Registered number: 04140379

# NAMIBIAN RESOURCES PLC

# ANNUAL REPORT

# YEAR ENDED 28 FEBRUARY 2015

NAMIBIAN RESOURCES PLC

CONTENTS


| | Pages |
|---|---|
| Company Information | 1 |
| Chairman's Statement | 2 |
| Strategic Report | 3 |
| Directors' Report | 6 |
| Independent Auditor's Report | 9 |
| Consolidated Statement of Comprehensive Income | 11 |
| Consolidated Statement of Financial Position | 12 |
| Consolidated Statement of Changes in Equity | 13 |
| Consolidated Statement of Cash Flows | 14 |
| Company Statement of Financial Position | 15 |
| Company Statement of Changes in Equity | 16 |
| Company Statement of Cash Flows | 17 |
| Notes to the Consolidated Financial Statements | 18 |

NAMIBIAN RESOURCES PLC

COMPANY INFORMATION

| | |
|---|---|
| **Directors:** | B M Moritz<br>D A Johnson<br>M H Solomon |
| **Company secretary:** | Cargil Management Services Limited<br>22 Melton Street<br>London NW1 2BW |
| **Company number:** | 04140379 |
| **Registered office:** | 27-28 Eastcastle Street<br>London W1W 8DH |
| **Nominated advisor:** | Grant Thornton UK LLP<br>30 Finsbury Square<br>London<br>EC2P 2YU |
| **Brokers:** | Keith, Bayley, Rogers & Co. Limited<br>1 Royal Exchange Avenue<br>London EC3V 3LT |
| **Solicitors:** | Ronaldsons LLP<br>55 Gower Street,<br>London. WC1E 6HQ |
| **Independent Auditors:** | Moore Stephens LLP<br>Russell Square House<br>10-12 Russell Square<br>London WC1B 5LF |
| **Website:** | www.namibianresources.com |

NAMIBIAN RESOURCES PLC

## CHAIRMAN'S STATEMENT

### Operations

Production at the Group's Sonnberg diamond mine remains suspended, and is not expected to re-commence. In previous periods the value of the mining lease was fully impaired and the mobile and fixed plant was impaired down to its estimated realisable value, which is still considered to be reasonable. The ownership of such plant has now been transferred from Sonnberg to the Company.

The agreement under which Sonnberg previously mined is open to differing interpretations regarding rehabilitation costs. Sonnberg has contributed a percentage of the value of diamonds mined to a fund held by Namdeb, but the adequacy of this fund is uncertain. The directors therefore provided a further amount of £70,000 to cover the potential liability, and no change to this provision has been made in the current year, notwithstanding the fall in the value of the Namibian Dollar, the currency in which the liability is denominated.

### Financial

During the period the Company reports a consolidated loss from operating activities, before and after tax, of £120,416 (2014 loss: £531,758), shown after the impairment charge of £nil (2014: £185,887). After adjusting for exchange differences, the total comprehensive loss for the period was £113,183 (2014 loss: £682,908). During the year, the Company raised £146,600, before expenses, by a placing of new shares. Separate financing will be sought for new projects, which is likely to be by way of both equity and project finance.

Since the end of the year, the Company capitalised £645,600 of interest free loans advanced by directors and former directors and their associates by the issue of 13,465,263 new ordinary shares of 1p each at 4.75p per share. Following this the Company is free of material amounts of debt.

### Future prospects

Apart from assessing opportunities to realise value from the plant and equipment transferred from Sonnberg, the Company is currently involved in evaluating and negotiating potential acquisitions, including an oil production company in the Republic of Congo. Much of the last year has been spent in negotiating for the acquisition of a diamond mine in South Africa, but this has been discontinued as the required mining finance could not be secured. The evaluation of a copper project in South Africa has also been discontinued.

At the forthcoming AGM shareholders will be given the opportunity to consider what steps, if any, should be taken to deal with the Company's substantial loss of capital as required by S656 of the Companies Act 2006. As the current share price is materially below par a reduction in the par value will be required to facilitate a transaction, and the requisite resolutions put to shareholders in due course.

B M Moritz (Chairman)
18 August 2015

## STRATEGIC REPORT

The directors present their Strategic Report for the year ended 28 February 2015.

### Principal activity

The Group has carried on business in mining and exploration for natural resources. Its subsidiary company, Sonnberg Diamonds (Namibia) (Pty) Limited ('Sonnberg') had contracted with Namdeb Diamond Corporation (Pty) Limited ('Namdeb') to mine and prospect for diamonds in a specified area until 30 April 2012. The contract was renewable for a further 10 years and in the interim period mining under the previous contract was carried on. The directors have now decided that further diamond mining in this area is not economically practicable.

