OKYO PHARMA

Directors' report and Financial Statements
For the year ended 31 March 2019

Registration number: 65220

OKYO Pharma Limited

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Management and Administration

Directors	Willy Simon *(Chairman, Executive Director)* Dr Kunwar Shailubhai *(Non-executive Director)* Leopoldo Zambeletti *(Non-executive Director)*
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Company Secretary	Cooley Services Limited Dashwood 69 Old Broad Street London EC2M 1QS
Broker	Stockdale Securities Limited 100 Wood Street London EC2V 7AN
Registrar	Computershare Investor Services (Guernsey) Limited 1st Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB
Auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Legal advisors	Cooley (UK) LLP Dashwood 69 Old Broad Street London EC2M 1QS
Depositary	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE

OKYO Pharma Limited
Strategic report

The Directors present their report and the financial statements for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, together the 'Group' for the year ended 31 March 2019.

Introduction

OKYO Pharma Limited (LSE: OKYO) is a biopharmaceutical company developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain. Our goal is to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneer scientists in the field.

During the prior year, following an internal restructuring, on the 10th January 2018, the Company disposed of its Cameroon operations by way of an in specie distribution of all of its shares in Ferrum Resources Limited (renamed West African Minerals Limited) to shareholders and became a Rule 15 AIM investing company named OKYO Pharma Corporation, registered in the British Virgin Islands. The listing of the Company's shares on AIM was cancelled on 23 March 2018 and the shares were readmitted on the standard segment of the Official List of the UK Financial Conduct Authority and the main market for listed securities of the London Stock Exchange plc on 17 July 2018. In July 2018 the Company was also re-registered in Guernsey as OKYO Pharma Limited.

Pre-clinical programmes

The Group focuses on novel GPCR based therapeutics for eye diseases of high unmet need and non-opioid analgesics for chronic pain, where large market potential exists. Specifically, OKYO is developing first-in-class drug candidates for the treatment of dry-eye, uveitis, ocular and chronic pain.

Dry Eye is a multifactorial disease caused by an underlying inflammation resulting in the lack of lubrication and moisture in the surface of the eye. Symptoms of dry eye include constant discomfort and irritation accompanied by inflammation of the ocular surface, visual impairment and potential damage to the ocular surface. The disease affects over 35% of the population aged 50+, with women representing approximately two-thirds of those affected. Prevalence of dry eye is expected to increase substantially in the near future due to an aging population and dry eye syndrome represents a major economic burden to public healthcare, accounting for more than $50 billion to the US economy annually.

The Group's therapeutic approach is to develop first-in-class drug candidates that target inflammatory pathways using membrane-tethered ligand technology, we developed our lead candidate OKYO-0101. Thus far OKYO-0101 has decreased dry eye symptoms in mice with no local irritation in rabbits.

Uveitis is the third leading cause of blindness worldwide. The most common type of uveitis is an inflammation of the iris called iritis (anterior uveitis). Uveitis can damage vital eye tissue, leading to permanent vision loss. Uveitis is currently treated with corticosteroid eyedrops and injections that reduce inflammation, however, the long-term use of corticosteroids causes risk of cataract and glaucoma, requiring close monitoring for their potential side effects.

The Group's focus is to suppress the inflammation associated with the uveitis using our anti-inflammatory lead compound OKYO-0101.

Allergic conjunctivitis, often called 'pink eye' is an inflammation of conjunctiva, caused by an allergic reaction to pollen, mould, smoke, dust etc. Up to 40% of the global population suffers from allergic conjunctivitis, which is mostly treated with antihistamines and corticosteroids. However, a significant number of patients do not respond to antihistamines that leads to overuse of corticosteroids in these patients.

The Group's focus is to determine the efficacy of OKYO-0101 in diminishing ocular redness, the most common symptoms of allergic conjunctivitis.

Chronic pain is a health crisis due to its high prevalence. More than 20% of adults suffer from chronic pain globally. The use of opioid medications, such as OxyContin®, Percocet®, Vicodin® and Percodan®, is the most common therapy in the management of acute and chronic pain. Misuse and overdose of opioid medication has created a worldwide opioid epidemic.

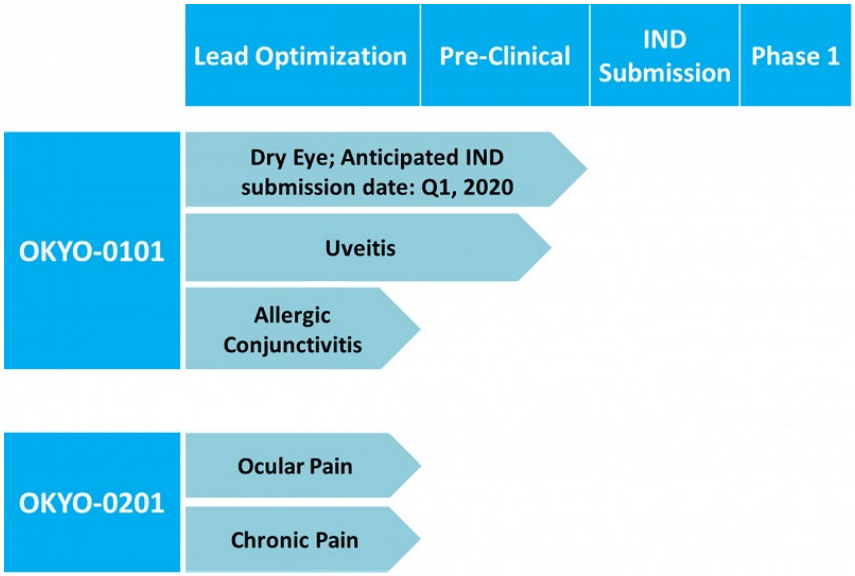
The Group's current focus is to develop first-in-class drug candidates as non-opioid analgesics for pain management without side effects and abuse potential associated with the opioid medications.

Ocular pain, which is typically treated with topical steroid is highly prevalent in patients suffering from dry eye, uveitis, glaucoma, intraocular or orbital tumour, trigeminal neuralgias, ocular migraine etc. Damage to the ocular surface

(nociceptive pain) or to the somatosensory nervous system (neuropathic pain) due to the underlying pathogenesis of eye disease is the main cause of pain.

The Group's current focus is to further improve the potency of OKYO-0201 and develop novel formulations and delivery methods for the treatment of ocular pain

R&D Pipeline



Chemerin Project (OKYO-0101)

On February 21, 2018, the Company announced that it had identified an opportunity to obtain (via assignment from Panetta Partners Limited, a related party) a license from On Target Therapeutics LLC and a sub-license from Tufts Medical Center Inc. These licenses gave the company the right to exploit all of the intellectual property relating to patent WO2017014605, being claims in; composition of matter and methodology for treating, inter alia, ocular inflammation, dry eye disease (DED) and ocular neuropathic pain with Chemerin or a fragment of analog thereof and a lipid entity linked to the Chemerin or fragment or analog thereof (the ''Chemerin Project'').

DED, also referred to as 'Keratoconjunctivitis Sicca', is one of the most common ophthalmic conditions encountered in clinical practice. DED is a multifactorial disorder caused by the lack of lubrication and moisture, significantly lowering the quality of life of affected individuals. The evidence from over 40 years of scientific literature suggests inflammation as the most common underlying cause of the disease. DED represents a major economic burden in public healthcare, accounting for more than $50 billion to the US economy annually. Symptoms of dry eye include constant discomfort and irritation accompanied by visual impairment and potential damage to ocular surface. Increase in the levels of inflammatory cytokines in both conjunctiva and tears is known to cause the chronic inflammation associated with the DED. Therefore, development of new therapeutic agents that target inflammatory pathways is crucial in improving symptoms in DED patients.

The Chemerin receptor (CMKLR1 or ChemR23) is a chemokine like G Protein-Coupled Receptor (GPCR) expressed on select populations of cells including inflammatory mediators as well as epithelial cells. Activation of CMKLR1 has been shown to resolve the inflammation in animal models of asthma. We investigated the effects of OKYO-0101, an agonist of CMKLR1, in improving dry eye symptoms using murine dry eye model. We also evaluated ocular tolerance of OKYO-0101 following repeated ocular instillation in rabbits followed by clinical ophthalmic observations. Below is the summary of OKYO-0101 studies during the last year.

- Increase in corneal permeability due to dry eye was reduced significantly by OKYO-0101 compared to vehicle group.
- Potency of OKYO-0101 in reducing corneal permeability was comparable to cyclosporine, an active ingredient of Restasis® (Allergan).
- OKYO-0101 normalised the dry eye induced loss of goblet cell density
- OKYO-0101 reduced the dry eye induced-enhancement of $CD4^+$ T-cells, which are known biomarkers of inflammation.
- Rabbit Ocular tolerance test using OKYO-0101 showed no adverse signs such as inflammation, chemosis or hyperemia and no signs of local irritation.

- Clinical ophthalmic exam of rabbit eyes after topical application of OKYO-0101 for 4 days (twice daily) showed no discharge, cloudiness, vascularization, edema, inflammation or retinal hemorrhage.

Future Strategy

In the coming year, we will explore novel OKYO-0101 analogs; to strengthen the IP portfolio by synthesising additional peptides. Further, we will explore the use of OKYO-0101 analogs for other inflammatory diseases such as Uveitis and Allergic Conjunctivitis in order to expand our portfolio.

BAM 8 (OKYO-0201)

More than 20% of adults suffer from chronic pain globally. The use of opioid medications, such as OxyContin®, Percocet®, Vicodin® and Percodan®, is the most common therapy in the management of acute and chronic pain. Misuse and overdose of opioid medication has created worldwide epidemic. The economic impact of the opioid crisis costs the US more than $100 billion per year alone.

MAS-Related G Protein-Coupled Receptors (MRGPR) are expressed mainly in sensory neurons and are involved in the perception of pain. Activation of MRGPR by Bam8 (Bovine adrenal medulla) inhibits pain by modulating Ca^{2+} influx. BAM8 has the potential to be developed as a non-opioid analgesic for pain. OKYO recently acquired lipidated cyclised Bam8, a promising candidate for the treatment of neuropathic and inflammatory pain, from Tuffs University. Our goal is to further develop this peptide for long term chronic pain that will provide an alternative to opioid or cannabinoid-based therapy without side effects and abuse potential associated with the current therapy.

Future Strategy

During the coming year, we will explore and identify novel Bam8 (OKYO-0201) analogs to strengthen the IP portfolio by synthesising additional peptides. Further, we will explore the use of OKYO-0201 analogs for Ocular Pain, Uveitis associated pain and Neuropathic pain associated with dry eye in order to expand our portfolio.

Business Review

During the financial period under review, the Group reported a total comprehensive loss of £3.8 million (31 March 2018: £20.2 million). The loss is detailed in the consolidated statement of comprehensive income on page 29.

At the end of the year, the Group cash balance stood at £0.5 million at the end of the period (31 March 2018: £2.0 million).

