

KAZERA GLOBAL PLC

Company Registration No. 05697574

KAZERA GLOBAL plc

(formerly Kennedy Ventures plc)

ANNUAL REPORT 2018

CONTENTS

Page

| | |
|----|--|
| 1 | Company information |
| 2 | Chairman's statement |
| 3 | Chief Executive Officer's review |
| 4 | Strategic report |
| 6 | Directors' report |
| 9 | Chairman's corporate governance statement |
| 14 | Directors' report on remuneration |
| 15 | Statement of Directors' responsibilities |
| 16 | Report of the independent auditor |
| 19 | Group income statement |
| 20 | Group statement of comprehensive income |
| 21 | Group and Company statements of financial position |
| 22 | Group statement of changes in equity |
| 23 | Company statement of changes in equity |
| 24 | Group and Company statements of cash flows |
| 25 | Notes forming part of the Group financial statements |

COMPANY INFORMATION

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

CHAIRMAN'S STATEMENT

Year to 30 June 2018

2018 has been an important year for Kazera Global on a number of fronts and, as I write this, I am very pleased with the position the Company is in and excited for what the future holds.

It is important to remember what the fundamental purpose of the Company is and to reflect on this against what we, as a company, are trying to achieve from our investment in African Tantalum (Pty) Limited ("Aftan"), the owner of the Namibia Tantalite Investment Mine ("NTI" or "the Mine"). During the year, we adopted a new investing policy that is aligned with the Company's strategy to achieve shareholder return primarily via capital appreciation through the purchase and sale of securities and other direct investments in companies and projects. This gives us the flexibility to pursue different opportunities however our primary focus and where we see so much future value is in NTI.

Together with the adoption of the new policy, we rebranded to Kazera Global to align the Company's purpose with its strategic focus. The successful upgrade of the processing plant and the securing of an offtake partner has positioned the mine in a very strong position. Coupling this with the approval of a clearance certificate for the abstraction of water from the Orange River, a highly material development for the Company, also ensures that future production can be well supplied with water – a very valuable resource for the Mine.

Earlier in the year, Kazera, together with Aftan, engaged in a deliberate strategic shift towards exploration and resource definition across the NTI Licence. This is designed to fully understand the total mineralisation and to ascertain the quantum of high grade Tantalum and Lithium that we know exists.

Aftan, together with world class drilling consultants, continue to conduct its drilling campaign with 360 cores drilled and assayed to date from targets Homestead and Purple Haze. It is the Company's intention for an ore resource report to be generated for Homestead and Purple Haze by the end of Q1 2019 before moving further afield to our other targets, the Signalberg and White City pegmatites, and for an ore resource report for all those areas to be produced during calendar year 2019.

With the drilling campaign in full swing and early results endorsing our belief in the quality of NTI, I expect 2019 to be not only enlightening but also value accretive for the Company. On behalf of the Board, I thank our fellow employees for their unwavering hard work and all the staff of Aftan and our shareholders for their continued support.

Giles Clarke

Chairman

13 December 2018

CHIEF EXECUTIVE OFFICER'S REVIEW

Year to 30 June 2018

Overview

The year have seen significant changes which have reshaped and refocussed the Company's strategic and operational focus.

This has had a significant impact on the ongoing operations at the NTI Mine, as Aftan and the Company shifts from a strategy of increasing production of world class grade product, to a targeted exploration programme. This decision has enabled Aftan, the Company, and interested global offtake parties, to fully assess the fundamental and future value of this high value operation.

Operations

During the year, the Aftan group was granted a newly approved water licence by the Office of the Environmental Commissioner to acquire water from the Orange River. This is highly important, as it will deliver increased efficiencies for water at higher volumes to NTI. It also represented a significant milestone for Aftan and the Company as it signified a major endorsement by the Namibian Government for the project. Following on from the approval of the water licence, Aftan and the Company initiated a tender process for laying the pipework from the Orange River to the mine, with the intention of utilising solar power to drive the system.

During the year, NTI successfully passed multiple site audits by leading end users to meet stringent quality requirements by the global community. In April, Aftan began the application process for the certification of the installation of a larger tailings dam as part of plant upgrades to be able to focus on delivering industry leading quality tantalum shipments from the Mine to our Customer base. This will be important as it will allow for increased production capacity in the future.

In May 2018, the Company announced the decision to pursue a targeted exploration programme to further develop a comprehensive understanding of the mineralisation across the property, which covers 452 Ha. In June 2018, and months following to date, Kazera begun this exploration drilling programme with the drilling of approximately 3000 metres across, initially focussing on the Homestead and Purple Haze, and later the Signalberg mountain and White City, pegmatite deposits. The MSA Group is commissioned to carry out this targeted exploration programme.

In line with the change in strategic focus, Aftan and Kazera have significantly reduced staffing numbers at the Mine. The Company made this decision to reduce mining costs and optimise the operation using a multi skilled employee base.

Although the Company has redirected resources in the latter part of the financial year towards obtaining mineralisation definition across the property, mining continued at Homestead throughout the Period, producing Tantalite and Lithium bearing ore for future processing. During the Period, Aftan shipped its fifth and sixth shipment of high grade tantalum to the customer. Post Period, in August 2018, Aftan ceased ore processing to free up resources for the exploration campaign.