The Group intends to expand into other mining ventures in Southern Africa, and is currently reviewing opportunities in industrial minerals and in oil production, both of which offer the possibility of short term cash flow.

### Review of business and financial performance

Information on the financial position and development of the Group is set out in the Chairman's Statement and the annexed financial statements.

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

### Risks and uncertainties

The principal risks and uncertainties facing the Group at this stage in its development are:

*Exploration Risk*

The Group's business includes mineral exploration and evaluation which are speculative activities and there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available.

*Resource Risk*

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

*Development Risk*
Delays in permitting, financing and commissioning a project may result in delays to the Group meeting production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

*Mining and Processing Technical Risk*
Notwithstanding the completion of testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.

The Group has available to it a small team of mining professionals experienced in geological evaluation, exploration, financing and development of mining projects. To mitigate development risk the Group supplements this from time to time with the engagement of external expert consultants and contractors.

*Environmental Risk*
Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

The Group is responsible for rehabilitation at its Sonnberg mine and has contributed part of its revenue from sales of diamonds since it commenced mining to cover that liability. A potential liability in excess of the amount contributed remains.

*Financing and Liquidity Risk*
The Company has an ongoing requirement to fund its activities through the equity markets and in future to obtain finance for project development. There is no certainty such funds will be available when needed. To date the Company has managed to raise funds through equity placements despite the very difficult market that currently exists for raising funding in the junior mining industry.

*Political Risk*
All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries can have in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

*Partner Risk*
In South Africa, Black Economic Empowerment legislation requires historically disadvantaged South Africans to have a minimum 26% interest in all mining and exploration projects. The Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.

*Financial Instruments*
Details of risks associated with the Group's financial instruments are given in Note 21 to the financial statements. The Company does not utilise any complex financial instruments.

*Internal Controls and Risk Management*
The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

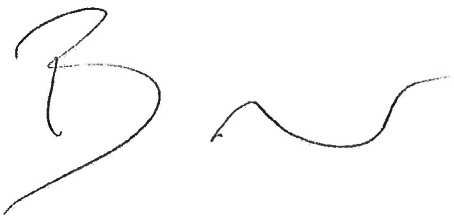
In carrying out their responsibilities the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed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

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

*Bribery Risk*
The Group has adopted an anti corruption policy and whistle blowing policy under the Bribery Act 2010. Notwithstanding this, the Company may be held liable for offences under that Act committed by its employees or subcontractors whether or not the Company or the directors have knowledge of the commission of such offences.

*Forward Looking Statements*
This Annual Report contains certain forward looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

B M Moritz
(Director)
18 August 2015



## DIRECTORS' REPORT

The directors present their report together with the audited financial statements of Namibian Resources Plc ('Namibian' or the 'Company') and its subsidiary, together (the 'Group') for the year ended 28 February 2015.

A review of the business and risks and uncertainties is included in the Strategic Report.

### Results
The Group reports a loss for the year before tax of £120,416 for the year to 28 February 2015 (2014: £531,758).

### Dividends
The directors do not recommend payment of a dividend for the year to 28 February 2015.

### Political donations
There were no political donations during the year (2014: £nil).

### Corporate governance statement
The Board is committed to maintaining high standards of corporate governance. The UK Corporate Governance Code, published by the Financial Reporting Council, sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders, providing principles of good governance and a code of best practice for listed companies. The UK Corporate Governance Code does not apply to AIM companies. However, shareholders expect companies in which they invest to be properly governed and tend to use the UK Corporate Governance Code as a starting point.

The Company's corporate governance procedures take due regard of the principles of good governance set out in the UK Corporate Governance Code having regard to the size and the stage of development of the Company. Nonetheless, the Company has not formally adopted any specific corporate governance code.

The Company has established Audit and Remuneration Committees, with formally delegated duties and responsibilities.

### Audit Committee
The Audit Committee comprises D A Johnson and B M Moritz and is chaired by B M Moritz. It is responsible for ensuring the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing their reports relating to accounts and internal controls.

### Directors
The following directors served during the year to 28 February 2015:

Lord Sheppard of Didgemere (resigned 1 March 2014)
A C A Carlton (resigned 1 March 2014)
B M Moritz
D A Johnson
M H Solomon

## DIRECTORS' REPORT (continued)

### Directors' interests

The beneficial interests of the directors holding office at 28 February 2015 in the issued share capital of the Company were as follows:

| | Ordinary shares of 1p each | | Deferred shares of 9p each | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| B M Moritz | 18,040,330 | 12,280,330 | 2,994,616 | 2,994,616 |

On 13 March 2015, B M Moritz was allotted 4,383,158 ordinary shares at 4.75p per share in settlement of loans of £208,200. As a result, B M Moritz is now interested in 22,423,488 ordinary shares. Neither D A Johnson nor M H Solomon has any interest in the Company's share capital.