Key performance indicators

The Board monitors the Key Performance Indicators (KPIs) that it considers appropriate for the industry and stage of development of the Group. The Group is a research and development based biotechnology company concerned with a number of pre-clinical and clinical assets. These assets require sufficient investment to reach defined milestones by which the Group and its investors can judge the chances of ultimate success and thereby the value of the Group. At this stage of Group development significant sources of revenue generation are unlikely and the Group is cash consuming. The Group KPIs are therefore chosen to monitor the progress of the individual scientific programmes, the external market environment for the potential drugs being developed and the cash requirements of the Group.

Financial KPIs

Cash consumption
The cash position of the business is measured on a continual basis with reference both to the general and administrative expenses required to run the Group, and more particularly to the cash required for ongoing research, development and acquisition of the Group's scientific assets. During 2019, the main use of the Group's funds was progressing the animal model trials for Chemerin and Bam 8. Management monitors its cash consumption on a monthly basis and a cash projection will be presented at every board meeting.

The Group monitors current and projected cash consumption to ensure that there are sufficient funds available to develop the Group's scientific assets. The Group maintains a virtual operating model resulting in low cash consumption for general and administrative expenses during the period.

Share price
The Group monitors its share price to determine whether the market view of the Group's position and prospects is aligned with the view of management, and to consider the most appropriate time to raise further capital in the interest of the Group and current shareholders.

OKYO Pharma Limited
Strategic report

Non-financial KPIs

Release of preclinical stat on Chemerin (OKYO-0101) demonstrating its potential to treat dry eye
In March 2019, the Group released and presented preclinical data on OKYO-0101 at the 14th Congress on Ocular Pharmacology and Therapeutics, 2019 demonstrating its potential to treat dry eye. This data represented an important first milestone in confirming the proof-of-concept in preclinical studies for the therapeutic potential of Chemerin for dry eye disease.

Other Considerations

External (life sciences) market environment

The Group monitors the life sciences market for a number of factors;

- New developments in drug research and development
- New medical treatment paradigms
- Patent filings by third parties pertinent to the Group's programmes
- Existing and novel drugs in development by third parties
- Healthcare regulation and policy in the major territories
- Private and public financings of life science companies to indicate investor appetite for life science risk

The Group is developing its scientific assets within the European and US territories, but for potential global application. The environment for life science companies was positive throughout the year.

Principal risks and uncertainties

The Company assesses and monitors the inherent risks in the life sciences industry, as well as other micro and macro-economic factors that may present risk to the Company's progression. The Company also considers Company-specific risks such as research progress, personnel and operational facilities and collaborations.

There are significant risks associated with any life science business. The Board believes that the following risks are the most significant, however, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and / or tax requirements. The risks listed are not set out in any particular order of priority and this is not an exhaustive list of risks.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the Company's share price may decline and an investor may lose part or all of their investment.

The main risks have been identified as follows:

Immediate risks relating to the company, its business and prospects

- The historical financial information relates largely to discontinued operations and is not indicative of the performance of the business.
- The Company only recently committed to its new business and its chosen product candidates are in the early stages of development and it may be some years until the Company generates revenue, if at all.
- The Company's product candidates have not been evaluated in clinical trials and results in the clinic may not be reproduced in human trials.
- There is a high degree of failure for product candidates as they progress through clinical trials and clinical trial data may be interpreted in varying ways which may delay, limit or prevent future regulatory approvals.
- The development of pharmaceutical products carries significant risk of failure in early and late stage development programs.

Longer term risks to the company's business, financial position and to the development and regulatory approval of its products

- Even if the Company successfully develops a product which shows efficacy in human subjects there remain high barriers to commercial success.
- The Company will need to spend extensively on further research activities and there can be no guarantee that the Company will have access to sufficient funds to fully realise its research and development plan or to commercialise any products derived from research activities.
- If the Company obtains regulatory approval for a product, such product will remain subject to ongoing regulatory obligations.

- Insurance coverage and reimbursement may be limited, unavailable or may be reduced over time in certain market segments for the Company's products.
- The process of conducting and running clinical trial is expensive and time consuming and subject to significant regulatory compliance.
- If the Company experiences delays or difficulties in the enrolment of subjects in clinical studies, its receipt of necessary regulatory approvals could be delayed or prevented.
- The Company operates in a highly regulated environment.
- Changes in the regulatory environment could result in delays or failures by the Company to manufacture or sell products.
- The Directors anticipate that the Company will continue to incur significant losses for the foreseeable future.
- The Company faces significant competition from pharmaceutical companies. The Company has competitors internationally, including major multinational pharmaceutical companies, universities and research institutions. In respect of Chemerin as an indication for the treatment of DED, there are a number of established companies engaged in the development and marketing of preparations addressing the DED market. In addition, there are a wide range of products addressing the DED market currently approved and marketed by a number of large and small pharmaceutical companies.

- The expiry of certain intellectual property rights or an inability to obtain, maintain or enforce adequate intellectual property rights for products that are marketed or in development may result in additional competition from other third party products. Third parties may have blocking intellectual property rights which could prevent the sale of products by the Company or require that compensation be paid to such third parties.
- The Company may not be able to obtain, maintain, defend or enforce the intellectual property rights covering its products.
- The Company may not be able to prevent disclosure of its trade secrets, know-how or other proprietary information (''Confidential Information'').
- The Company's products could infringe patents and other intellectual property rights of third parties.

Risks relating to managing growth, employee matters and other risks relating to the Company's business

- Growth may place significant demands on the Company's management and resources. The Company expects to experience growth in the number of its employees and the scope of its operations in connection with the continued development and, in due course, the potential commercialisation of its products.This potential growth will place a significant strain on its management and operations, and the Company may have difficulty managing this future potential growth.
- Challenges in identifying and retaining key personnel could impair the Company's ability to conduct and grow its operations effectively.
- The Company may become subject to product liability claims.
- The Company's employees, contractors, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards.

Gender of Directors and Employees

We recruit individuals who have the skills, experience and integrity needed to perform the roles to make OKYO Pharma Ltd a successful company. We note that there are no women on the board but that we recruit without regard to sex or ethnic origin, appointing and thereafter promoting staff based upon merit.

The profile of the Group's employees at March 31, 2019, was as follows:

	March 31, 2019		
	Male	Female	Total
Number or persons who were Directors or senior managers of the Group	4	0	4
Number of persons who were other employees of the Company	0	1	1
Total employees at March 31, 2019	4	1	5

A senior manager is an employee who has the responsibility for planning, directing or controlling the activities of the Group and is considered to be a Director of the Company.

Environmental Matters

We currently outsource our research, development, testing and manufacturing activities. These activities are subject to various environmental, health and safety laws and regulations, which govern, among other things, the controlled use,

handling, release and disposal of and the maintenance of a registry for, hazardous materials and biological materials. If we or our partners fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

As with other companies engaged in activities similar to ours, we face a risk of environmental liability inherent in our current and historical activities, including liability relating to releases of or exposure to hazardous or biological materials. Environmental, health and safety laws and regulations are becoming more stringent. We may be required to incur substantial expenses in connection with future environmental compliance or remediation activities, in which case, our production and development efforts may be interrupted or delayed.

Greenhouse Gas Emissions

We are a company with a small number of employees. We have serviced offices and we currently outsource our research, development, testing and manufacturing activities. As a result we do not emit greenhouse gases from our own activities, nor do we purchase electricity, heat or steam for our own use. (Scope 1 and scope 2 disclosures).

However, we are aware that our activities do have an impact on GHG emissions through the work of our partners and our activities such as business travel. (Scope 3 disclosures). We have discussed with our partners the impact of our operations on emissions but they have not been able to provide the information for us to provide a meaningful analysis.

Willy Simon
Chairman

28 June 2019

Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB

OKYO Pharma Limited
Directors' report

The Directors present their report and the financial statements for the Company, OKYO Pharma Limited ("OKYO" or the "Company") and its subsidiary, together the 'Group' for the year ended 31 March 2019.

Principal activity

Initially the Company sought investment opportunities across all types of natural resources projects. This investing policy permitted the review and consideration of potential investments in not just metals and metals projects, but also investment in all types of natural resources projects, including but not limited to all metals, minerals and hydrocarbon projects, or physical resource assets on a worldwide basis.

On 13 November 2017, it was announced that, due to the continuing challenging iron ore market conditions and difficulties in finding commercial partners, the decision was made to not progress the Sanaga iron ore project any further, and other than to maintain the current licences in good standing and to preserve value pending any prospective sale of the assets, no further investment will be made.

On 10 January 2018, the Company disposed of its remaining operations in Cameroon by way of an in specie distribution of all of its shares in Ferrum to Shareholders and became Rule 15 AIM investing company. The listing of the Company's shares on AIM was cancelled on 23 March 2018.

On 10 January 2018, the Company also changed its name to OKYO Pharma Corporation and adopted a bespoke investing policy to create a diversified portfolio of meaningful direct and indirect interests in life science and biotechnology opportunities.

On 21 February 2018, the Company announced that it had identified an opportunity to obtain (via assignment from Panetta) a licence from On Target Therapeutics LLC and a sub-licence from Tufts Medical Center Inc. of the right to exploit all of the intellectual property relating to rights claimed on patent WO2017014605, being claims in composition of matter and methodology for treating, inter alia, ocular inflammation, dry eye disease (''DED'') and ocular neuropathic pain with Chemerin or a fragment of analog thereof and a lipid entity linked to the Chemerin or fragment or analog thereof (the ''Chemerin Project''). The proposed Chemerin Acquisition was classified as a reverse takeover for the purposes of the AIM Rules for Companies.

On 9 March 2018, the Company sought and obtained the consent of shareholders to cancel its trading facility on AIM, to migrate to Guernsey and seek admission to the standard listing segment of the Official List of the UK Financial Conduct Authority and the main market for listed securities of the London Stock Exchange plc in July 2018 as a life science and biotechnology company to develop its newly acquired licence assets. The Company identified the Chemerin Project as an initial business opportunity and will look to make further complementary acquisitions in the future.

The Company wishes to differentiate itself by focusing on opportunities where clinical development timelines are short and where the management teams can benefit from the clinical development and commercialisation experience of the Directors and Senior Management. Following this, the Board is currently in the process of reviewing the strategy for the future development of the Company.

Results and transfers to reserves

The results and transfers to reserves for the period are set out on pages 29 to 35.

The Company made a total comprehensive loss for the period after taxation of £3,759,619 (31 March 2018: £53,149,025).

Dividend

No dividends were declared or paid in the year (2018: £nil).

Directors

The Directors who served during the period and to date are:

Willy Simon
Dr Kunwar Shailubhai (Non-Executive director)
Leopoldo Zambeletti (Non-Executive director)

OKYO Pharma Limited
Directors' report

Significant shareholdings

No director has an interest of 3% or more of the ordinary share capital of the company at 31st March 2019.