Financials

The Group has cash and cash equivalents of £1,125,000 at 30 June 2018 compared to £364,000 in 2017 and has net assets of £4,300,000 compared to £3,537,000 in 2017. The group's loss before tax was £2,538,000 including pre-production costs of £1,308,000. These were capitalised in the previous year when the loss before tax was £1,098,000. The Company does not plan to pay a dividend for the twelve months to 30 June 2018.

Outlook

As the Group looks to the future, the Group will continue to focus on its new strategic vision to unlock significant near-term and long-term value through its targeted exploration programme over the next several months across the whole property. The Group will continue to engage in discussions with our Customer base and other potential end users on the supply of tantalum but remains steadfast in bringing the Mine to achieve a JORC compliant resource.

Larry Johnson

Chief Executive Officer

13 December 2018

STRATEGIC REPORT Year to 30 June 2018

The Directors present their strategic report on the Group for the year ended 30 June 2018.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

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

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

The Directors recommend that there is no dividend payment for the year ended 30 June 2018 (2017: nil).

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

INVESTING POLICY

At the AGM held in March 2018 the Company adopted an amended investing policy. A summary of the revised policy is as follows:

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

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

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

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

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

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

KEY PERFORMANCE INDICATORS

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

STRATEGIC REPORT (continued)

Year to 30 June 2018

PRINCIPAL RISKS AND UNCERTAINTIES

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

- **Unable to invest**

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

- **Unavailability of finance**

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

- **Investment risk**

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

- **Realisation risk**

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

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Note 21 to the financial statements sets out the financial risks to which the Group is exposed, together with its policies for managing these risks.

GOING CONCERN

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

This report was approved by the board of Directors on 13 December 2018 and signed on its behalf by

Larry Johnson
Chief Executive Officer

DIRECTORS' REPORT

Year to 30 June 2018

The Directors present their annual report on the Group, together with the financial statements and the auditor's report, for the year ended 30 June 2018.

The current Directors who served throughout the year, were as follows:

G Clarke – Chairman

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

L Johnson – Chief Executive Officer

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

N Harrison – Non-Executive Director

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

DIRECTORS' INTERESTS

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

| | 30 June 2018 | 30 June 2017 |
|-----------------------|-------------------------|-----------------|
| G Clarke (see note) | 10,499,410 | 8,066,372 |
| N Harrison (see note) | 8,832,743 | 7,233,038 |
| L Johnson | - | - |

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

DIRECTORS' REPORT (continued)

Year to 30 June 2018

CAPITAL STRUCTURE

Details of the issued share capital are shown in Note 18. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote on a poll at general meetings of the Company.

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

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

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

SUBSTANTIAL SHAREHOLDINGS

As at 30 June 2018 the Board had been notified of the following disclosures in respect of shareholders with an interest in 3 per cent. or more of the issued share capital of the Company (based on a total number of shares in issue of 256,849,443):

| | Number of ordinary shares | % of ordinary share capital and voting rights |
|---------------------------------------|------------------------------|--|
| Hargreaves Lansdowne Nominees Limited | 40,221,888 | 15.66% |
| Walker Crips | 23,867,095 | 9.04% |
| Tracarta Limited | 18,347,095 | 7.14% |
| Interactive Investor | 15,409,724 | 6.00% |
| UBS | 14,674,265 | 5.71% |
| Halifax Share Dealing | 12,345,196 | 4.81% |
| Malborough | 10,866,667 | 4.23% |
| Giles Clarke | 10,499,410 | 4.09% |
| Westleigh Investments | 10,338,095 | 4.02% |
| Nick Harrison | 8,832,743 | 3.44% |

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

During the period between 30 June 2018 and 30 November 2018 the Company received one notification under chapter 5 of the Disclosure Guidance and Transparency Rules, as follows:

On 7 September 2018, Tracarta Limited notified the Company that it had increased its interest to 25,867,095 shares (10.07% of the issued share capital).

EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the reporting date.

EMPLOYEES

The Group is an equal opportunities employer.

DIRECTORS' REPORT (continued)

Year to 30 June 2018

AUDITOR

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

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

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

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

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance while taking into account the Group's size and stage of development.

With effect from 28 September 2018 new corporate governance regulations apply to all AIM quoted companies and require the Company to:

- provide details of a recognised corporate governance code that the board of directors has decided to apply
- explain how the Company complies with that code, and where it departs from its chosen corporate governance code provide an explanation of the reasons for doing so.

The corporate governance disclosures need to be reviewed annually, and the company is also required to state the date on which these disclosures were last reviewed. The Chairman's Corporate Governance Statement sets out how Kazera seeks to comply with these requirements.

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

This report was approved by the board of Directors on 13 December 2018 and signed on its behalf by

Larry Johnson
Director

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

Overview

As Chairman of the Board of Directors of Kazera Global plc (**Kazera, We**, or the **Company/Group** as the context requires), it is my responsibility to ensure that Kazera has both sound corporate governance and an effective Board. Kazera is an AIM listed investing company whose principal activity is as an investor in the resources and energy sectors. The Group is focused on projects located in Southern Africa but will also consider investments in other geographical regions.

