £'000**	Year ended 30 June 2015 £'000
OPERATING ACTIVITIES					
Net cash used in operating activities	23	**(423)**	(186)	**(147)**	(137)
INVESTING ACTIVITIES					
Purchases of property, plant and equipment		**(88)**	-	**-**	-
Development costs		**(664)**	-	**-**	-
Advances to subsidiary undertakings		**-**	-	**(1,306)**	(536)
Acquisition of non-controlling interests		**(336)**	-	**-**	-
Acquisition of subsidiary undertakings		**-**	(464)	**-**	-
Net cash used in investing activities		**(1,088)**	(464)	**(1,306)**	(536)
FINANCING ACTIVITIES					
Net proceeds from share issues		**1,365**	7	**1,365**	7
Loans from associates		**108**	142	**108**	142
Net cash from financing activities		**1,473**	149	**1,473**	149
Net (decrease)/increase in cash and cash equivalents		**(38)**	(501)	**20**	(524)
Exchange rate translation adjustment		**72**	(4)	**-**	-
Cash and cash equivalents at beginning of year		**26**	531	**7**	531
Cash and cash equivalents at end of year	16	**60**	26	**27**	7

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year to 30 June 2016

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.

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 December 2017, 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.

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 2016

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 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 straight-line method based on the estimated useful lives from the time they are put into operations, so that the cost 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 2016

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 LIABILTIES, 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 2016

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 2016 £'000	Year ended 30 June 2015 £'000
Loss for the period has been arrived at after charging:		
Staff costs as per Note 8 below	**406**	47
Auditors remuneration	**20**	15
Depreciation of property, plant and equipment	**17**	-

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

7 AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	**20**	15
Total audit fees		15
Fees payable to the Group auditor and their associates for other services to the Group:	**-**	
Tax services	**1**	1
	21	16

8 STAFF COSTS

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

	Year ended 30 June 2016 Number	Year ended 30 June 2015 Number
Group total staff	**100**	5

	£'000	£'000
Wages and salaries	**194**	20
Share based payment in respect of exercise of options	**112**	-
Other share base payment expense	**85**	-
Directors' compensation for loss of office	**-**	24
Social security costs	**15**	3
	406	47

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 2016

9 TAXATION

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Loss on continuing operations before tax	**(788)**	(219)
Tax at the UK corporation tax rate of 20% (2015: 20%)	**(158)**	(44)
Effects of:		
Expenses not deductible for tax purposes	**8**	5
Unutilised tax losses carried forward	**150**	39
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 2016 £'000	Year ended 30 June 2015 £'000
Loss for the year attributable to owners of the Company	**(676)**	(199)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	**104,756,967**	73,115,0366
LOSS PER SHARE (PENCE PER SHARE)		
BASIC AND FULLY DILUTED:		
- from continuing and total operations	**(0.6)**	(0.3)

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 2016

11 GOODWILL

GROUP	2016 £'000	2015 £'000
Balance brought forward	**442**	-
Arising on acquisition of African Tantalum	-	442
Arising on acquisition of non-controlling interest	**180**	-
Exchange translation difference	**(51)**	-
Balance carried forward	**571**	442

During the year goodwill has arisen on the acquisition of the remaining 40% of Namibia Tantalite Investments (Pty) Ltd ("NTI") and Tameka Shelf Company Four (Pty) Ltd ("TSC"), not previously owned by the Group.

The Directors have reviewed the carrying value of Goodwill at 30 June 2016 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

GROUP	Development costs £'000	Mining licences £'000	Total £'000
At 1 July 2014 and 2015	-	**10**	**10**
Additions in year	**664**	-	**664**
At 30 June 2016	**664**	**10**	**674**

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Land & buildings £'000	Plant & machinery £'000	Furniture & equipment £'000	Total £'000
Cost				
At 1 July 2014	-	-	-	-
On initial acquisition of African Tantalum (Pty) Ltd	**125**	**270**	-	**395**
Cost at 30 June 2015	**125**	**270**	-	**395**
Additions	-	51	37	88
Cost at 30 June 2016	**125**	321	37	**483**
Depreciation				
At 1 July 2014 and 2015	-	-	-	-
Charge for the year	6	7	4	**17**
Depreciation at 30 June 2016	6	7	4	**17**
Net book value at 30 June 2016	**119**	**314**	**33**	**466**
Net book value at 30 June 2015	125	270	-	395

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

14 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company invests in its subsidiary and associated undertakings

COMPANY	2016 £'000	2015 £'000
Cost and net book value		
At 1 July	**758**	-
Acquisition of African Tantalum (Pty) Ltd	**-**	686
Additional advances to African Tantalum (Pty) Ltd	**1,306**	72
Intercompany loan interest	**120**	-
As at 30 June	**2,184**	758

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 2016 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

*During the year African Tantalum (Pty) Ltd acquired the remaining 40%, not previously held, of the share capital of both Namibia Tantalite Investments (Pty) Ltd and Tameka Shelf Company Four (Pty) Ltd, and now holds 100% of the issued share capital of both companies. The amount paid for the remaining 40% was NAM 7,000,000 (£336,000), which was settled in cash.