The following shareholders hold an interest of 3% or more in the Company:

	No of Shares	% Holding
Vidacos Nominees Limited	218,898,924	41.77%
Quilter PLC	119,770,088	22.85%
BBHISL Nominees Limited	44,702,633	8.53%
Aurora Nominees Limited	26,684,309	5.09%
Lynchwood Nominees Limited	20,221,561	3.86%

Staff policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Group's policy, wherever possible, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Corporate governance

The Group has implemented a corporate governance structure which is fit for purpose for this stage of the Group's lifecycle. This includes a 3-member board, with two independent Non-Executive directors and an executive team of the Chief Financial Officer and the Senior Director of Research & Development. The Board has established the corporate governance values of the Company and has overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Group. The role of the Board is to provide strategic leadership to the Group within a framework of sensible and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives, and reviews executives' performance. The Board make certain that its obligations to its shareholders and others are understood and met.

The Board will hold board meetings periodically as issues arise that require the Board's attention. Willy Simon, in addition to acting as Chairman, in conjunction with the Executive team is charged with the day-to-day responsibility for the implementation of the Company's strategy. The Executive team is supported by the wider team and external service providers as required. The Board intends to comply, so far as it is practicable, with certain Main Principles of the UK Corporate Governance Code. Since incorporation compliance with the provisions of the Model Code is being undertaken on a voluntary basis, as the Company does not have a premium listing on the London Stock Exchange. The Directors will take into account the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance so far as it is practicable and appropriate. As at the date of this document, the Board has voluntarily adopted the Model Code for Directors' dealings contained in the Listing Rules of the UK Listing Authority.

The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors. The FCA will not have the authority to (and will not) monitor the Company's voluntary compliance with the Model Code, nor to impose sanctions in respect of any failure by the Company to comply.

The Company is subject to the UK City Code on Takeovers and Mergers (the "Takeover Code") as it is incorporated in Guernsey. The Takeover Code obliges a person or persons acquiring at least 30 per cent. of voting rights in a company to which the Takeover Code applies to make an offer to acquire the rest of the voting rights.

The Board has three separate committees as follows:

Audit Committee

The Audit Committee of the Board comprises of Leopoldo Zambeletti and Willy Simon. It is chaired by Mr Simon, and is responsible for:

i. Monitoring the quality of internal controls and ensuring the financial performance of the Group is properly measured and reported on;
ii. consideration of the Directors' risk assessment and suggesting items for discussion at the full Board;
iii. receipt and review of reports from the Company's management and auditors relating to the interim and annual accounts, including a review of accounting policies, accounting treatment and disclosures in the financial reports;
iv. consideration of the accounting and internal control systems in use throughout the Company and its subsidiaries; and

v. overseeing the Company's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The audit committee meets not less than twice in each financial year and has unrestricted access to the Company's auditors.

Risk and Disclosure Committee

The Risk and Disclosure Committee will operate as part of the Audit Committee and will review the operational risks that the business face and monitor and report upon the Company's obligations under the Disclosure Guidance and Transparency Rules regarding continuous disclosure.

Nomination Committee

The Nomination Committee of the Board comprises of Willy Simon and Leopoldo Zambeletti. It is chaired by Leopoldo Zambeletti, and is responsible for:

i. Reviewing succession plans for directors;
ii. drawing up selection criteria and appointment procedures for directors;
iii. recommending nominees for election to our board of directors and its corresponding committees;
iv. assessing the functioning of individual members of our board of directors and executive officers and reporting the results of such assessment to the board of directors; and
v. developing corporate governance guidelines.

Remuneration Committee

The Remuneration Committee of the Board comprises of Willy Simon and Leopoldo Zambeletti. It is chaired by Willy Simon, and is responsible for:

i. The review of the performance of the executive directors;
ii. recommendations to the Board on matters relating to the remuneration and terms of service of the executive directors; and
iii. recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time**.**

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Company.

Requirements of the Listing Rules

The following table provides references to where the information required by the Listing Rule 9.8.4R is disclosed.

Listing Rule requirement	
Details of any long-term incentive schemes as required by LR 9.4.3R	Directors' remuneration report page 17
Details of any arrangements under which a director of the company has waived or agreed to waive any emoluments from the company or any subsidiary undertaking. Where a director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review.	No such waivers

Directors Indemnity

The Company's Articles of Association provide, subject to the provisions of Companies (Guernsey) Law 2008, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors and officer's liability insurance cover is in place in respect of all Company directors.

Relationship with Shareholders

The Group endeavours to maintain a two-way communication between both institutional and private investors, this is to resolve any queries as quickly as possible and to meet and understand the needs and expectations of the shareholders. The Chairman regularly updates the Company's major shareholders on the financial and operational performance as well as the Company's future strategies. The Chairman ensures their views are communicated with the Board. The Board recognises it is accountable to shareholders and ensures that their views are taken into account in agreeing the Company's strategy and other operational matters.

The Board recognises the importance of annual AGMs, as this is an opportunity to meet private investors, the Directors are available to address any issues immediately following the AGM. If the voting at the AGM is not as the Board expected, the Directors will engage with these shareholders to understand and address their concerns. The company secretary is the first point of contact for these such matters.

The Company's website provides financial information as well as historical news releases and matters relating to corporate governance. Annual and interim results are communicated by regulatory news services as are ad hoc operational and regulatory releases.

In addition to recognising the importance of the Company's relationship with the shareholders, the Board acknowledges the significance of its employees and consistently evolves to align with their well-being.

Internal Control and Risk Management

The Directors are responsible for the Company's internal control and reviewing its effectiveness. The Directors confirm that the Board has acknowledged this responsibility. The Directors confirm that there is an ongoing process for reviewing internal controls and effectiveness as well as identifying, evaluating, and managing the significant risks facing the Group and its subsidiaries. This process has been in place from 1 January 2017 and continues to be in place, the internal controls are reviewed on a regular basis.

The Group's system of internal control is designed to provide the Directors with reasonable assurance that the Group's assets are safeguarded, that transactions are authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the internal control system in operation are:

- The Board meets regularly with an agenda of matters reserved for their decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority. The Board receives periodic updates from both the Audit and Remuneration Committees.
- The Management team is responsible for the identification and evaluation of significant risks and for the design, implementation and monitoring of appropriate internal controls, including, but not limited to, financial and computer systems, business operations, and compliance.
- Management regularly reports to the Board on the key risks inherent in the business and on the way in which these risks are managed.
- There are established procedures for planning, approving, and monitoring large expenditures, including capital expenditures, as well as processes for monitoring the Group's financial perform.
- A comprehensive forecasting process is completed four times a year, prior to each board meeting, which is reviewed and approved by the Board. Detailed management accounts are produced on a monthly basis, with all significant variances investigated promptly. The management accounts are reviewed and commented on a monthly basis by the management team.
- The Group maintains appropriate insurance cover, including in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on an annual basis.

Whistle-blowing

The Company has formal arrangements in place to facilitate 'whistle-blowing' by employees. If a complaint is made, the content is sent anonymously by email to the Company's Compliance Officer, so that appropriate action can be taken.

OKYO Pharma Limited
Directors' report

Employment

The Company endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop, incentivise and retain staff. The Board recognises its legal responsibility to ensure the well-being, safety and welfare of the Company's employees and maintain a safe and healthy working environment for them and our visitors. If an employee has a concern about unsafe conditions or tasks, they are encouraged to report their concerns immediately to their manager.

Diversity Policy

The Company is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation. The Company endeavours to not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. The Company will undertake an annual review of its policies and procedures to establish its position about compliance and best practice and monitor and promote a healthy corporate culture.

Assessment of likely impact of the UK's proposed withdrawal from the European Union ('Brexit')

The Directors have assessed the impact of Brexit on the Group. The Group's key personnel are located outside of the European Union so Brexit will not have a material impact on its personnel or its ability to recruit appropriately qualified staff.

Disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all 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 Company's auditors are aware of that information

Auditor

Mazars LLP have indicated their willingness to continue in office as auditor for another year. In accordance with section 257 of the Companies (Guernsey) Law 2008, a resolution proposing that Mazars LLP be reappointed as auditors of the Company will be put to the Annual General Meeting.

Future developments

The Strategic Report on pages 3 to 8 provides a summary of future developments of the Group.

Research and development activities

The research and development activities of the Group are described in Strategic Report on pages 3 to 8.

Post balance sheet events

Events after the year end are outlined in note 20 to the financial statements.

Financial instruments

The use of financial instruments is considered by the Board and the exposure of the Group to price, credit, liquidity and cash flow risks are considered. Details of the risks and mitigation can be found in the Strategic Report on pages 3 to 8, and at note 2 to the financial statements.

OKYO Pharma Limited
Directors' report

Going concern

As stated in Note 2(b), the Board has considered the Company's ability to continue as a going concern.

The Company will need to obtain various regulatory approvals and otherwise comply with extensive regulations regarding safety, quality and efficacy standards in order to market its future products. These regulations, including the time required for regulatory review, vary from country to country and can be lengthy, expensive and uncertain. While efforts will be made to ensure compliance with government standards, there is no guarantee that any products will be able to achieve the necessary regulatory approvals to promote that product in any of the targeted markets and any such regulatory approval may include significant restrictions for which the Company's products can be used. In addition, the Company may be required to incur significant costs in obtaining or maintaining its regulatory approvals. Delays or failure in obtaining regulatory approval for products would be likely to have a serious adverse effect on the value of the Company and have a consequent impact on its financial performance and ability to continue as a going concern without raising additional finance. The Board takes steps to mitigate this risk by the appointment of regulatory specialists prior to any regulatory applications. The Directors are confident, based on the recent fund-raising and progress made on animal studies of the novel technology, the Company has the ability to raise funds to finance projected research and development activities

Technological competition from pharmaceutical companies, biotechnology companies and universities is intense and can be expected to increase. Many competitors and potential competitors of the Company have substantially greater product development capabilities and financial, scientific, marketing and human resources than the Company. The future success of the Company depends, in part, on its ability to maintain a competitive position, including an ability to further progress through the necessary pre-clinical and clinical trials towards regulatory approval for sale and commercialisation. Other companies may succeed in commercialising products earlier than the Company or in developing products that are more effective than those which may be produced by the Company. While the Company will seek to develop its capabilities in order to remain competitive, there can be no assurance that research and development by others will not render the Company's intellectual property obsolete or uncompetitive.

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By order of the Board

Willy Simon
Director
28 June 2019

Martello Court
Admiral Park
St. Peter Port
Guernsey
GY1 3HB

OKYO Pharma Limited
Directors' Remuneration Report

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended March 31, 2019, which will be subject to an advisory vote under a resolution to be proposed at the 2019 Annual General Meeting ("AGM"). The results of this vote will be carefully considered by the Remuneration Committee to formulate and approve the Company's future Remuneration Policy.

I hope that you will be supportive of our remuneration approach and will vote in favour of the Directors' Remuneration Report.