Kazera's Board has adopted the principles of the Quoted Companies Alliance Corporate Governance Code 2018 Edition (**QCA Code**) in accordance with the London Stock Exchange's recent changes to the AIM Rules, requiring all AIM-listed companies to adopt and comply or explain non-compliance with a recognised corporate governance code. The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by communication to promote confidence and trust. This report follows the structure of these guidelines and explains how we have applied the guidance as well as disclosing any areas of non-compliance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

The sections below set out the ways in which the Group applies the ten principles of the QCA Code in support of the Group's medium to long-term success.

Key governance changes during the year include the formal adoption of the QCA Code.

QCA Principles

1. Establish a strategy and business model which promotes long-term value for shareholders

Kazera Global plc is an investment company focused on opportunities principally, but not exclusively in the resources and energy sectors. The Company's first investment is in African Tantalum, a Namibian based operation.

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

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

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

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

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

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

Challenges to delivering strategy, long-term goals and capital appreciation are uncertain in relation to organisational, operational, financial and strategic risks, all of which are outlined on page 5 of the 2018 Annual Report and in the Risk Management section below, as well as steps the Board takes to protect the Company by mitigating these risks and secure a long-term future for the Company.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

2. Seek to understand and meet shareholder needs and expectations

The Board recognises the importance of communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders.

Kazera also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance. Members who have queries regarding the Company's AGM can contact the Company's Registrars, Link Asset Services on the Shareholder helpline which is 9871 664 0300 or +44 (0)371 664 0300 if calling from outside the UK.

The Board welcomes feedback from key stakeholders and will take action where appropriate and the Chairman of the Board is the shareholder liaison, and meets shareholders regularly, and informs other directors of their views and suggestions. Analysts provide the Board with updates on the Company's business and how strategy is being implemented, as well as to hear views and expectations from shareholders. The views of the shareholders expressed during these meetings are reported to the Board, ensuring that all members of the Board are fully aware of the thoughts and opinions of shareholders.

As part of our commitment to shareholder engagement we have been seeking the views of shareholders through outreach campaigns and roadshows. The Company maintains effective contact with its principal shareholders and welcomes communications from its private investors. The Company's Financial PR contact details are listed on the website where a contact form is also included.

The Company also has a social media account (Twitter) through which the Company maintains a dialogue with shareholders and interested parties.

Information on the Investor Relations section of the Company's website is kept updated and contains details of relevant developments, Annual and Interim Results, Regulatory News Service announcements, presentations and other key information.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, regulators and many other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company prepares and updates its strategic plan regularly together with a detailed rolling budget and financial projections which consider a wide range of key resources including staffing, consultants and utility providers.

The Board is kept updated on questions / issues raised by stakeholders and incorporates information and feedback into future decision making.

Kazera fully abides by the provisions of the 2015 Modern Slavery Act. In accordance with its Code of Business Conduct and Ethics, Kazera opposes the crime of slavery in all of its forms, including child labour, servitude, forced or compulsory labour and human trafficking. Employee feedback is not relevant at present given retrenchment and realignment of activities.

All employees within the Group are valued members of the team, and the Board seeks to implement provisions to retain and incentivise all its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The directors are in constant contact with employees and seek to provide continual opportunities in which issues can be raised allowing for the provision of feedback. This feedback process helps to ensure that new issues and opportunities that arise may be used to further the success of the Company. Share options and other equity incentives are offered to employees. Kazera complies fully with all Namibian employment legislation.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms.

The Board regularly reviews the risks facing the Company and seeks to exploit, avoid or mitigate those risks as appropriate and the 2018 Annual Report outlines the key risks to the business on page 5. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Company's risk appetite including the identification, assessment and monitoring of Kazera's principal risks. Additionally, the Board reviews the mechanisms of internal control and risk management it has implemented on an annual basis and assesses both for effectiveness.

On the wider aspects of internal control, relating to operational and compliance controls and risk management, the Board, in setting the control environment, identifies, reviews, and regularly reports on the key areas of business risk facing the Group.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Group Board and subsidiary Boards maintain close day to day involvement in all of the Group's activities which enables control to be achieved and maintained. This includes the comprehensive review of both management and technical reports, the monitoring of interest rates, environmental considerations, government and fiscal policy issues, employment and information technology requirements and cash control procedures. In this way, the key risk areas can be monitored effectively, and specialist expertise applied in a timely and productive manner.

The effectiveness of the Group's system of internal financial controls, for the year to 30 June 2018 and for the period to the date of approval of the financial statements, has been reviewed by the Directors. Whilst they are aware that although no system can provide for absolute assurance against material misstatement or loss, they are satisfied that effective controls are in place.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board recognises the QCA recommendation for a balance between Executive and Non-Executive Directors and the recommendation that there be at least two Independent Non-Executives. The Board will take this into account when considering future appointments. However, all Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively. The Board maintains that the Board's composition will be frequently reviewed as the Company develops, however, as the Company is small the current Board reflects this and it is not deemed appropriate to have audit, remuneration or nominations committees. For the moment, the responsibilities which would normally be assumed by the Nominations committee are assumed by the Board as a whole and the responsibilities of the Audit and Remuneration committees are assumed by the two Non-Executive Directors in specific sessions of the Board.

The Group is controlled and led by the Board of Directors with an established schedule of matters reserved for their specific approval. The Board meets regularly throughout the year and is responsible for the overall Group strategy, acquisition and divestment policy, approval of major capital expenditure and consideration of significant financial matters. It reviews the strategic direction of the Company and its individual subsidiaries, their annual budgets, their progress towards achievement of these budgets and their capital expenditure programmes.