### Directors' remuneration

No director received any remuneration in the year (2014: £nil).

### Directors' indemnities and insurance

During the year ended 28 February 2015 there were no directors' indemnities or insurance in place.

### Going concern

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

DIRECTORS' REPORT (continued)

**Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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.

**Statement of disclosure to auditor**

Each director at the date of approval of this annual report confirms that :

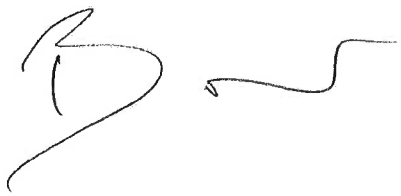
- So far as the directors are aware there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- all the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish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

**Auditor**

Chantrey Vellacott DFK LLP merged its practice with Moore Stephens LLP with effect from 1 May 2015 and now practises under the name of Moore Stephens LLP. A resolution to re-appoint Moore Stephens LLP as auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board

B M Moritz
Director
18 August 2015



## INDEPENDENT AUDITOR'S REPORT
## FOR THE YEAR ENDED 28 FEBRUARY 2015

We have audited the financial statements of Namibian Resources Plc for the year ended 28 February 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company accounts, as applied in accordance with the provisions of the Companies Act 2006.

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 auditor

As explained more fully in the statement of directors' responsibilities, 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 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 parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Company's affairs as at 28 February 2015 and of the Group's loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;

- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a total comprehensive expense of £113,183 during the year ended 28 February 2015 and, at that date, the Group's current liabilities exceeded its total assets by £471,007 and it had net current liabilities of £790,186. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion 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.

**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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Moore Stephens LLP

Ian Staunton, Senior Statutory Auditor
For and on behalf of MOORE STEPHENS LLP
Russell Square House
10-12 Russell Square
London
WC1B 5LF
18 August 2015

**NAMIBIAN RESOURCES PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

| | Notes | 2015 | 2014 |
|---|---|---|---|
| | | £ | £ |
| **Continuing operations** | | | |
| **Revenue** | | - | - |
| Cost of sales | | - | - |
| **Gross loss** | | - | - |
| Administrative expenses | **8** | (120,022) | (529,752) |
| **Loss from operating activities** | | (120,022) | (529,752) |
| Finance costs | | (394) | (2,006) |
| **Loss before tax** | | (120,416) | (531,758) |
| Taxation | **10** | - | - |
| **Loss for the year from operating activities** | | (120,416) | (531,758) |
| Exchange translation on foreign operations | | 7,233 | (154,150) |
| **Total comprehensive expense for the year** | | (113,183) | (685,908) |
| **Loss per ordinary share (pence)** | | | |
| Basic and diluted | **11** | (0.17) | (0.86) |

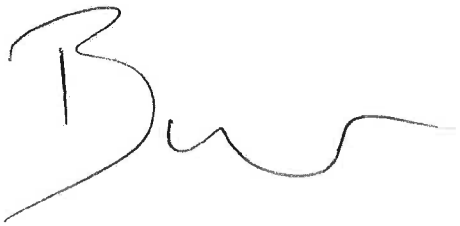
NAMIBIAN RESOURCES PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 28 FEBRUARY 2015

| | Notes | 2015<br>£ | 2014<br>£ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 257,888 | 260,264 |
| Intangible assets | 13 | - | - |
| | | 257,888 | 260,264 |
| **Current assets** | | | |
| Trade and other receivables | 15 | 51,896 | 49,048 |
| Cash and cash equivalents | 16 | 9,395 | 7,689 |
| | | 61,291 | 56,737 |
| **Total assets** | | 319,179 | 317,001 |
| **Equity** | | | |
| Share capital | 18 | 4,328,355 | 4,211,235 |
| Share premium | | 1,050,197 | 1,027,317 |
| Currency translation reserve | | 158,756 | 158,491 |
| Retained deficit | | (6,008,315) | (5,894,867) |
| | | (471,007) | (497,824) |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 720,186 | 744,825 |
| Provisions | 19 | 70,000 | 70,000 |
| | | 790,186 | 814,825 |
| **Total equity and liabilities** | | 319,179 | 317,001 |

The financial statements of Namibian Resources Plc were approved by the Board and authorised for issue on 18 August 2015. They were signed on its behalf by:

B M Moritz
Director



NAMIBIAN RESOURCES PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Share capital £ | Share premium £ | Currency translation reserve £ | Retained deficit £ | Total £ |
|---|---|---|---|---|---|
| Balance at 28 February 2013 | 4,211,235 | 1,027,317 | 306,355 | (5,356,823) | 188,084 |
| Loss for the financial year | - | - | - | (531,758) | (531,758) |
| Foreign exchange difference | - | - | (147,864) | (6,286) | (154,150) |
| Total comprehensive expense for the year | - | - | (147,864) | (538,044) | (685,908) |
| **Balance at 28 February 2014** | 4,211,235 | 1,027,317 | 158,491 | (5,894,867) | (497,824) |
| Loss for the financial year | - | - | - | (120,416) | (120,416) |
| Foreign exchange difference | - | - | 7,233 | - | 7,233 |
| Total comprehensive expense for the year | - | - | 7,233 | (120,416) | (113,183) |
| Issue of ordinary shares | 117,120 | 29,280 | - | - | 146,400 |
| Issue costs | - | (6,400) | - | - | (6,400) |
| | 117,120 | 22,880 | - | - | 140,000 |
| **Balance at 28 February 2015** | 4,328,355 | 1,050,197 | 165,724 | (6,015,283) | (471,007) |

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign operation.

NAMIBIAN RESOURCES PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Notes | 2015<br>£ | 2014<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | (120,416) | (531,758) |
| Depreciation | | - | 1,301 |
| Amortisation of intangible assets | | - | 53,891 |
| Impairment of non-current assets | | - | 185,887 |
| Foreign exchange differences | | - | (6,286) |
| Finance costs | | 394 | 2,006 |
| | | (120,022) | (294,959) |
| Changes in: | | | |
| - inventories | | - | 1,730 |
| - trade and other receivables | | (2,848) | (8,658) |
| - trade and other payables | | (30,369) | 237,344 |
| - provision | | - | 70,000 |
| - foreign exchange movement on working capital | | 9,337 | - |
| **Cash (used in)/from operating activities** | | (143,902) | 5,457 |
| **Cash flows from investing activities** | | | |
| Interest paid | | (394) | (2,006) |
| **Net cash flows from investing activities** | | (394) | (2,006) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | 140,000 | - |
| Advances from Shareholders | | 6,000 | - |
| **Net cash flows from financing activities** | | 146,000 | - |
| **Net increase in cash and cash equivalents** | | 1,704 | 3,451 |
| Cash and cash equivalents at beginning of year | | 7,689 | 4,307 |
| Effect of exchange rate fluctuations on cash held | | 2 | (69) |
| **Cash and cash equivalents at 28 February** | | 9,395 | 7,689 |

The notes on pages 18 to 39 are an integral part of these consolidated financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION
## AS AT 28 FEBRUARY 2015

| | Notes | 2015 £ | 2014 £ |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 12 | 257,888 | - |
| Investments | 14 | - | 304,843 |
| **Non-current assets** | | 257,888 | 304,843 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | 15 | 4,816 | 4,691 |
| Cash and cash equivalents | 16 | 7,259 | 7,467 |
| | | 12,075 | 12,158 |
| | | | |
| **Total assets** | | 269,963 | 317,001 |
| | | | |
| **Equity** | | | |
| Share capital | 18 | 4,328,355 | 4,211,235 |
| Share premium | | 1,050,197 | 1,027,317 |
| Retained deficit | | (5,821,706) | (5,660,213) |
| **Total equity** | | (443,154) | (421,661) |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 713,117 | 738,662 |
| | | 713,117 | 738,662 |
| | | | |
| **Total equity and liabilities** | | 269,963 | 317,001 |

The financial statements of Namibian Resources Plc, company number 04140379, were approved by the Board and authorised for issue on 18 August 2015. They were signed on its behalf by:

B M Moritz
Director

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Share capital £ | Share premium £ | Retained deficit £ | Total equity £ |
|---|---|---|---|---|
| Balance at 28 February 2013 | 4,211,235 | 1,027,317 | (5,024,332) | 214,220 |
| Loss and total comprehensive expense for the year | - | - | (635,881) | (635,881) |
| **Balance at 28 February 2014** | 4,211,235 | 1,027,317 | (5,660,213) | (421,661) |
| Loss and total comprehensive expense for the year | - | - | (161,493) | (161,493) |
| Issue of ordinary shares | 117,120 | 29,280 | - | 146,400 |
| Issue costs | - | (6,400) | - | (6,400) |
| | 117,120 | 22,880 | - | 140,000 |
| **Balance at 28 February 2015** | 4,328,355 | 1,050,197 | (5,821,706) | (443,154) |

NAMIBIAN RESOURCES PLC

## COMPANY STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | Notes | 2015 £ | 2014 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | (161,493) | (635,881) |
| Adjustments for: | | | |
| Impairment of fixed asset investment | | 61,955 | 532,473 |
| Finance costs | | 210 | 143 |
| | | (99,328) | (103,265) |
| Changes in: | | | |
| - trade and other receivables | | (125) | (4,691) |
| - trade and other payables | | (25,545) | 242,100 |
| **Cash from operating activities** | | (124,998) | 134,144 |
| **Cash flows from investing activities** | | | |
| Interest paid | | (210) | (143) |
| **Net cash used in investing activities** | | (210) | (143) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | 140,000 | - |
| Loans to subsidiary | | (15,000) | (130,600) |
| **Net cash flows (used in) financing activities** | | 125,000 | (130,600) |
| **Net (decrease)/increase in cash and cash equivalents** | | (208) | 3,401 |
| Cash and cash equivalents at beginning of year | | 7,467 | 4,066 |
| **Cash and cash equivalents at 28 February** | | 7,259 | 7,467 |