Remuneration Policy

This is the first year the Company has been required to present the Remuneration Policy ("Policy") to the Shareholders for approval. The Policy is set out in full within the Directors Remuneration Report and will be proposed as a resolution at the 2019 AGM. A notice of the AGM will be sent to all shareholders in due course stating the time, date and location of the meeting, along with an agenda outlining resolutions relating to the business which the Company proposes to conduct at the meeting.

Key activities and decisions in the year ended March 31, 2019

Since April 1, 2018 the Committee has assumed the following key decisions and activities.

- A resolution made at the time of admission regarding the grant of options to the Executive Director and Non Executive Directors was reviewed and it was noted that after consultation with Panetta Partners Limited, 4,000,000 of the options previously agreed to be awarded to Leopoldo Zambeletti should be reallocated to Dr. Kunwar Shailubhai and that this be reflected in the Prospectus and the option grant documentation so that Leopoldo Zambeletti should receive 3,500,000 options and Dr. Kunwar Shailubhai should receive 16,500,000 options, all on the same terms as previously approved by the board.

The Company has made progress during the financial year in the pre-clinical development on Chemerin and Bam 8. To support this progress, the Company expanded its competencies by hiring an additional member to its senior management team, Dr Raj Patil Ph.D, who joins the Company as a Senior Director of Research and Development.

Yours faithfully,

Willy Simon
Chair of the Remuneration Committee
June 28th, 2019

OKYO Pharma Limited
Directors' Remuneration Report

Directors' remuneration policy

The Company's policy is to maintain levels of remuneration sufficient to attract, motivate and retain senior executives of the highest calibre who can deliver growth in shareholder value. Executive Directors' remuneration currently consists of basic salary and benefits. An annual bonus, and long-term incentives will be introduced in line with the Company's expansion. The Company will seek to strike an appropriate balance between fixed and performance-related reward so that the total remuneration package is structured to align a significant proportion to the achievement of performance targets, reinforcing a clear link between pay and performance. The performance targets for staff, senior executives and the Executive Directors will be aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between staff, Executive Directors and shareholders.

The Remuneration Committee will continue to review the Company's remuneration policy and make amendments, as and when necessary, to ensure it remains fit for purpose and continues to drive high levels of executive performance and remains both affordable and competitive in the market.

The policy, as outlined below, is to obtain shareholder approval at the 2019 AGM. Upon approval, the company will continue to put forward the remuneration policy to be approved every three years, however the company will update it when necessary and will be sent for approval before the three-year approval.

Policy Table

Element of reward - Base Salary

Purpose and Link to Strategy	To provide fixed remuneration to ▪ help recruit and retain key individuals; ▪ reflect the individual's experience, role and contribution within the Company.
Operation	The Remuneration Committee considers a number of factors when setting salaries, including: ▪ scope and complexity of the role ▪ the skills and experience of the individual ▪ salary levels for similar roles within the industry ▪ pay elsewhere in the Company Salaries are reviewed, but not necessarily increased, annually.
Performance conditions	None.
Maximum opportunity	Salary increases are normally made with reference to the average increase for the wider Company. The Board retains discretion to make higher increases in certain circumstances, for example, following an increase in the scope and/or responsibility of the role or the development of the individual in the role or by benchmarking.

Element of reward- Other benefits

Purpose and Link to Strategy	To provide a basic benefits package.
Operation	The Company provides Executive Directors with medical insurance for themselves and their family.
Performance conditions	None.
Maximum opportunity	Maximum opportunity will be whatever it costs to provide the benefit.

OKYO Pharma Limited
Directors' Remuneration Report

Element of reward - Annual Bonus

Purpose and Link to Strategy	To incentivise and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's short-term strategy.
Operation	• Executive Directors and staff are eligible to participate in a discretionary bonus plan. • The Remuneration Committee will determine on an annual basis the level of deferral, if any, of the bonus payment into Company shares. • Maximum bonus levels and the proportion payable for on target performance are considered in the light of market bonus levels for similar roles among the industry sector. • Bonuses are not pensionable. • The Remuneration Committee sets targets which require appropriate levels of performance, considering internal and external expectations of performance. • As soon as practicable after the year-end, the Remuneration Committee meets to review performance against objectives and determines payout levels. • From 2019 in terms of bonus targets a balanced scorecard approach will be operated which focuses on a mixture of strategic, operational, financial and non-financial metrics.
Performance conditions	• At least 50% of the award will be assessed against Company metrics including operational, financial and non-financial performance. The remainder of the award will be based on performance against individual objectives. • A scale between 0% and 100% of the maximum award is paid dependent on the level of performance.
Maximum opportunity	The maximum potential bonus entitlement for Executive Directors under the plan will be equal to 50% of the base salary.

Element of reward - Long Term Incentive Plan (LTIP)

Purpose and Link to Strategy	• To incentivise and reward the creation of long-term shareholder value. • To align the interests of the Executive Directors with those of shareholders.
Operation	Under the terms of the non-tax advantaged share option plan (the "Share Option Plan"), the Remuneration Committee may issue options over shares up to 15% of the issued share capital of the Company from time to time. Directors and employees are eligible for awards. • The exercise of options may be subject to the satisfaction of such performance conditions, if any, as may be specified and subsequently varied and/or waived by the Remuneration Committee. • The Remuneration Committee determines on an annual basis, and from time to time as needed (i.e., new employee or promotion), the type of awards to be granted to executives and other employees under the plan.
Performance conditions	Vesting of the awards is dependent on financial, operational and/or share price measures, as set by the Remuneration Committee, which are aligned with the long-term strategic objectives of the Company. The relevant performance conditions will be set by the Remuneration Committee on the award of each grant but will include a mixture of strategic, operational, financial and non-financial metrics.

Notes on Table

The Remuneration Committee may make minor amendments to the Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment. Any major changes will be put to a shareholder vote at the next AGM or an EGM.

The Policy will be subject to a binding Shareholder vote at the 2019 AGM and, if approved, would be expected to remain in force until the AGM in 2022 with no requirement to vote again on the Policy in the intervening years provided that no changes are proposed.

Policy on payment for loss of office

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Notice periods are set at up to a maximum of twelve months by either party.

The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss (for example by gaining new employment) and other relevant circumstances (e.g. ill health).

If the Executive Director's employment is terminated by the Company, the Executive Director may receive a time pro- rated bonus to the period worked subject to performance in that period, subject to the Remuneration Committee's discretion.

The treatment of outstanding share awards is governed by the relevant share plan rules. The following table summarises the leaver provisions of share plans under which Executive Directors may currently hold awards.

Leaving Event	Time period	Conditions
Injury, disability, ill-health, redundancy	Option may be exercised within 3 months of leaving.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Death	Option may be exercised by personal representatives within 12 months of death.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Resignation or any other reason not mentioned above.	Lapse of option unless Board exercises discretion to allow exercise of option in which case within 3 months of leaving/notice.	If allowed to exercise; Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.

Annual report on Remuneration

In determining remuneration for new appointments to the Board, the Board will consider all relevant factors including, but not limited to, the calibre of the individual and their existing package, the external market and the existing arrangements for the Company's current Executive Directors, with a view that any arrangements offered are in the best interests of the Company and shareholders and without paying any more than is necessary.

Where the new appointment is replacing a previous Executive Director, salaries and total remuneration opportunity may be higher or lower than the previous incumbent. If the appointee is expected to develop into the role, the Board may decide to appoint the new Executive Director to the Board at a lower than typical salary. Larger increases (above those of the wider company) may be awarded over time to move closer to the market level as their experience develops.

Benefits and other elements of remuneration will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Board considers it reasonable and necessary to do so.

It is expected that the structure and various pay elements would reflect those set out in the policy table above. However, the Board recognises that, as an independent life sciences company, it is competing with global firms for its talent. As a result, the Board considers it important that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires to grow a successful business. The Company recognises that in many cases, an external appointee may forfeit significant cash bonuses and/or share awards from a prior employer. The Board believes that it needs the ability to compensate new hires for bonuses and/ or incentive awards lost on joining the Company. The Board will use its discretion in settling any such compensation, which will be decided on a case-by-case basis, provided that in no event shall such compensation exceed the value of compensation forfeited by the external appointee, as confirmed by the appointee in a written agreement with the Company.

The information in this part of the Directors Remuneration Report ("DRR") is subject to audit.

Single total figure of remuneration of each Director

The Directors received the following remuneration for the years ended March 31, 2019 and March 31, 2018:

Year Ended March 31, 2019	Base Salary £'000	Share-based payment [4] £'000	Other [5] £'000	2019 Total £'000
Executive				
Willy Simon	32	3	-	35
Non - Executive				
Kunwar Shailubhai	30	28	-	58
Leopoldo Zambeletti	37	6	-	43
Total	**99**	**37**	**-**	**136**

Year Ended March 31, 2018 £'000	Base Salary £'000	Share-based payment [4] £'000	Other [5] £'000	2018 Total £'000
Executive				
Willy Simon	10	-	-	10
Gerard Holden	4	-	-	4
Non - Executive				
Kunwar Shailubhai	25	-		25
Leopoldo Zambeletti	-	-	-	-
Andrew Gutman [3]	3	-		3
Brad Mills [1]	1	-	-	1
James Mellon [2]	3	-		3
Total	**46**	**-**	**-**	**46**

[1] Resigned 2nd June 2017.
[2] Resigned 13th November 2017.
[3] Resigned 20th December 2017.
[4] Share based payments represent the fair value of options that vested during the years ended March 31, 2018 and March 31, 2019.
[5] Other benefits represent healthcare benefits

OKYO Pharma Limited
Directors' Remuneration Report

No payments were made towards a pension plan for our executive directors.