The role of the Chairman is to supervise the Board and to ensure its effective control of the business, and that of the Chief Executive is to manage the Group on the Board's behalf. All Board members have access, at all times, to sufficient information about the business, to enable them to fully discharge their duties. Also, procedures exist covering the circumstances under which the Directors may need to obtain independent professional advice.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions. Detailed biographies of the Board members can be found on the website and on page 6 of this Annual Report. Giles Clarke was independent on appointment as Chairman and Nick Harrison was independent on appointment. The Board has subsequently changed with Larry Johnson's appointment. The external time commitments are reported upon in the director's biographies.

Throughout the year, there have been 8 Board meetings, with all Directors in attendance. The Directors of the Company are committed to sound governance of the business and each devotes enough time to ensure this happens.

Directors' conflict of interest

The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, and notes the range of financial and managerial skills. The Non-Executive Director maintains ongoing communications with Executives between formal Board meetings.

Biographical details of the Directors can be found on the Company's website and on page 6 of this report.

Brian James is the Company Secretary and helps Kazera comply with all applicable rules, regulations and obligations governing its operation. The Company's NOMAD assists with AIM matters and ensures that all Directors are aware of their responsibilities. The company can also draw on the advice of its solicitors.

The Directors have access to the Company's NOMAD, Company Secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board composition is always a factor for consideration in relation to succession planning. The Board will seek to consider any Board imbalances for future nominations, with areas considered including board independence and gender balance. The Group considers however that at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead the appointments to the Board are made by the Board as a whole and this position is reviewed on a regular basis by the Board.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would benefit the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it expects to expand the Board and with the Board expansion, re-consider the need for Board evaluation.

The Board continues to conduct internal and external Board evaluations which consider the balance of skills, experience, independence and knowledge of the Company. The evaluation process, the Board refreshment, use of third-party search companies and succession planning elements are discussed.

The Board evaluation of the CEO's performance is carried out on an annual basis. Given the level of activity and size of the Company, no other evaluation is seen as appropriate.

In view of the size of the Board, the responsibility for proposing and considering candidates for appointment to the Board as well as succession planning is retained by the Board. All Directors submit themselves for re-election at the AGM at regular intervals.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The Board places great importance on the responsibility of accurate financial statements and auditing standards comply with Auditing Practice Board's (APB's) and Ethical Standards for Auditors. The Board places great importance on accuracy and honest, and seeks to ensure that this aspect of corporate life flows through all that the Company does.

A large part of the Company's activities is centred upon an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Directors consider that the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. Whilst the Company has a small number of employees, the Board maintains that as the company grows it intends to maintain and develop strong processes which promote ethical values and behaviours across all hierarchies.

The Board has adopted an anti-corruption and bribery policy (**Bribery Policy**). The Bribery Policy applies to all Directors and employees of the Group, and sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption, as well as providing guidance to those working for the Company on how to recognise and deal with bribery and corruption issues and the potential consequences.

The Board complies with Rule 21 of the AIM Rules for Companies relating to dealings in the Company's securities by the Directors and other Applicable Employees. To this end, the Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM and takes all reasonable steps to ensure compliance by the Directors and any relevant employees.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to, and ultimately responsible for, high standards of corporate governance. The Board reviews the Company's corporate governance arrangements regularly and expect to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The Chairman of Kazera is the key contact for shareholder liaison and all other stakeholders. Executive Directors are responsible for the general day-to-day running of the business and developing corporate strategy.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's strategies and policies and for the day-to-day management of the business. He is responsible for the general day-to-day running of the business and developing corporate strategy while the Non-Executive Director is tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

All Directors participate in the key areas of decision-making, including the following matters:

- Strategy
- Budgets
- Performance
- Major Capital Expenditure
- Corporate Actions

The Board would normally delegate authority to a number of specific Committees to assist in meeting its business objectives, and the Committees, comprising of at least two independent Non-Executive Directors, would meet independently of Board meetings. However the current Board structure does not permit this, and the Directors will seek to take this into account when considering future appointments. As a result matters that would normally be referred to the Nominations and AIM rules compliance committees are dealt with by the Board as a whole. Matters that would normally be referred to the Audit and Remuneration committees are dealt with by the two Non-Executive directors, Giles Clarke and Nick Harrison, in specific sessions, usually with the CEO in attendance by invitation.

The Chairman and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations), and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The Board already discloses the result of General Meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has committed to publishing proxy voting results on its website in the future.

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year results announcements and the Annual General Meeting (AGM). Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, regulatory announcements, financial reports and shareholder circulars. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website.

A detailed description of the Board Committees can be found on the [CSR page](#) of the website.

Shareholders with a specific enquiry can contact us on the website contact page. The Company uses electronic communications with shareholders in order to maximise efficiency.

Giles Clarke
Chairman

13 December 2018

DIRECTORS' REPORT ON REMUNERATION

YEAR TO 30 June 2018

REMUNERATION

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

With a view to aligning the efforts of the Directors most closely with the achievement of success by the Company, the Directors resolved to grant options to directors to subscribe up to 8,531,760 new ordinary shares at 1.25p per share. As at 30 June 2018, 3,199,410 options had been granted to each of G Clarke and N Harrison, and 10,000,000 options had been granted to L Johnson. The options granted to G Clarke and N Harrison have been exercised.