During the year £257,888 of property, plant and equipment was transferred at carrying value to the Company from the subsidiary as a non-cash transaction through the intra Group loan account.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

### 1. Reporting entity

Namibian is a company incorporated and domiciled in England and Wales. The address of the Company's registered office is 27-28 Eastcastle Street, London, W1W 8DH. The consolidated financial statements of the Group as at and for the year ended 28 February 2015 comprise the financial statements of the Company and its subsidiary. The Group is primarily involved in mining and exploration for natural resources in Southern Africa.

### 2. Going concern

During the year, the Group raised approximately £146,600, before expenses, by a placing of new shares. The Company currently has offers of further equity finance as well as offers for its mobile plant. Taking these into account, and also the low level of overhead costs being incurred, the directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence. This judgement is based on the assumption that the Company will be able to continue to raise capital to fund its activities and in future to obtain finance for project development.

There is no certainty such funds will be available when needed. To date the Company has managed to raise funds through equity placements despite the very difficult market that currently exists for raising funding in the junior mining industry.

For this reason, the directors have adopted the going concern basis in preparing the accounts. In forming this judgement the directors have taken account of there being no outstanding liabilities other than in the normal course of business. There were no borrowings other than from Directors and former Directors, which borrowings have been converted to equity since the year end. The directors believe that the Company will be able to meet its liabilities as they fall due.

### 3. Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and as adopted by the European Union.

The Company's individual statement of comprehensive income has been omitted from the Group's annual financial statements having taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006. The Company's loss and total comprehensive expense for the year ended 28 February 2015 was £161,493 (2014: £635,881).

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

**Functional and presentation currency**

These consolidated financial statements are presented in Pounds Sterling ('GBP'), which is considered by the directors to be the most appropriate presentation currency.

## 3. Basis of preparation (continued)

### (c) Use of estimates and judgements

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

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

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

- Carrying value of intangible assets - Notes 4(e) and 13
- Carrying value of investments - Note 14
- Carrying value of property, plant and equipment - Notes 4(d) and 12

## 4. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by Group entities.

### (a) Basis of consolidation

#### *(i) Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase price is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

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

## 4. Significant accounting policies

### (a) Basis of consolidation (continued)

*(i) Business combinations (continued)*

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

*(ii) Subsidiaries*

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

*(iii) Transactions eliminated on consolidation*

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

### (b) Foreign currency

*(i) Foreign currency transactions*

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

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

## 4. Significant accounting policies

### (b) Foreign currency (continued)

*(ii) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and the fair value adjustments arising on acquisition, are translated to GBP at exchange rates at the reporting date with any difference to other comprehensive income. The income and expenses of foreign operations are translated to GBP at average exchange rates during the year.

### (c) Financial instruments

*(i) Non-derivative financial assets*

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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

The Group's non-derivative financial assets comprise loans and receivables.

*Loans and receivables*

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

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

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in their fair value. These are initially and subsequently recorded at fair value.

## 4. Significant accounting policies

### (c) Financial instruments (continued)

*(ii) Non-derivative financial liabilities*

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

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

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

Other financial liabilities comprise trade and other payables.

*(iii) Share capital*

*Ordinary shares*

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

### (d) Property, plant and equipment

*(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

*(ii) Subsequent costs*

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

## 4. Significant accounting policies

### (d) Property, plant and equipment (continued)

*(iii) Depreciation*

Items of fixtures and fittings are depreciated on a straight-line basis in the statement of comprehensive income within administrative expenses over the estimated useful lives below:

- fixtures and fittings 5-8 years

Plant and equipment is depreciated on the unit of production method.

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

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

### (e) Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Expenditure on acquired intangible assets are capitalised and amortised using the straight-line method over their useful lives. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided on a straight-line basis in the statement of comprehensive income within administrative expenses over the estimated useful lives as follows:

- mining rights Life of mine

## 4. Significant accounting policies

### (f) Impairment

*(i) Non-derivative financial assets*

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

*Financial assets measured at amortised cost*

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

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

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

*(ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment or when there is an indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

## 4. Significant accounting policies

### (f) Impairment (continued)

*(ii) Non-financial assets (continued)*

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

Impairment losses are recognised in profit or loss.

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

### (g) Revenue

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit and loss, using the effective interest rate method.