Statement of Directors' Shareholding and Share Interests

The table below details the total number of shares owned (including their beneficial interests), the total number of share options held and the number of share options vested but not yet exercised as at March 31, 2019:

Year Ended March 31, 2019	Shares	Options – not yet vested	Options – vested not yet exercised	Total (Shares and options)
Executive				
Willy Simon	307,100	2,000,000	-	2,307,100
Non - Executive				
Kunwar Shailubhai	-	16,500,000	-	16,500,000
Leopoldo Zambeletti	-	3,500,000	-	3,500,000
Total	307,100	22,000,000	-	22,307,100

The interests of the Directors in the Company's share options are as follows:

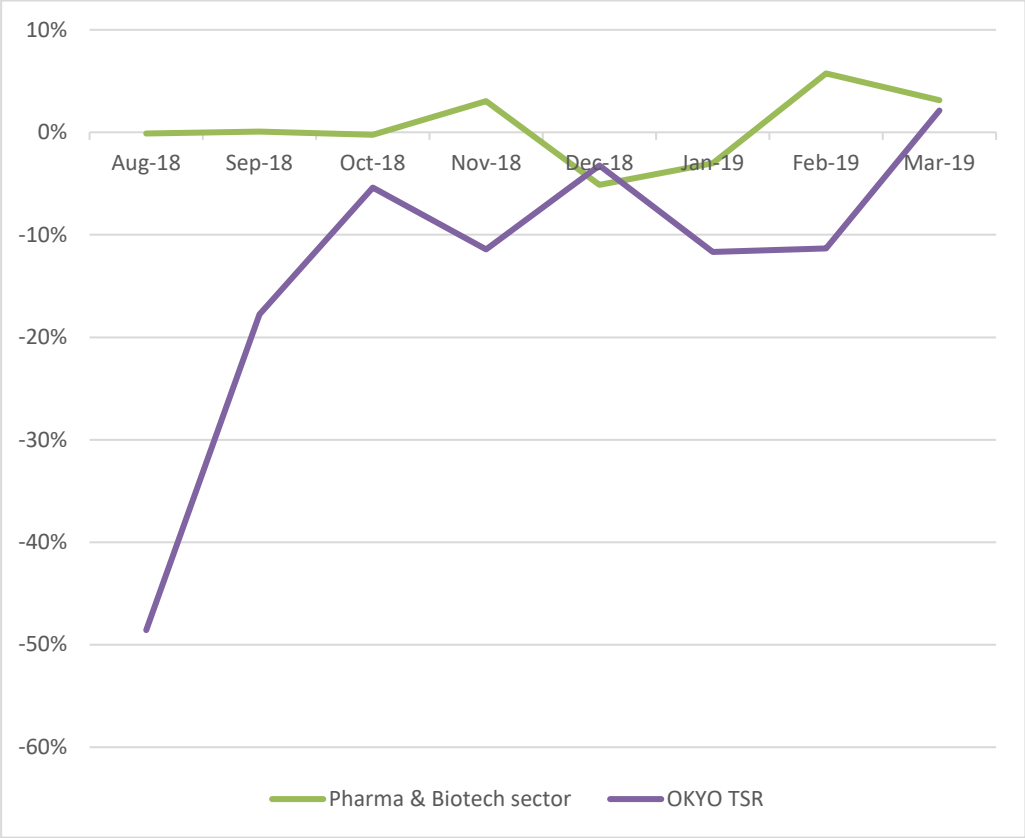
Director	**Granted**	**Date of grant**	**Price per share £**	**Vesting Criteria**	**Expiry Date**
Willy Simon	2,000,000	6 July 2018	0.045	25 per cent. Will vest on each anniversary of appointment.	6 July 2025
Kunwar Shailubhai	16,500,000	6 July 2018	0.045	25 per cent. Will vest on each anniversary of appointment.	6 July 2025
Leopoldo Zambeletti	3,500,000	6 July 2018	0.045	25 per cent. Will vest on each anniversary of appointment.	6 July 2025

Total Shareholder Return

The graph below shows the Company's performance, measured by total shareholder return, of the Company compared to the FTSE All share pharmaceuticals and Biotechnology index from July 2018 (when the Company was admitted to the London Stock exchange).

Total Shareholder Return
(Source: Investing.com)

OKYO Pharma Limited
Directors' Remuneration Report



Chief Executive Officer Total Remuneration History

As this is the first year that OKYO Pharma Limited has prepared a Directors Remuneration Report, the exemption not to disclose 5 years of history of remuneration has been taken.

Percentage change of Chief Executive Officer Total Remuneration

	Percentage increase for the year ended March 31, 2019 compared to the year ended March 31, 2018	
	CEO	Average Employee
Base Salary	0%	0%
Short term incentives	0%	0%
Taxable Benefits (1)	n/a	n/a

(1) The CEO and average employees did not receive taxable benefits so a comparison is not possible.

Payments to past directors (audited)

In the period there were no payments to past Directors.

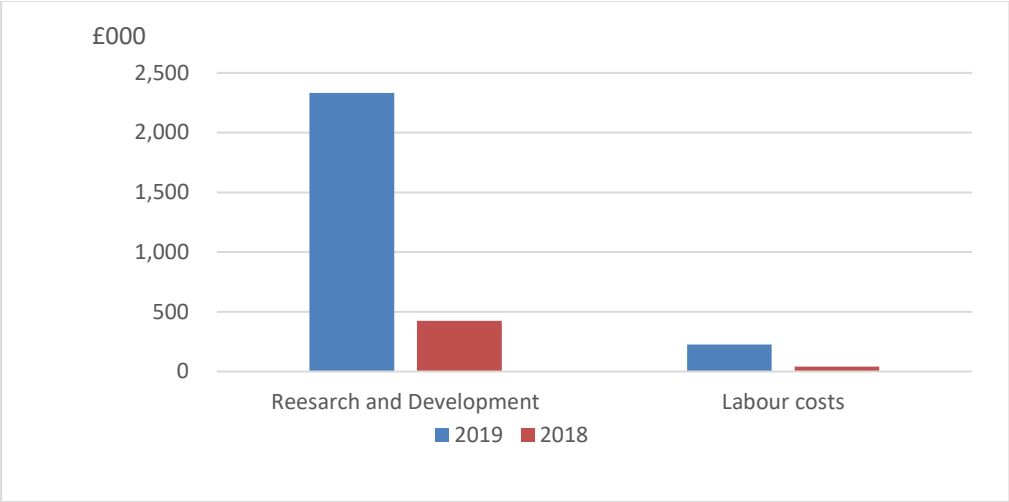
OKYO Pharma Limited
Directors' Remuneration Report

Payments for loss of office (audited).

No payments were made to Directors for loss of office in the period.

Relative Importance of spend on pay

The Committee considers the Company's research and development expenditure relative to salary expenditure for all employees, to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the Company's business. Dividend distribution and share buy-back comparators have not been included as the Company has no history of such transactions. The graph below illustrates the gross pay to all employees per year as compared to research and development expenditure and illustrates the year-on-year change.



Structure and role of Remuneration Committee

The Remuneration Committee of the Board comprises of Willy Simon and Leopoldo Zambeletti. It is chaired by Willy Simon, and is responsible for:

i. The review of the performance of the executive directors;
ii. recommendations to the Board on matters relating to the remuneration and terms of service of the executive directors; and
iii. recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Company.

OKYO Pharma Limited
Statement of Director's responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss 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, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors who hold office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that each Director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Willy Simon
Chairman
28 June 2016

OKYO Pharma Limited
Auditors report

Independent Auditor's Report to the members of OKYO Pharma Limited

Opinion

We have audited the financial statements of OKYO Pharma Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Consolidated Statement Of Comprehensive Income; the Consolidated and Company Statements Of Financial Position; the Consolidated and Company Statements Of Changes In Equity; the Consolidated and Company Statements Of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008

Basis for opinion

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

The impact on our audit of uncertainties due to Britain exiting the European Union ('Brexit')

The directors' view on the impact of Brexit is disclosed on page 13.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications for the Group's and Parent Company's trade, customers, and suppliers, and to the wider economy.

We considered the impact of Brexit on the Group and Parent Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and Parent Company's future prospects and performance. However, no audit should be expected to predict unknowable factors or all possible implications for the Group and Parent Company, and this is particularly the case in relation to Brexit.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements concerning the applicability of the going concern basis of preparation. As detailed in the financial statements and the Strategic Report, the Group and Parent Company are in the early stages of development and its business model requires significant ongoing expenditure on research and development. At 31 March 2019, the Group had net assets of £255,417 and cash and cash equivalents of £481,153. In Note 2, the directors explain that to date they have successfully raised funds to finance clinical trials but further funding will be required within the foreseeable future to continue their development programmes and to meet other liabilities as they fall due. As the directors are confident that the Group will raise the additional funding they have prepared the accounts on the going concern basis. However, until the Group secures sufficient investment to fund their clinical trials and ongoing working capital requirements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

OKYO Pharma Limited
Auditors report

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter 1 - *Valuation and accounting of options and warrants (Parent Company)*
The Group's accounting policy in respect of "share based payments" are set out in the accounting policy notes on page 40. The Parent Company operates share-based payments arrangements to remunerate directors and employees in the form of share options. It also issues options in lieu of fees to key suppliers and collaborators. Additionally, warrants were granted as a part of the acquisition of the Chemerin project to the underlying scientific founders who will continue to be involved with the project as consideration. Due to the complexity in calculation and judgement involved in underlying assumptions for the valuation of share options and warrants, there is a risk that these instruments are not accounted for correctly. Our response: Our audit procedures over options, warrants, and convertible loan notes included but were not restricted to: • We obtained management's valuation of options and warrants based on an appropriate Model and reviewed for completeness and accuracy of information used; • We reviewed the mechanics of the options and warrants calculations, and validated the inputs to the model; • We obtained and reviewed the option and warrant agreements for all current year issuances and determined whether or not they were to be accounted for under IFRS 2 Share-Based Payment; • We reviewed Regulatory News Service (RNS) announcements per the London Stock Exchange website for purposes of concluding the completeness and accuracy of current year equity instrument issuances and/or other equity related transactions; and • We reviewed the disclosure in the financial statements to ensure disclosure is sufficient and appropriate. Our findings: Based on our procedures performed, the options and warrants were all appropriately accounted for under relevant accounting standards. Management's assumptions were deemed to be reasonable.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group and Parent Company materiality	**Group - £93,544** **Parent Company - £93,544**
How we determined materiality In determining our materiality, we considered financial metrics which we believed to be relevant. We believe that the benchmark of losses is most appropriate for both Group & Parent Company as the users of the accounts were likely to be most concerned with expenditure on Research & Development and the consequential annual and accumulated losses of the Group and Parent Company and the Group and Parent Company's ability to continue as a going concern.	
Rationale for benchmark applied Having considered factors such as the Group and Parent Company's main market listing on the London Stock Exchange, we determined materiality at 5.0% of Group and Parent Company's losses for the year.	
Performance materiality – Group and Parent Company We performed our audit procedures using a lower level of materiality – termed 'performance materiality' – which is set to reduce to an appropriate level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Having considered factors such as the fact that this is a first year audit for the firm, we set performance materiality at 70% of overall materiality.	Group - £65,481 Parent Company - £65,481
Reporting threshold – Group and Parent Company We agreed with the Audit Committee that we would report to that committee all identified corrected and uncorrected audit differences in excess of this level, together with differences below that level that, in our view, warranted reporting on qualitative grounds.	Group - £2,806 Parent Company £2,806
Component performance materiality All components have been audited by the group engagement team. Materiality is allocated to components based on size and risk. We performed our audit of the only sub of the Group (OKYO Pharma Inc.) to the same performance materiality of the Group as we did not deem it necessary to calculate a separate component materiality. The sub predominately consisted of expenses totaling £136,000.	£65,481

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company, the structure of the Group and the Parent Company and the industry in which it operates. We considered the risk of acts that could be considered to be contrary to applicable laws and regulations, including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies (Guernsey) Law 2008. We tailored the scope of our Group audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Parent Company and Group's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, 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 irregularities including fraud, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both Those Charged with Governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under “Key audit matters” within this report.

Our Group audit scope included an audit of the Group and Parent Company financial statements. Based on our risk assessment, all entities within the group were subject to full scope audit performed by the group audit team.