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

DIRECTOR'S SERVICE CONTRACTS

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

AUDITED INFORMATION

Directors' emoluments for the year are as follows:

| | Fees £'000 | Other benefits £'000 | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
|------------|---------------|-------------------------|-------------------------------------|-------------------------------------|
| G Clarke | 50 | - | 50 | 29 |
| N Harrison | 40 | - | 40 | 24 |
| L Johnson | 130 | 4 | 134 | 90 |
| C McLeod | - | - | - | 32 |
| P Hibberd | - | - | - | 28 |
| | 220 | 4 | 224 | 203 |

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

| | Number outstanding at 30 June 2018 | Exercise price | Vesting date | Expiry Date |
|------------|---------------------------------------|-------------------|-----------------|----------------|
| L Johnson* | 3,300,000 | 6p | 17.08.2018 | 17.08.21 |
| L Johnson* | 3,300,000 | 6p | 17.08.2019 | 17.08.22 |
| L Johnson* | 3,400,000 | 6p | 17.08.2020 | 17.08.23 |
| | 10,000,000 | | | |

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

On 14 February 2018, G Clarke and N Harrison each exercised options over 1,599,705 shares at 1.25p per share.

This report was approved by the board of Directors on 13 December 2018 and signed on its behalf by

Giles Clarke
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

This report was approved by the board of Directors on 13 December 2018 and signed on its behalf by

Giles Clarke
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAZERA GLOBAL PLC

Opinion

We have audited the financial statements of Kazera Global Plc (the 'Company') and its subsidiaries (the "Group") for the year ended 30 June 2018 which comprise the Group income statement, the Group statement of comprehensive income, the Group and Company statements of changes in equity, the Group and Company statements of financial position, the Group 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, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our opinion is not modified in this respect.

Key audit matters

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

Key audit matter

How we addressed it

Accounting Estimates

To assess whether the accounting estimates are prepared on a reasonable and consistent basis and disclosed in the financial statements.

We have considered the basis of the accounting estimates applied when preparing the financial statements and considered the responses to audit questions with professional scepticism.

Related Parties

We are required to consider if the disclosures made in the financial statements are complete and accurate and to consider whether the processes for the identifying related parties and related party transactions are appropriate.

We have assessed the Company's procedures for identifying related parties and ensuring the completeness of the disclosures that are included in the audit planning pack.

Management override of controls

We are required to consider how management biases could affect the results of the company.

We have considered the controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAZERA GLOBAL PLC (continued)

Our application of materiality

Materiality for the Group financial statements as a whole was set at £135,000 (2017: £110,000).

This has been calculated as 3% of the benchmark of gross assets (2017: 3% of gross assets), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group.

Materiality for the parent company financial statements was set at £135,000 (2017: £110,000), determined with reference to a benchmark of gross assets, of which it represents 3% (2017: 3% of gross assets).

We report to the Director all corrected and uncorrected misstatements we identified through our audit with a value in excess of £6,750 (2017: £5,500), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

We consider management override and related parties to be qualitatively material. Although it is not the responsibility of the auditor to discover fraud, clearly any instances of fraud which we detect are material to the users of the financial statements. We have tested manual and automated journal entries, with a focus on those journal entries at year end. In addition, as part of our audit procedures to address this fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year. For Related Parties, we have inquired with the client as the relevant related parties. We have also assessed the Company's procedures regarding related parties.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAZERA GLOBAL PLC (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Jonathan Bradley-Hoare (Senior statutory auditor)

for and on behalf of Welbeck Associates

Chartered Accountants and Statutory Auditor

London, United Kingdom

13 December 2018

GROUP INCOME STATEMENT

For the year ended 30 June 2018

| | Notes | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
|--|-------|--|--|
| Pre-production expenses | | (1,308) | - |
| Administrative expenses | | (1,230) | (1,098) |
| Operating loss and loss before tax | 6 | (2,538) | (1,098) |
| Taxation | 9 | - | - |
| Loss for the year and total comprehensive loss | | (2,538) | (1,098) |
| Loss attributable to owners of the Company | | (1,977) | (901) |
| Loss attributable to non-controlling interests | | (561) | (197) |
| | | (2,538) | (1,098) |
| Earnings per share attributable to owners of the Company | | | |
| From continuing operations: | | | |
| Basic and diluted (pence) | 10 | (0.81)p | (0.51)p |

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

| | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
|--|--|--|
| Loss for the year attributable to owners of the Company | (1,977) | (901) |
| Other comprehensive income: | | |
| Items that may be subsequently reclassified to profit and loss: | | |
| Exchange differences on translation of foreign operations | (342) | 235 |
| Other comprehensive (expense)/income for the year | (342) | 235 |
| Total comprehensive loss for the year attributable to equity holders of the parent | (2,319) | (666) |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company profit and loss account. The loss for the Parent Company for the year was £295,000 (2017: £308,000).