### (h) Finance costs

Finance costs comprise of interest expense on borrowings.

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

## 4. Significant accounting policies

### (i) Taxation

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

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

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

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

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

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

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

### (j) Provisions

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

## 5. New standards and interpretations not yet adopted

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2015 or later periods, but which the Group has not early adopted.

The directors consider that the effect of Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation, recognition and measurement of its financial statements will not be material.

## 6. Determination of fair values

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

### (i) Property, plant and equipment

The fair value for consideration of impairment of items of property plant and equipment is based on market prices for similar items.

### (ii) Intangible assets

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

### (iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

### (iv) Fixed asset investments

The fair value of fixed asset investments is based on the net assets of the group undertaking.

## 7. Operating segments

The Company manages a group involved in mineral resources exploration and exploitation in Southern Africa and is, therefore, considered to operate in a single geographical and business segment.

## 8. Administrative expenses

Administrative expenses include:

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Amortisation | - | 53,891 |
| Depreciation | - | 1,301 |
| Impairment of non-current assets | - | 185,887 |
| Foreign exchange cost | - | - |
| Auditor's remuneration | | |
| - audit services parent company | 5,000 | 17,500 |
| - audit services subsidiary | - | - |

## 9. Staff costs

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Wages and salaries | - | 78,195 |
| Social security costs | - | 419 |
| | - | 78,614 |

The average number of employees (including directors) during the year was:

| | 2015 | 2014 |
|---|---|---|
| Directors' – Management | 3 | 4 |
| Staff of subsidiary - Production | - | 7 |
| | 3 | 11 |

## 10. Taxation

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| **Current tax expense** | | |
| Current year | - | - |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | - | - |
| **Total tax expense** | - | - |

**Reconciliation of effective tax rate**

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| Loss before tax | (120,416) | (531,758) |
| Tax using the Company's domestic tax rate of 21.2% (2014: 23.1%) | 25,528 | 122,836 |
| Tax losses | (25,528) | (122,836) |
| Total taxation charge | - | - |

**Factors that may affect future tax charges**

At the year end, the Group had a potential deferred tax asset in respect of unused tax losses available for offset against suitable future profits of approximately £2,337,000 (2014: £2,520,000). This asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

## 11. Loss per share

The calculation of loss per share for the year ended 28 February 2015 is based on the loss for the year after tax attributable to ordinary shareholders of £120,416 (2014: £531,758), and a weighted average number of ordinary shares in issue of 72,249,845 (2014: 61,821,352).

## 12. Property, plant and equipment

Group

| | Fixtures and fittings £ | Plant and equipment £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| Balance at 1 March 2013 | 2,696 | 1,548,979 | 1,551,675 |
| Exchange difference | (693) | (398,367) | (399,060) |
| **Balance at 28 February 2014** | 2,003 | 1,150,612 | 1,152,615 |
| Balance at 1 March 2014 | 2,003 | 1,150,612 | 1,152,615 |
| Exchange difference | - | (2,376) | (2,376) |
| **Balance at 28 February 2015** | 2,003 | 1,148,236 | 1,150,239 |
| **Depreciation** | | | |
| Balance at 1 March 2013 | 2,696 | 657,575 | 660,271 |
| Depreciation | - | 1,301 | 1,301 |
| Exchange difference | (693) | (169,283) | (169,976) |
| **Balance at 28 February 2014** | 2,003 | 489,593 | 491,596 |
| Balance at 1 March 2014 | 2,003 | 489,593 | 491,596 |
| Depreciation | - | - | - |
| Exchange difference | - | - | - |
| **Balance at 28 February 2015** | 2,003 | 489,593 | 491,596 |
| **Impairment** | | | |
| Balance at 1 March 2013 | - | 454,280 | 454,280 |
| Impairment | - | 72,649 | 72,649 |
| Exchange difference | - | (126,174) | (126,174) |
| **Balance at 28 February 2014** | - | 400,755 | 400,755 |
| **Impairment** | | | |
| Balance at 1 March 2014 | - | 400,755 | 400,755 |
| Impairment | - | - | - |
| Exchange difference | - | - | - |
| **Balance at 28 February 2015** | - | 400,755 | 400,755 |
| **Carrying amounts** | | | |
| At 28 February 2015 | - | 257,888 | 257,888 |
| At 28 February 2014 | - | 260,264 | 260,264 |

## 12. Property, plant and equipment (continued)

**Company**

| | Plant and equipment £ | Total £ |
|---|---|---|
| **Cost** | | |
| Balance at 1 March 2014 | - | - |
| Acquired from subsidiary | 257,888 | 257,888 |
| **Balance at 28 February 2015** | 257,888 | 257,888 |
| **Depreciation** | | |
| Balance at 1 March 2014 | - | - |
| Depreciation | - | - |
| **Balance at 28 February 2015** | - | - |
| **Carrying amounts** | | |
| At 28 February 2015 | 257,888 | 257,888 |
| At 28 February 2014 | - | - |