At the Parent Company level we also tested the consolidation process and carried out overall analytical procedures to confirm our conclusion that there were no material misstatements in the aggregated financial information.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

OKYO Pharma Limited
Auditors report

Use of the audit report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. 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 Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Neate
for and on behalf of Mazars LLP
Chartered Accountants and Recognised Auditors

Tower Bridge House
St Katharine's Way
London
E1W 1DD

28th June 2019

OKYO Pharma Limited

Consolidated statement of comprehensive income

for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019 £**	**Year ended 31 March 2018 £**
Continuing operations			
Income		**-**	-
Operating expenses			
Research and development costs	*5*	**(2,333,765)**	(425,110)
Operating expenses		**(1,412,836)**	(318,820)
Impairment and write offs	*1*	**-**	(19,416,224)
Total operating loss	*4*	**(3,746,601)**	(20,160,155)
Other losses		**(12,123)**	(8,867)
Loss before income tax		**(3,758,724)**	(20,169,022)
Taxation	*7*	**-**	-
Loss for the year		**(3,758,724)**	(20,169,022)
Other comprehensive (loss)/income - foreign currency translation reserve		**(895)**	-
Total comprehensive loss for the period		**(3,759,619)**	(20,169,022)
Basic and diluted loss per share	*17*	**(0. 01)**	(0. 05)

The notes on pages 36 to 50 form an integral part of these financial statements.

The Directors consider that all results derive from continuing activities.

OKYO Pharma Limited

Consolidated statement of financial position

As at 31 March 2019

	Notes	**At 31 March 2019 £**	At 31 March 2018 £
Property, plant and equipment	*9*	**847**	-
Total non-current assets		**847**	-
Cash and cash equivalents		**481,153**	2,007,844
Trade and other receivables	*10*	**100,581**	34
Total current assets		**581,734**	2,007,878
Total assets		**582,581**	2,007,878
Equity			
Share premium	*8*	**68,403,220**	66,368,028
Share options reserves	*13*	**38,744**	-
Warrants reserve	*13*	**24,281**	-
Retained deficit		**(68,210,828)**	(64,451,209)
Shareholders' equity		**255,417**	1,916,819
Current Liabilities			
Trade and other payables	*11*	**327,164**	91,059
Total liabilities		**327,164**	91,059
Total equity and liabilities		**582,581**	2,007,878

The notes on pages 36 to 50 form an integral part of these financial statements

These financial statements were approved by the board of Directors on 28 June 2019 and were signed on their behalf by:

Willy Simon

Director

OKYO Pharma Limited

Company statement of financial position

for the year ended 31 March 2019

	Notes	At 31 March 2019 £	At 31 March 2018 £
Property, plant and equipment	*9*	**847**	-
Investment in subsidiary	*12*	**139,649**	-
Total non-current assets		**140,496**	-
Cash and cash equivalents		**479,118**	2,007,844
Trade and other receivables	*10*	**100,262**	34
Total current assets		**579,380**	2,007,878
Total assets		**719,876**	2,007,878
Equity			
Share premium	*8*	**68,403,220**	66,368,028
Share options reserves	*13*	**38,744**	-
Warrants reserve	*13*	**24,281**	-
Retained deficit		**(68,058,104)**	(64,451,209)
Shareholders' equity		**408,141**	1,916,819
Current Liabilities			
Trade and other payables	*11*	**311,735**	91,059
Total liabilities		**311,735**	91,059
Total equity and liabilities		**719,876**	2,007,878

The Company reported a loss for the financial year ended 31 March 2019 of £3,606,895 (2018: £53,149,025).

These financial statements were approved by the board of Directors on 28 June 2019 and were signed on their behalf by:

Willy Simon

Director

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2019

	Notes	Share premium £	Share options reserve £	Warrants reserve £	Foreign currency translation reserves £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2018		**66,368,028**	**-**	**-**	**-**	**(64,451,209)**	**1,916,819**
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(3,759,619)	(3,759,619)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares issued		2,035,192	-	-	-	-	2,035,192
Options and warrants charge	*13*	-	38,744	24,281	-	-	63,025
Balance at 31 March 2019		**68,403,220**	**38,744**	**24,281**	**-**	**(68,210,828)**	**255,417**
Balance at 1 April 2017		**66,192,355**	**68,931**	**-**	**131,878**	**(44,354,141)**	**22,039,023**
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(20,169,022)	(20,169,022)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Write off of foreign currency translation reserve		-	-	-	(131,878)		(131,878)
Shares issued in lieu of fees	*8*	175,673	-	-	-	-	175,673
Options and warrants reserve charge	*13*	-	3,023	-	-	-	3,023
Options expired/cancelled	*13*	-	(71,954)	-	-	71,954	-
Balance at 31 March 2018		**66,368,028**	**-**	**-**	**-**	**(64,451,209)**	**1,916,819**

OKYO Pharma Limited

Company statement of changes in equity

for the year ended 31 March 2019

	Notes	Share premium £	Share options reserve £	Share warrants reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2018		**66,368,028**	**-**	**-**	**(64,451,209)**	**1,916,819**
Total comprehensive loss for the period						
Loss for the period		-	-	-	(3,606,895)	(3,606,895)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Shares issued		2,035,192	-	-	-	2,035,192
Options and warrants charge	*13*	-	38,744	24,281	-	63,025
Balance at 31 March 2019		**68,403,220**	**38,744**	**24,281**	**(64,058,104)**	**408,141**
Balance at 1 April 2017		**66,192,355**	**68,931**	**-**	**(11,374,138)**	**54,887,148**
Total comprehensive loss for the period						
Loss for the period		-	-	-	(53,149,025)	(53,149,025)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Shares issued in lieu of fees	*8*	175,673	-	-	-	175,673
Options and warrants reserve charge	*13*	-	3,023	-	-	3,023
Options expired/cancelled	*13*	-	(71,954)	-	71,954	-
Balance at 31 March 2018		**66,368,028**	**-**	**-**	**(64,451,209)**	**1,916,819**

OKYO Pharma Limited

Consolidated statement of cash flows

for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019**	Year ended 31 March 2018
		£	£
Cash flows from operating activities			
Loss for the year		**(3,759,619)**	(20,169,022)
Adjusted for non-cash and non-operating items:			
Shares issued in lieu of fees	*8*	**2,035,192**	175,673
Share options lapsed		**-**	(68,931)
Share options cancelled		**-**	71,954
Share options charge	*13*	**38,744**	-
Warrants charge	*13*	**24,281**	-
Depreciation	*9*	**167**	-
Realised foreign exchange			(123,011)
Disposal of subsidiary		**-**	18,949,877
		(1,661,235)	(1,163,460)
Change in trade and other receivables	*10*	**(100,547)**	141,819
Change in trade and other payables	*11*	**236,105**	(116,335)
Cash used in operating activities		**(1,525,677)**	(1,137,976)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,014)**	-
Cash used in investing activities		**(1,014)**	-
Decrease in cash and cash equivalents		**(1,526,691)**	(1,137,976)
Cash and cash equivalents at beginning of period		**2,007,844**	3,145,820
Cash and cash equivalents at end of period		**481,153**	2,007,844

OKYO Pharma Limited

Company statement of cash flows

for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019**	Year ended 31 March 2018
		£	£
Cash flows from operating activities			
Loss for the year		**(3,606,895)**	(53,149,025)
Adjusted for non-cash and non-operating items:			
Shares issued in lieu of fees	*8*	**2,035,192**	175,673
Share options lapsed		**-**	(68,931)
Share options cancelled		**-**	71,954
Share options charge	*13*	**38,744**	-
Warrants charge	*13*	**24,281**	-
Depreciation	*9*	**167**	-
Investment in subsidiaries written off		**-**	13,511,590
Related party receivables written off		**-**	38,545,673
		(1,508,511)	(913,066)
Change in trade and other receivables	*10*	**(100,228)**	(34)
Change in trade and other payables		**220,676**	(82,605)
Cash used in operating activities		**(1,388,063)**	(995,705)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(1,014)**	-
Capital contribution to subsidiary		**(139,649)**	
Cash used in investing activities		**(140,663)**	-
Decrease in cash and cash equivalents		**(1,528,726)**	(995,705)
Cash and cash equivalents at beginning of period		**2,007,844**	3,003,549
Cash and cash equivalents at end of period		**479,118**	2,007,844

1. Reporting Entity

OKYO Pharma Limited (the "Company" or "OKYO") is a company domiciled in Guernsey and listed on the standard market of the London Stock Exchange.

On 13 November 2017, the Company announced that, due to the continuing challenging iron ore market conditions and difficulties in finding commercial partners, a decision has been made to not progress the Sanaga iron ore project any further. No further funds would be expended on the project, other than to maintain the current licences in good standing and to preserve value pending any prospective sale of the assets.

On 10 January 2018, the Company disposed of its remaining operations in Cameroon by way of an in specie distribution of all of its shares in Ferrum Resource Limited to Shareholders and became Rule 15 AIM investing company. The impact of this transaction on the Group was approximately £19.4m, which represented the loss on disposal of Ferrum Resource Limited. The listing of the Company's shares on AIM was cancelled on 23 March 2018.

On 10 January 2018, the Company changed its name to OKYO Pharma Corporation and adopted a bespoke investing policy to create a diversified portfolio of meaningful direct and indirect interests in life science and biotechnology opportunities.

On 21 February 2018, the Company announced that it had identified an opportunity to obtain (via assignment from Panetta) a licence from On Target Therapeutics LLC and a sub-licence from Tufts Medical Center Inc. of the right to exploit all of the intellectual property relating to rights claimed on patent WO2017014605, being claims in composition of matter and methodology for treating, inter alia, ocular inflammation, dry eye disease (''DED'') and ocular neuropathic pain with Chemerin or a fragment of analog thereof and a lipid entity linked to the Chemerin or fragment or analog thereof (the ''Chemerin Project'').

On 9 March 2018, the Company sought and obtained the consent of shareholders to cancel its trading facility on AIM, to migrate to Guernsey and seek admission to the standard listing segment of the Official List of the UK Financial Conduct Authority and the main market for listed securities of the London Stock Exchange plc in July 2018 as a life science and biotechnology company to develop its newly acquired licence assets. The Company identified the Chemerin Project as an initial business opportunity and will look to make further complementary acquisitions in the future.

The Company wishes to developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain. Our goal is to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneer scientists in the field.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies (Guernsey) Law 2008 as applicable to companies reporting under IFRS. These accounts have been prepared under the historical cost convention.

Basis of measurement

Functional and Presentation Currency
The financial statements of the Company are presented in Pounds Sterling (£) which is the Company's functional currency. All financial information presented in Pounds Sterling has been rounded to the nearest pound.

Estimates
The preparation of financial statements requires management to make judgments, 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 period in which the estimate is revised and in any future periods affected.

In preparing these financial statements, the significant judgements made by management in applying the Company's accounting policies and the key accounting estimates are accruals and the non-recognition of a deferred tax asset. The deferred tax asset has not been recognised as the directors do not expect profits to be made for the foreseeable future.

Going Concern

The Group and Company incurred losses during the year and has net assets at the year end.