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

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

| | Notes | GROUP | | COMPANY | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Non-Current assets | | | | | |
| Goodwill | 11 | 586 | 588 | - | - |
| Other intangible assets | 12 | 1,813 | 1,891 | - | - |
| Property, plant and equipment | 13 | 771 | 655 | - | - |
| Investment in subsidiaries | 14 | - | - | 7,026 | 4,434 |
| | | 3,170 | 3,134 | 7,026 | 4,434 |
| Current assets | | | | | |
| Trade and other receivables | 15 | 213 | 174 | 37 | 19 |
| Cash and cash equivalents | 16 | 1,125 | 364 | 907 | 249 |
| | | 1,338 | 538 | 944 | 268 |
| Current liabilities | | | | | |
| Trade and other payables | 17 | 208 | 135 | 48 | 128 |
| | | 208 | 135 | 48 | 128 |
| Net assets | | 4,300 | 3,537 | 7,922 | 4,574 |
| Equity | | | | | |
| Share capital | 18 | 2,568 | 1,890 | 2,568 | 1,890 |
| Share premium account | 18 | 14,131 | 11,314 | 14,131 | 11,314 |
| Capital redemption reserve | | 2,077 | 2,077 | 2,077 | 2,077 |
| Currency translation reserve | | (90) | 252 | - | - |
| Retained earnings | | (13,503) | (11,674) | (10,854) | (10,707) |
| Equity attributable to owners of the Company | | 5,183 | 3,859 | 7,922 | 4,574 |
| Non-controlling interests | | (883) | (322) | - | - |
| Total equity | | 4,300 | 3,537 | 7,922 | 4,574 |

These financial statements were approved by the Board of Directors on 13 December 2018.

Signed on behalf of the Board by:

Larry Johnson
Director

Company number: 005697574

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

GROUP STATEMENT OF CHANGES IN EQUITY

Year to 30 June 2018

| | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Currency translation reserve £'000 | Retained earnings £'000 | Equity shareholders funds £'000 | Non-controlling interests £'000 | Total £'000 |
|--------------------------------|------------------------|-----------------------------------|--|--|----------------------------|---------------------------------------|---------------------------------------|----------------|
| Balance at 1 July 2016 | 1,084 | 9,125 | 2,077 | 17 | (10,773) | 1,530 | (125) | 1,405 |
| Comprehensive income | | | | | | | | |
| Loss for the year | - | - | - | - | (901) | (901) | (197) | (1,098) |
| Other comprehensive income | - | - | - | 235 | - | 235 | - | 235 |
| Total comprehensive income | | | - | 235 | (901) | (666) | (197) | (863) |
| Issue of share capital | 806 | 2,189 | - | - | - | 2,995 | - | 2,995 |
| Balance at 30 June 2017 | 1,890 | 11,314 | 2,077 | 252 | (11,674) | 3,859 | (322) | 3,537 |
| Comprehensive income | | | | | | | | |
| Loss for the year | - | - | - | - | (1,977) | (1,977) | (561) | (2,538) |
| Other comprehensive expense | - | - | - | (342) | - | (342) | - | (342) |
| Total comprehensive expense | | | - | (342) | (1,977) | (2,319) | (561) | (2,880) |
| Issue of share capital | 678 | 2,817 | - | - | - | 3,495 | - | 3,495 |
| Share based payment expense | - | - | - | - | 148 | 148 | - | 148 |
| Balance at 30 June 2018 | 2,568 | 14,131 | 2,077 | (90) | (13,503) | 5,183 | (883) | 4,300 |

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

COMPANY STATEMENT OF CHANGES IN EQUITY

Year to 30 June 2018

| | Share capital £'000 | Share Premium £'000 | Capital redemption reserve £'000 | Retained earnings £'000 | Total £'000 |
|--|---------------------------|---------------------------|---|-------------------------------|----------------|
| Balance at 1 July 2016 | 1,084 | 9,125 | 2,077 | (10,399) | 1,887 |
| Total comprehensive expense for the year | - | - | - | (308) | (308) |
| Issue of share capital | 806 | 2,189 | - | - | 2,995 |
| Balance at 30 June 2017 | 1,890 | 11,314 | 2,077 | (10,707) | 4,574 |
| Total comprehensive expense for the year | - | - | - | (295) | (295) |
| Issue of share capital | 678 | 2,817 | - | - | 3,495 |
| Share based payment expense | - | - | - | 148 | 148 |
| Balance at 30 June 2018 | 2,568 | 14,131 | 2,077 | (10,854) | 7,922 |

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

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

Year to 30 June 2018

| | Notes | GROUP | | COMPANY | |
|---|-------|--|--|--|--|
| | | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
| OPERATING ACTIVITIES | | | | | |
| Net cash used in operating activities | 22 | (2,237) | (1,291) | (715) | (615) |
| INVESTING ACTIVITIES | | | | | |
| Purchases of property, plant and equipment | | (275) | (251) | - | - |
| Development costs | | (41) | (1,217) | - | - |
| Advances to subsidiary undertakings | | - | - | (2,122) | (2,008) |
| Net cash used in investing activities | | (316) | (1,468) | (2,122) | (2,008) |
| FINANCING ACTIVITIES | | | | | |
| Net proceeds from share issues | | 3,495 | 2,995 | 3,495 | 2,995 |
| Repayment of loans | | - | (150) | - | (150) |
| Net cash from financing activities | | 3,495 | 2,845 | 3,495 | 2,845 |
| Net increase in cash and cash equivalents | | 942 | 86 | 658 | 222 |
| Exchange rate translation adjustment | | (181) | 218 | - | - |
| Cash and cash equivalents at beginning of year | | 364 | 60 | 249 | 27 |
| Cash and cash equivalents at end of year | 16 | 1,125 | 364 | 907 | 249 |