## 13. Intangible assets

**Group**

| | Mining rights £ |
|---|---|
| **Cost** | |
| Balance at 1 March 2013 | 1,553,340 |
| Exchange difference | (399,488) |
| **Balance at 28 February 2014** | 1,153,852 |
| Balance at 1 March 2014 | 1,153,852 |
| Exchange difference | - |
| **Balance at 28 February 2015** | 1,153,852 |
| **Amortisation** | |
| Balance at 1 March 2013 | 797,898 |
| Charge for the year | 53,891 |
| Exchange difference | (191,344) |
| **Balance at 28 February 2014** | 660,445 |
| Balance at 1 March 2014 | 660,445 |
| Charge for the year | - |
| Exchange difference | - |
| **Balance at 28 February 2015** | 660,445 |
| **Impairment** | |
| Balance at 1 March 2013 | 555,442 |
| Impairment | 113,238 |
| Exchange difference | (175,273) |
| **Balance at 28 February 2014** | 493,407 |
| **Impairment** | |
| Balance at 1 March 2014 | 493,407 |
| Impairment | - |
| Exchange difference | - |
| **Balance at 28 February 2015** | 493,407 |
| **Carrying amounts** | |
| Balance at 28 February 2015 | - |
| Balance at 28 February 2014 | - |

Due to the suspension of mining operations as set out in the Chairman's statement the mining rights have been fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

## 14. Fixed asset investment

| | Group undertaking £ | Loan to Group undertaking £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| Balance at 1 March 2013 | 2,828,211 | 2,907,041 | 5,735,252 |
| Advances | - | 130,600 | 130,600 |
| **Balance at 28 February 2014** | 2,828,211 | 3,037,641 | 5,865,852 |
| Balance at 1 March 2014 | 2,828,211 | 3,037,641 | 5,865,852 |
| Advances | - | 15,000 | 15,000 |
| Transfers | | (257,888) | (257,888) |
| **Balance at 28 February 2015** | 2,828,211 | 2,794,753 | 5,622,964 |
| **Provisions for diminution in value** | | | |
| Balance at 28 February 2013 | 2,828,211 | 2,200,325 | 5,028,536 |
| Impairment in year | - | 532,473 | 532,473 |
| **Balance at 28 February 2014** | 2,828,211 | 2,732,798 | 5,561,009 |
| **Provisions for diminution in value** | | | |
| Balance at 1 March 2014 | 2,828,211 | 2,732,798 | 5,561,009 |
| Impairment in year | - | 61,955 | 61,955 |
| **Balance at 28 February 2015** | 2,828,211 | 2,794,753 | 5,622,964 |
| At 28 February 2015 | - | - | - |
| At 28 February 2014 | - | 304,843 | 304,843 |

Investment in Group undertaking is in relation to a 100% holding in Sonnberg, a mining company incorporated in Namibia.
The loan to Group undertaking is denominated in GBP, and is interest free.

## 15. Trade and other receivables

### Group

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Other receivables | 51,896 | 49,048 |

### Company

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Other receivables | 4,816 | 4,691 |

The Group and Company's exposure to credit and currency risk is disclosed in note 20.

There is no material difference between the fair value of trade and other receivables and their book value.

## 16. Cash and cash equivalents

### Group

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Bank balances | 9,395 | 7,689 |
| Cash and cash equivalents | 9,395 | 7,689 |

### Company

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Bank balances | 7,259 | 7,467 |
| Cash and cash equivalents in the statement of cash flows | 7,259 | 7,467 |

There is no material difference between the fair value of cash and cash equivalents and their book value.

## 17. Trade and other payables

### Group

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Trade payables and accruals | 74,586 | 105,225 |
| Loans from current and former directors | 645,600 | 639,600 |
| | 720,186 | 744,825 |

## 17. Trade and other payables (continued)

### Company

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Trade payables and accruals | 67,517 | 99,062 |
| Loans from current and former directors | 645,600 | 639,600 |
| | 713,117 | 738,662 |

There is no fixed date for repayment of the loans which are interest free.

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

There is no material difference between the fair value of trade and other payables and their book value.

## 18. Share capital

| | Number of shares | |
|---|---|---|
| | 2015 | 2014 |
| In issue at 28 February – fully paid: | | |
| Ordinary shares of 1p each | 73,533,352 | 61,821,352 |
| Deferred shares of 9p each | 39,922,460 | 39,922,460 |

| | Share capital | |
|---|---|---|
| | 2015 | 2014 |
| | £ | £ |
| In issue at 28 February – fully paid: | | |
| Ordinary shares of 1p each | 735,334 | 618,214 |
| Deferred shares of 9p each | 3,593,021 | 3,593,021 |
| | 4,328,355 | 4,211,235 |

The holders of deferred shares are not entitled to receive dividends or to vote at meetings of the Company and have no material interest in the Company's residual assets.