As discussed in the Strategic Report, the Group and Company is in the early stages of developing its business focusing on drug candidates for the treatment of dry-eye, uveitis, ocular and chronic pain. The Directors expect the Group and Company to incur further losses and to require significant capital expenditure in continuing towards the clinical stage for these candidates. The Group and Company has successfully secured additional investment to date.

The Directors have prepared cash flow projections that include the costs associated with the pre clinical operations and the additional investment to fund those operations. These projections identify that the Directors need to raise further funds beyond March 2020 in order to fund pre clinical activities and ongoing business operations. The Directors are confident, based on the recent fund-raising and progress made on animal studies for our novel technology, sufficient funds will be forthcoming and accordingly they have prepared these financial statements on a going concern basis.

However, until and unless the Group and Company secures sufficient investment to fund their pre-clinical activity, there is a material uncertainty about the Group and Company's ability to continue as a going concern, and therefore about the applicability of the going concern basis of preparation. The financial statements do not include the adjustments that would be required if the going concern basis of preparation was considered inappropriate.

The directors do not believe that Brexit will have an impact on the Group and Company's ability to raise funds..

New and Revised Standards

Standards in effect in 2019

IFRS 9 Financial Instruments was mandatorily applicable from 1 January 2018. The impact of applying IFRS 9 as of 1 April 2018 had no material impact on the accounting or measurement of any of the financial instruments the Group currently holds**.**

IFRS in issue but not applied in the current financial statements

The directors do not expect that the adoption of new IFRS Standards, Interpretations and Amendments that have been issued but are not yet effective will have a material impact on the financial statements of the Group in future periods, except IFRS 16 *Leases* which will impact on the recognition of leases currently classified as operating leases. The Group currently has 1 lease agreements in place of which is deemed to be within scope. Management are in the process of assessing the impact of this lease agreement.

In addition, IFRS 2 *Share-based Payment: classification and measurement of share-based payment transactions* is an additional standard that will impact the Group, management are still in the process of assessing their impact, if any.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

Basis of consolidation

Subsidiary undertakings are all entities over which the Group exercises control. The Group has control when it can demonstrate all of the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's return.

The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains control and are de-consolidated from the date at which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board allocates resources to and assess the performance of the segments. The Board considers there to be only one operating segment being the research and development of biotechnological and pharmaceutical products.

Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profit as shown in the income statement, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax liability for the year is calculated using tax rates which have either been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred tax is realized, or the deferred liability is settled. Deferred tax assets are recognized to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

Foreign currency translation

Foreign currency transactions are translated using the rate of exchange applicable at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the year end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into Pound Sterling at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

License fees

Payments related to the acquisition of rights to a product or technology are capitalised as intangible assets if it is probable that future economic benefits from the asset will flow to the entity and the cost of the asset can be reliably measured.

Payments made which provide the right to perform research are carefully evaluated to determine whether such payments are to fund research or acquire an asset. Licence fees expenses are recognised as incurred.

Research and development

All on-going research and development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory environment inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38 'Intangible Assets', are not met until a product has been granted regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no qualifying expenditure.

Financial instruments

Financial assets

The Group classifies a financial instrument, or its component parts, as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

The Group evaluates the terms of the financial instrument to determine whether it contains an asset, a liability or an equity component. Such components shall be classified separately as financial assets, financial liabilities or equity instruments.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets, initial recognition and measurement and subsequent measurement

All financial assets not recorded at fair value through profit or loss, such as receivables and deposits, are recognised initially at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

The measurement of financial assets depends on their classification. Financial assets such as receivables and deposits are subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group does not hold any financial assets at fair value through profit or loss or fair value through other comprehensive income.

(b) Financial liabilities, initial recognition and measurement and subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is a derivative. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities include trade and other payables.

Warrants

Warrants issued by the Group to investors as part of a share subscription are compound financial instruments where the warrant meets the definition of a financial liability.

The financial liability component is initially measured at fair value in the Consolidated Statement of Financial Position. Equity is measured at the residual between the subscription price for the entire instrument and the liability component. The financial liability component is remeasured depending on its classification. Equity is not remeasured.

Investments

Investments are held as non-current assets and comprise investments in subsidiary undertakings and are stated at cost less provision for any impairment.

Other current assets

Other current assets are currently measured at cost less accumulated impairment. The asset is not yet being amortised since it is not yet in the condition necessary for it to be capable of operating in the manner intended by management.

Share capital

Ordinary shares of the Company are classified as equity.

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. Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

(ii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current period and the comparative period are as follows.

Fixtures and fittings **5 years**

IT and equipment **3 years**

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is allocated to the operating expenses line of the income statement.

Impairment

Impairment of financial assets measured at amortised cost
At each reporting date the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

General approach
The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash and cash and cash equivalents.

Under the general approach the Group recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

Simplified approach
The simplified approach is applied to the impairment assessment of trade receivables.

Under the simplified approach the Group always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

i) Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

ii) Non-financial assets are impaired when its carrying amount exceed its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

Operating leases

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Share based payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Where employees, directors or advisers are rewarded using share based payments, the fair value of the employees', directors' or advisers' services are determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the date of grant and excludes the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets). Warrants issued in association with the issue of Convertible Loan Notes are also considered as share based payments and a share based payment charge is calculated for these too.

In accordance with IFRS 2, a charge is made to the statement of comprehensive income for all share-based payments including share options based upon the fair value of the instrument used. A corresponding credit is made to a share based payment reserve - options, in the case of options/warrants awarded to employees, directors, advisers and other consultants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non market vesting conditions are included in assumptions about the number of options / warrants that are expected to become exercisable.

Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options/warrants, the proceeds received are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

All goods and services received in exchange for the grant of any share based payment are measured at their fair value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

When entering into agreements with third parties which provide the rights to conduct research into specific biological processes the Group accounts for these agreements as an expense if the agreements are 'milestone' in nature and relate to the Group's own research and development costs. Such agreements involve periodic payments and are evaluated as representing payments made to fund research.

The only other critical accounting estimates and judgements made in the preparation of the financial statements were fair value estimates used in the calculation of share based payments and warrants which have been detailed above in note 2, accounting policies, and note 17, share based payments, to the accounts.

The Group has also made a judgement on the impact of Brexit during the preparation of the financial statements and considered it to not be significant.

4. OPERATING LOSS

Operating loss is stated after charging:

Group and Company	**31 March 2019**	31 March 2018
	£	£
Auditors' Fees	**28,000**	35,000
Directors' Fees	**99,003**	46,232

5. SEGMENTAL REPORTING

During the year under review management identified the Group's only operating segment as the research and development of biotechnological and pharmaceutical products. This one segment is monitored and strategic decisions are made based upon it and other non-financial data collated from industry intelligence. The form of financial reporting reported to the Board is consistent with those presented in the annual financial statements.

6. EMPLOYEES

Group	2019	2018
Staff costs comprised:	£	£
Directors' salaries	99,034	46,232
Wages and salaries	186,329	45,818
Social security costs	37,864	-
	323,227	92,050

The average monthly number of employees, including directors, employed by the Group during the year was:		
Research and Development	1	-
Corporate and administration	4	5
	5	5

Company	2019	2018
Staff costs comprised:	£'000	£'000
Directors' salaries	81,707	46,232
Wages and salaries	88,934	40,754
Social security costs	18,539	-
	189,180	86,986

7. TAXATION

	2019 £	2018 £
Group		
Current year tax (credit)	-	-
Adjustments in respect of prior periods	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax (credit) for period	-	-

The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 19%. The difference can be reconciled as follows:

Loss before taxation	(3.758,724)	-
Loss charged at standard rate of corporation tax 19%	(714,158)	-
Tax losses arising in the year not recognised	652,163	-
Expenses not deductible for taxation	36,270	-
Tax increase from effect of capital allowances and depreciation	(161)	-
Loans written off	52,886	-
	-	-

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No deferred tax asset has been recognised in respect of trading losses carried forward because of uncertainty as to when these losses will be recoverable.

The Company has tax losses of £3,091,598 (2018: £nil) to carry forward for use against future profits.

8 CAPITAL AND RESERVES

Capital Management
The Company manages its capital to maximise the return to the shareholders through the optimisation of equity. The capital structure of the Company at 31 March 2019 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained deficit as disclosed.

The Company manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during year 31 March 2019 and 31 March 2018.

Share capital and premium
The Company is authorised to issue an unlimited number of nil par value shares of a single class. The Company may issue fractional shares and a fractional share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares. Shares may be issued in one or more series of shares as the Directors may by resolution determine from time to time.

Each share in the Company confers upon the shareholder:
- the right to one vote at a meeting of the shareholders or on any resolution of shareholders;
- the right to an equal share in any dividend paid by the Company; and
- the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

The Company may by resolution of the Directors redeem, purchase or otherwise acquire all or any of the shares in the Company subject to regulations set out in the Company's Articles of Incorporation.

Authorised
The Company is authorised to issue an unlimited number of nil par value shares of a single class.

Issued ordinary shares of US$0.00 each	Shares Number	Share capital £	Share premium £
At 31 March 2018 (audited)	388,419,219	-	66,368,028
Prior year adjustment	(23,802)	**-**	**-**
Shares issued on lieu of fees	135,712,866	**-**	2,035,192
At 31 March 2019	524,108,283	-	68,403,220

The prior year adjustment refers to the correction in the number of shares identified post 31 March 2018, that was caused by an administrative error.

Issuance of ordinary shares

On 1 May 2018, the Company acquired the Chemerin Project and the BAM-8 Project. These acquisitions were settled via the issue of 135,000,000 Ordinary Shares credited fully paid at a price of 1.5 pence each.

On 21 May 2018, the Company engaged Stockdale securities Ltd. £2,500 of the corporate finance fee was satisfied by the issue to Stockdale of 200,000 new ordinary at an issue price of 1.25p per ordinary share.

On 22 October 2018, 512,866 ordinary shares were issued at an issue price of 1.5p per ordinary share as part of an amendment to a collaboration agreement with On Target Therapeutics LLC.

Share options reserve
These reserves comprise the fair value of options in issue as at 31 March 2019.

Warrants reserve
These reserves comprise the fair value of warrants in issue as at 31 March 2019.

Dividends
The Directors paid no dividend during the year. During the year to 31 March 2018, the directors paid an in-specie dividend representing its shareholding of Ferrum Resources Limited at a deemed value of £nil.

9. PROPERTY, PLANT AND EQUIPMENT

Details of the Groups property, plant and equipment are as follows:

Group	IT equipment	Total
	£	£
Cost		
At 1 April 2018	-	-
Additions	1,014	1,014
Disposals	-	-
At 31 March 2019	1,014	1,014
Depreciation		
At 1 April 2018	-	-
Charge in year	167	167
At 31 March 2019	167	167
Net book value as at 31 March 2018	-	-
Net book value as at 31 March 2019	847	847

10. TRADE AND OTHER RECEIVABLES

	31 March 2019	31 March 2018
	£	£
Group		
Other receivables	4,223	34
VAT receivable	81,241	-
Prepayments	15,117	-
	100,581	**34**

There are no differences between the carrying amount and fair value of any of the trade and other receivables above.