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 30 June 2018

1 GENERAL INFORMATION

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

2 STATEMENT OF COMPLIANCE

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

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

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 2 Amendments – Classification and measurement of share-based payments transactions
- IFRIC 22 Foreign currency transactions and advanced consideration
- IFRS 16 Leases

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

3 ACCOUNTING POLICIES

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

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

BASIS OF ACCOUNTING

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

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

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

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

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

BASIS OF CONSOLIDATION

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

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

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

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

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

BUSINESS COMBINATIONS

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

GOODWILL

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

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

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

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

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

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

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

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

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

TAXATION

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

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

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

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Land and buildings – Over 20 years

Plant and equipment – Between 5 and 10 years

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

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

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

FINANCIAL LIABILITIES

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

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

OTHER FINANCIAL LIABILITIES, BANK AND SHORT TERM BORROWINGS

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

EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL

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

SEGMENTAL ANALYSIS

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

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

The valuation of the options involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 19. The estimates and assumptions could materially affect the Income Statement.

5 SEGMENTAL REPORTING

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

6 OPERATING LOSS

| | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
|---|-------------------------------------|-------------------------------------|
| Loss for the period has been arrived at after charging: | | |
| Staff costs as per Note 8 below | 1,067 | 311 |
| Auditors remuneration | 21 | 21 |
| Depreciation of property, plant and equipment | 119 | 62 |

7 AUDITORS’ REMUNERATION

The analysis of auditors’ remuneration is as follows:

| | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
|---|-------------------------------------|-------------------------------------|
| Fees payable to the Group’s auditors for the audit of the Group’s annual accounts | 20 | 20 |
| Total audit fees | 20 | 20 |
| Fees payable to the Group auditor and their associates for other services to the Group: | | |
| Tax services | 1 | 1 |
| | 21 | 21 |

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

8 STAFF COSTS

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

| | Year ended 30 June 2018 Number | Year ended 30 June 2017 Number |
|---|--------------------------------------|--------------------------------------|
| Group total staff | 115 | 100 |
| | £'000 | £'000 |
| Wages and salaries | 822 | 277 |
| Share based payment in respect of exercise of options | 148 | - |
| Other benefits | 4 | - |
| Social security costs | 93 | 34 |
| | 1,067 | 311 |

DIRECTORS' EMOLUMENTS

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

9 TAXATION

| | Year ended 30 June 2018 £'000 | Year ended 30 June 2017 £'000 |
|--|-------------------------------------|-------------------------------------|
| Loss on continuing operations before tax | (2,538) | (1,098) |
| Tax at the UK corporation tax rate of 19% (2017: 19.75%) | (482) | (217) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 22 | 5 |
| Unutilised tax losses carried forward | 460 | 212 |
| Tax charge for period | - | - |

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

10 LOSS PER SHARE

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

| | Year ended 30 June 2018 | Year ended 30 June 2017 |
|--|----------------------------|----------------------------|
| | £'000 | £'000 |
| Loss for the year attributable to owners of the Company | (1,977) | (901) |
| Weighted average number of ordinary shares in issue for basic and fully diluted earnings | 245,076,157 | 177,144,947 |
| LOSS PER SHARE (PENCE PER SHARE) | | |
| BASIC AND FULLY DILUTED: | | |
| - from continuing and total operations | (0.81) | (0.51) |

The Company has outstanding warrants and options as disclosed under Note 20 which may be dilutive in future periods. The effect in respect of the current year would have been anti-dilutive (reducing the loss per share) and accordingly is not presented.

In addition the effect of the issue of ordinary shares shortly after year end, would also have been anti-dilutive, and accordingly is not considered. The issue however, may be dilutive in future periods.

11 GOODWILL

| | 2018 | 2017 |
|---------------------------------|------------|------------|
| GROUP | £'000 | £'000 |
| Balance brought forward | 588 | 571 |
| Exchange translation difference | (2) | 17 |
| Balance carried forward | 586 | 588 |

The Directors have reviewed the carrying value of Goodwill at 30 June 2018 and consider that no impairment provision is required. The Impairment review involved calculating the NPV of the Group's cash generating assets. The NPV calculation involved using the discounted cash flow forecast model based on current and expected production results. As a result of carrying out this impairment testing review the Directors considered that there was no need for any impairment of the carrying value of the goodwill.

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

12 OTHER INTANGIBLE ASSETS

| | Development costs | Mining licences | Total |
|---------------------------------|-------------------|-----------------|--------------|
| GROUP | £'000 | £'000 | £'000 |
| At 1 July 2017 | 1,881 | 10 | 1,891 |
| Net additions in year | 41 | - | 41 |
| Exchange translation difference | (119) | - | (119) |
| At 30 June 2018 | 1,803 | 10 | 1,813 |