**Issues of ordinary shares**
On 9 April 2014, 11,712,000 ordinary shares were issued for cash at a price of £0.0125 per ordinary share.

## 19. Provisions

Group

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| Balance brought forward | 70,000 | - |
| Provision made during the year | - | 70,000 |
| | 70,000 | 70,000 |

The provision relates to environmental rehabilitation costs.

## 20. Financial instruments and financial risk management

### Overview

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

- credit risk
- liquidity risk
- market risk

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

### Risk management framework

The Company's directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

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

### Credit risk

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

### Exposure to credit risk

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

## 20. Financial instruments and financial management (continued)

### Group

| | Note | Carrying amount 2015 £ | 2014 £ |
|---|---|---|---|
| Other receivables | 15 | 51,896 | 49,048 |
| Cash and cash equivalents | 16 | 9,395 | 7,689 |
| | | 61,291 | 56,737 |

### Company

| | Note | Carrying amount 2015 £ | 2014 £ |
|---|---|---|---|
| Other receivables | 15 | 4,816 | 4,691 |
| Cash and cash equivalents | 16 | 7,259 | 7,467 |
| | | 12,075 | 12,158 |

**Liquidity risk**

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

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

### Group

**2015**

| | Carrying amount £ | 2 months or less £ | 2 to 12 months £ |
|---|---|---|---|
| **Non-derivative financial liabilities** | | | |
| Loans | 645,600 | - | 645,600 |
| Trade payables | 63,995 | 63,995 | - |
| | 709,595 | 63,995 | 645,600 |

**2014**

| | Carrying amount £ | 2 months or less £ | 2 to 12 months £ |
|---|---|---|---|
| **Non-derivative financial liabilities** | | | |
| Loans | 639,600 | - | 639,600 |
| Trade payables | 70,307 | 70,307 | - |
| | 709,907 | 70,307 | 639,600 |

## 20. Financial instruments and financial risk management (continued)

### Liquidity risk (continued)

### Company

2015

| | Carrying amount £ | 2 months or less £ | 2 to 12 months £ |
|---|---|---|---|
| **Non-derivative financial liabilities** | | | |
| Loans | 645,600 | - | 645,600 |
| Trade payables | 62,517 | 62,517 | - |
| | 708,117 | 62,517 | 645,600 |

2014

| | Carrying amount £ | 2 months or less £ | 2 to 12 months £ |
|---|---|---|---|
| **Non-derivative financial liabilities** | | | |
| Loans | 639,600 | - | 639,600 |
| Trade payables | 70,440 | 70,440 | - |
| | 710,040 | 70,440 | 639,600 |

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

**Currency risk**
The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than GBP. The currencies giving rise to this risk are primarily Namibian Dollar.

**Other risks**
The directors believe that both South Africa and Namibia are currently stable business environments, particularly in the natural resources sector. However, unforeseen changes in political, fiscal or legal systems may affect the ownership or operation of the Group's interests, including, inter alia, changes in government and the legislative and regulatory regimes.

**Capital management**
The Group's and Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations. The Company considers its capital to comprise equity capital and loans from current and former directors less accumulated losses.

## 21. Related parties

During the year the Company received a further loan from B M Moritz of £6,000 (2014: £65,700). The balance owed at the year-end was £214,200 (2014: £208,200) . The loan is interest free and with no repayment terms. The loan brought forward was capitalised on 13 March 2015 and further details can be found in note 23.

## 22. Contingent liabilities

The mining contract undertaken by the Group requires the subsidiary, Sonnberg, to remove all equipment and installations and to rehabilitate all disturbed areas once mining activities have ceased.

Sonnberg has paid 1% of historical sales to a fund held by Namdeb, to provide for the costs of environmental rehabilitation. An amount of £70,000 has been provided for rehabilitation costs in excess of the 1% based on internal estimates.

## 23. Subsequent events

On 13 March 2015, the Company capitalised £639,600 of interest free loans advanced by directors and former directors and their associates by the issue of 13,465,263 ordinary shares of 1p each at 4.75p per share.

Out of the total of 13,465,263 ordinary shares, 4,383,158 ordinary shares were issued to B M Moritz, a director of the Company, in settlement of loans of £208,200, 8,976,842 ordinary shares were issued to a former director, Lord Sheppard of Didgemere, in settlement of loans of £426,400, and 105,263 ordinary shares were issued to A C A Carlton, in settlement of loans of £5,000. All these loans were owed by the Company as at the balance sheet date.