	31 March 2019	31 March 2018
	£	£
Company		
Other receivables	3,904	34
VAT receivable	81,241	-
Prepayments	15,117	-
	100,262	**34**

11. TRADE AND OTHER PAYABLES

Group	**31 March 2019**	31 March 2018
	£	£
Trade payables	292,694	**-**
Accruals	14,280	**62,501**
Related party payable	5,473	**28,558**
Other creditors	14,717	**-**
	327,164	**91,059**

Company	**31 March 2019**	31 March 2018
	£	£
Trade payables	293,067	**-**
Accruals	-	**62,501**
Related party payable	5,473	**28,558**
Other creditors	13,195	**-**
	311,735	**91,059**

12. INVESTMENT IN SUBSIDIAIRIES

Company	**Shares in group undertakings**	**Capital Contribution**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2018	-	-	-
Additions	20	139,629	139,649
Disposals	-	-	-
At 31 March 2019	**20**	**139,629**	**139,649**
Provisions			
At 1 April 2018	**-**	**-**	**-**
Charge in year	**-**	**-**	**-**
At 31 March 2019	**-**	**-**	**-**
Net book value as at 31 March 2018	**-**	**-**	**-**
Net book value as at 31 March 2019	**20**	**139,629**	**139,649**

The capital contribution represents the funding of operations of the subsidiaries by the parent, with the Company acting as the Group's holding company.

The Company's interest in subsidiary undertakings is as follows:

Name	Principal activity	Registered Address	Percentage shareholding	Country of incorporation
OKYO Pharma US Inc	Clinical stage biotechnology company	108 West 13th Street, Wilmington Delaware 19801	100%	USA

OKYO Pharma US Inc was incorporated on 2 July 2018. This entity was set up to house the Company's US operations.

13 SHARE OPTIONS AND WARRANTS

Group and Company

Options

The Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. It also issues options in lieu of fees to key suppliers and collaborators. The exercise price of the option is normally equal to the market price of an ordinary share in the Company at the date of grant.

	2019		2018	
	Options ('000)	Weighted Average exercise price (pence)	Options ('000)	Weighted Average exercise price (pence)
Outstanding at 1 April	-	-	3,216,667	7
Granted	23,000,000	4.5	-	-
Forfeited	-	-	-	-
Cancelled	-	-	(3,216,667)	(7)
Outstanding at 31 March	23,000,000	4.5	-	-
Exercisable at 31 March	-	-	-	-

No options were exercised during the period ending 31 March 2019 and 31 March 2018.

The total outstanding fair value charge of the share option instruments is deemed to be approximately £62,250 (2018: £:nil). A share based payment charge for the year of £38,744 (2018: £nil) has been expensed in the statement of comprehensive income.

The Directors have used the Black-Scholes option pricing model to estimate the fair value of most of the options applying the assumptions below.

Historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to the Company.

The Company has not paid any dividends on common stock since its inception and does not anticipate paying dividends on its common stock in the foreseeable future.

The Company has estimated a forfeiture rate of zero.

	6 July 2018
Grant date share price	1.5p
Exercise share price	4.5p
Vesting periods	25% each year
Risk free rate	0.71%
Expected volatility	65.5%
Option life	5 years

Warrants

As part of the acquisition of the Chemerin project, the underlying scientific founders of the Chemerin Project, who will continue to be involved in the development of the Chemerin Project, received 35,000,000 warrants as consideration. The warrants are exercisable at a price of 4.5 pence each and are split into four distinct tranches and each tranche becomes exercisable upon satisfaction of a specific developmental milestone. The warrants are exercisable until 17 July 2023.

The Directors have estimated the fair value of the warrants in services provided using the Black-Scholes valuation model based on the assumptions above. The remaining fair value of the warrant instruments is deemed to be approximately £129,407 (2018: £nil). For each tranche of warrants, the charge has been expensed over the vesting period. A share based payment charge for the year of £24,281 (2018: £nil) has been expensed in the statement of comprehensive income.

14 FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The directors regularly review and agree policies for managing each of these risks which are summarised below.

Market risk

Market risk encompasses three types of risk, being foreign currency exchange risk, price risk and fair value interest rate risk. The Group policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled ''interest rate risk'' below. The Directors do not consider the Group's exposure to price risk to be significant. The Group's risk management is coordinated by the Directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not engage in the trading of financial assets for speculative purposes.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers including committed transactions and outstanding receivables. The Group reviews its banking arrangements carefully to minimise such risks and currently has no customers and therefore this risk is viewed as minimal. Management monitor loans between members of the Group as part of their internal reporting and assess outstanding receivables for ability to be repaid.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group ordinarily finances its activities through cash generated from by private and public offerings of equity and debt securities.

The table below summarises the maturity profile of the Group and Company's financial liabilities based on contractual undiscounted payments:

Group

	2019		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	95,593	226,098	321,691
Related party payables	5,473	-	5,473
	101,066	226,098	327,164

Company

	2019		
£	Less than 3 months	3 to 12 months	Total
Trade and other payables	95,593	210,669	306,262
Related party payables	5,473	-	5,473
	101,066	210,669	311,735

Due to the nature of the Group, it is difficult to forecast financial liabilities greater than 12 months out as said liabilities are subject to change based upon a multitude of variables.

Foreign currency risks

The Group operates internationally although the majority of its operations are based in the United Kingdom and the majority of assets and liabilities denominated in Pounds Sterling. It therefore is exposed to foreign exchange risk arising from exposure to various currencies primarily the Euro and US Dollar.

The Group monitors currency exchange rates and makes judgments as to whether to enter into currency hedging contracts. Currently no such hedging contracts are in place.

Interest rate risk

The Group has limited exposure to interest-rate risk arising from its bank deposits. These deposit accounts are held at variable interest rates based on Allied Irish Bank base rate.

The Directors do not consider the impact of possible interest rate changes based on current market conditions to be material to the net result for the year or the equity position at the year-end for either the year ended 31 March 2019 or 31 March 2018.

15 CAPITAL RISK MANAGEMENT

For the purpose of the Group's capital management, capital includes called up share capital, share premium, share based payments for options, share based payments for warrants, convertible loan note reserve, capital reduction reserve and all other equity reserves attributable to the equity holders of the parent as reflected in the statement of financial position.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maximise shareholder value through the optimisation of the debt and equity balance.

The Group adjusts its capital structure in light of changes in economic conditions and expected business demands on capital. In order to maintain or adjust its capital structure, the Group considers whether or not to pay dividends and adjusts the amount of any dividend payments to shareholders. The Group may also return capital to shareholders or issue additional shares.

16 RELATED PARTY TRANSACTIONS

All related party transactions occurred on an arm's length basis and in the normal course of operations.

West African Minerals Limited ("WAML")

WAML is a related party of the Company as it shares a common director, Willy Simon. In the prior year, the Group had agreed to a deed of release with WAML whereby it agreed to write off $17,056,070 of loans in exchange for shares in WAML to be distributed as part of the in specie distribution. A remaining amount of $4,000,000 is still outstanding from WAML, however, after careful consideration of the operations of WAML and its subsidiaries, the Company decided to impair this receivable down to £0 as it does not expect to recover any of this outstanding debt.

Tiziana Life Sciences PLC

Tiziana Life Sciences PLC is a related party as it shares common directors and officers. The Company share premises and other resources with Tiziana Life Sciences PLC and there is a shared services agreement in place between Company and Tiziana Life Sciences PLC. As at 31st March 2019, the Company had incurred £98,436 (2018: £28,558) worth of costs in relation to his agreement and at 31st March 2019, £5,473 (£2018: nil) was due to Tiziana Life Sciences PLC.

Panetta Partners Limited

Panetta Partners Limited is a related party as it is a shareholder of the Company and also a vendor. The Company has entered into a Deed of Assignment with Panetta Partners whereby the Company has the licence and sub-licence of certain research and development assets in relation to the Chemerin product, assigned to it.

Key management personnel

Directors of the Company received the following remuneration during the period:

	Expense recognised during the period		**Outstanding at the end of the period**	
	31 March 2019	**31 March 2018**	**31 March 2019**	**31 March 2018**
	£	£	**£**	£
Brad Mills (*resigned 02 June 2017)*	**-**	316	**-**	**-**
James Mellon *(resigned 13 November 2017)*	**-**	3,043	**-**	**-**
Gerard Holden *(resigned 13 November 2017)*	**-**	3,972	**-**	**-**
Willy Simon	**32,000**	10,430	**-**	**-**
Andrew Gutman *(resigned 20 December 2017)*	**-**	3,471	**-**	**-**
Dr Kunwar Shailubhai (*appointed 06 July 2017)*	**30,041**	25,000	**-**	**-**
Leopoldo Zambeletti *(appointed 23 March 2018)*	**36,962**	-	**-**	**-**
	99,003	46,232	**-**	**-**

17 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2019	**2018 (Restated)**
(Loss) attributable to equity holders of the Group (£)	**(3,759,619)**	**(20,169,022)**
Weighted average number of ordinary shares in issue	**513,900,867**	**382,882,959**
Basic loss per share (pence per share)	**(0.01)**	**(0.05)**

As the Group is reporting a loss from continuing operations for the year then, in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have an anti-dilutive effect. The basic and diluted earnings per share as presented on the face of the Income Statement are therefore identical. All earnings per share figures presented above arise from continuing and total operations and therefore no earnings per share for discontinued operations are presented.

18. OPERATING LEASES

The Group leases an office premises under an operating lease with a term of 12 months and a value of $4,660. As of the 31 March, 2019, 4 months are remaining on the current lease. The Group is likely to renew the lease for a further 12 month period.

The future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	2019 £	2018 £
Less than one year	1,183	-
Between one and five years	-	-
	1,183	-

Lease expenses during the period amount to £2,864 (2018: £nil).

19. COMMITMENTS AND CONTINGENCIES

The Group's main financial commitments relate to the contractual payments in respect of its licensing agreements. Due to the uncertain nature of scientific research and development and the length of time required to reach commercialisation of the products of this research and development, pre-clinical, clinical and commercial milestone obligations are not detailed until there is a reasonable certainty that the obligation will become payable. Contractual commitments are detailed where amounts are known and certain.

- BAM 8 – The Group are committed to paying an annual license maintenance fee until the first commercial sale.

20. POST BALANCE SHEET EVENTS

On 26 April 2018, the Company announced that it had raised gross proceeds of £400,000 by way of a cash Subscription by Panetta for 36,363,636 Subscription Shares at the Subscription Price pf 1.1pence per share. The Subscription Shares were issued with New Subscription Warrants attached on a one for one basis at an exercise price of 1.35 pence each. The New Subscription Warrants are exercisable at any time and for a period of 5 years from date of issue. Accordingly 36,363,636 New Subscription Warrants were issued in connection with the Subscription.