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

COMPANY	2016 £'000	2015 £'000
At 1 July	**758**	-
Shares issued in respect of acquisition of Aftan	**-**	222
Part capitalisation of loan to Aftan	**500**	-
Increase in loan to Aftan	**926**	536
As at 30 June	**2,184**	758

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 2016

15 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Other receivables	**64**	7	**32**	4
Prepayments and accrued income	**6**	6	**6**	6
	70	13	**38**	10

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

16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	**60**	26	**27**	7

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

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Trade payables	**56**	44	**56**	36
Other payables	**129**	3	**63**	-
Accruals	**101**	51	**93**	51
	286	98	**212**	87

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

18 SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Westleigh Investments Holdings Ltd loan	**150**	142	**150**	142
	150	142	**150**	142

On 13 November 2014 the Company agreed a £200,000 interest free loan facility, under which the Company had drawn down £142,000 at 30 June 2015. In July 2015, the loan was repaid, £42,000 in cash and £100,000 through the issue of shares.

As at 30 June 2016 the Company had drawn down a further £150,000.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value £'000	Share premium £'000
ISSUED AND FULLY PAID:			
At 30 June 2014, shares of 1p each	71,098,000	711	7,673
Share issue	5,211,748	52	176
Share issue expenses	-	-	-
At 30 June 2015, shares of 1p each	76,309,748	763	7,849
Share issues	**32,151,791**	**321**	**1,351**
Share issue expenses	**-**	**-**	**(75)**
At 30 June 2016	**108,461,539**	**1,084**	**9,125**

Share issues

On 16 July 2015 the following share issues took place:

- The Company issued 26,666,667 ordinary shares of 1p each at 5.25p per share in respect of a share placing for cash.
- The Company issued 380,952 ordinary shares of 1p each at 5.25p per share in settlement of amounts due to two former directors.
- The Company issued 1,904,762 ordinary shares of 1p each at 5.25p per share in part settlement of a loan due to Westleigh Investment Holdings Ltd.

On 4 April 2016 the Company issued a total of 3,199,410 ordinary shares of 1p each at 1.25p each on the exercise of options by G Clarke and N Harrison.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

20 SHARE-BASED PAYMENTS (continued)

The total share-based payment expense recognised in the income statement for the year ended 30 June 2016 in respect of the share options granted was £197,000 (2015: £nil).

Number of options at 1 July 2015	Issued in the year	Exercised in the year	Number of options at 30 June 2016	Exercise price	Vesting Date	Expiry date
3,199,410	-	(3,199,410)	-	1.25p	25.03.2014	25.03.2018
-	5,332,350	-	5,332,350	1.25p	16.07.2015	25.03.2018
3,199,410	5,332,350	(3,199,410)	5,332,350	1.25p		

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:

	2016 £'000	2015 £'000
Financial assets:		
Cash and cash equivalents	**60**	26
Loans and receivables	**64**	7
	124	33

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

21 FINANCIAL INSTRUMENTS (continued)

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:

	2016	2015
	£'000	£'000
Financial liabilities at amortised cost:		
Trade and other payables	**185**	47
Short term borrowings	**150**	142
	272	189

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	1-3 months	3 months to 1 year	1-5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
30 June 2016					
Non-interest bearing:					
Trade and other payables	–	185	–	–	–
Short term borrowings	–	150	–	–	–
30 June 2015					
Non-interest bearing:					
Trade and other payables	–	47	–	–	–
Short term borrowings	–	142	–	–	–

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

22 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 £60,000 (2015: £26,000) 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 Dollars 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.

23 NOTES TO THE CASHFLOW STATEMENT

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Operating loss	**(788)**	(219)	**(341)**	(160)
Depreciation and amortisation	**17**	-	**-**	-
Share based payment expense	**197**	-	**197**	-
Shares issued in settlement of fees	**20**	-	**20**	-
Intercompany loan interest	**-**	-	**(120)**	-
Operating cash flows before movement in working capital	**(554)**	(219)	**(244)**	(160)
Increase in receivables	**(57)**	(3)	**(28)**	-
Increase in payables	**188**	36	**125**	23
Net cash used in operating activities	**(423)**	(186)	**(147)**	(137)

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2016

24 EVENTS AFTER THE REPORTING PERIOD

On 20 July 2016 the Company announced that it had conditionally raised £2 million before expenses through the placing of 66,666,665 new ordinary shares in the Company at a price of 3p per share. The net proceeds of the Placing will be used by African Tantalum (Pty) Limited ("Aftan"), Kennedy Ventures' investee company, to upgrade and expand Aftan's current plant at Tantalite Valley Mine and open up the Lepidolite orebody where, due to the association of lepidolite (lithium-rich mica) with the tantalite, lithium potential exists.

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 the Company settled an interest free loan from Westleigh Investment Holdings Ltd ("WIHL") of £142,000, £42,000 in cash and £100,000 through the issue of shares. Further advances were made to the Company under the interest free loan arrangement and the amount due to WIHL at the year end was £150,000.

Also during the year WIHL received £48,000 (2015: £12,500) 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 2016 (2015: £nil).

28 ULTIMATE CONTROLLING PARTY

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