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

13 PROPERTY, PLANT AND EQUIPMENT

| GROUP | Land & buildings £'000 | Plant & machinery £'000 | Furniture & equipment £'000 | Total £'000 |
|---------------------------------------|---------------------------|----------------------------|--------------------------------|----------------|
| Cost | | | | |
| At 1 July 2016 | 125 | 321 | 37 | 483 |
| Adjustment | - | 64 | (4) | 60 |
| Additions | - | 251 | - | 251 |
| Cost at 30 June 2017 | 125 | 636 | 33 | 794 |
| Exchange translation difference | - | (48) | (3) | (51) |
| Additions | - | 270 | 5 | 275 |
| Cost at 30 June 2018 | 125 | 858 | 35 | 1,018 |
| Depreciation | | | | |
| At 1 July 2016 | 6 | 7 | 4 | 17 |
| Adjustment | - | 63 | (3) | 60 |
| Charge for the year | 9 | 49 | 4 | 62 |
| Depreciation at 30 June 2017 | 15 | 119 | 5 | 139 |
| Exchange translation difference | - | (10) | (1) | (11) |
| Charge for the year | 5 | 102 | 12 | 119 |
| Depreciation at 30 June 2018 | 20 | 211 | 16 | 247 |
| Net book value at 30 June 2018 | 105 | 647 | 19 | 771 |
| Net book value at 30 June 2017 | 110 | 517 | 28 | 655 |

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

14 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company's investments in its subsidiary and associated undertakings

| COMPANY | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Cost and net book value | | |
| At 1 July | 4,434 | 2,184 |
| Additional advances to African Tantalum (Pty) Ltd | 2,122 | 2,008 |
| Intercompany loan interest | 470 | 242 |
| As at 30 June | 7,026 | 4,434 |

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

All principal subsidiaries of the Group are consolidated into the financial statements. At 30 June 2018 the subsidiaries were as follows:

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

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

| COMPANY | 2018 | 2017 |
|--------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| At 1 July | 4,434 | 2,184 |
| Part capitalisation of loan to Aftan | 600 | 550 |
| Increase in loan to Aftan | 1,992 | 1,700 |
| As at 30 June | 7,026 | 4,434 |

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

15 TRADE AND OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|--------------------------------|--------------|--------------|----------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 |
| Other receivables | 206 | 166 | 30 | 11 |
| Prepayments and accrued income | 7 | 8 | 7 | 8 |
| | 213 | 174 | 37 | 19 |

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

16 CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|---------------------------|-------|-------|---------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 1,125 | 364 | 907 | 249 |

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

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

17 TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|----------------|-------|-------|---------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade payables | 59 | 33 | 8 | 33 |
| Other payables | 4 | - | 4 | - |
| Accruals | 145 | 102 | 36 | 95 |
| | 208 | 135 | 48 | 128 |

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

18 SHARE CAPITAL AND SHARE PREMIUM

| | Number of shares | Nominal value £'000 | Share premium £'000 |
|------------------------------------|--------------------|------------------------|------------------------|
| ISSUED AND FULLY PAID: | | | |
| At 30 June 2016, shares of 1p each | 108,461,539 | 1,084 | 9,125 |
| Share issue | 80,555,554 | 806 | 2,444 |
| Share issue expenses | - | - | (255) |
| At 30 June 2017, shares of 1p each | 189,017,093 | 1,890 | 11,314 |
| Share issues | 67,832,350 | 678 | 3,138 |
| Share issue expenses | - | - | (321) |
| At 30 June 2018 | 256,849,443 | 2,568 | 14,131 |

Share issues

On 16 August 2017, the Company issued 62,500,000 ordinary shares of 1p at 6p per share for cash in respect of a private placing.

On 12 March 2018, the Company issued 3,199,410 ordinary shares of 1p at 1.25p per share for cash in respect of options exercised by directors of the Company.

On 29 March 2018, the Company issued 2,132,940 ordinary shares of 1p at 1.25p per share for cash in respect of options exercised by ex-directors of the Company.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

19 SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

On 17 August 2017, 10,000,000 options were granted to L Johnson, vesting in 3 tranches, 3,300,000 options on the first anniversary, 3,300,000 options on the second anniversary, and 3,400,000 options on the third anniversary of the date of grant and exercisable at 6p per share for 3 years from the vesting date. The options are subject to certain performance related conditions.

The significant inputs to the model in respect of the share options granted in August 2017 were as follows:

| | |
|---|------------|
| Share price at date of grant | 6.3 pence |
| Exercise price | 6.0 pence |
| No. of share options | 10,000,000 |
| Expected volatility | 50% |
| Average option life | 5 years |
| Risk free rate | 1.5% |
| Calculated average fair value per share | 2.89 pence |

The total share-based payment expense recognised in the income statement for the year ended 30 June 2018 in respect of the share options granted was £148,000 (2017: Nil).

| Number of options at 1 July 2017 | Granted in the year | Exercised in the year | Number of options at 30 June 2018 | Exercise price | Vesting Date | Expiry date |
|----------------------------------|---------------------|-----------------------|-----------------------------------|----------------|--------------|-------------|
| 5,332,350 | - | 5,332,350 | - | - | - | - |
| | 3,300,000 | - | 3,300,000 | 6.00p | 17.08.2018 | 17.08.21 |
| | 3,300,000 | - | 3,300,000 | 6.00p | 17.08.2019 | 17.08.22 |
| | 3,400,000 | - | 3,400,000 | 6.00p | 17.08.2020 | 17.08.23 |
| 5,332,350 | 10,000,000 | 5,332,350 | 10,000,000 | 6.00p | | |

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

20 FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS BY CATEGORY

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

| | 2018 | 2017 |
|---------------------------|--------------|-------|
| | £'000 | £'000 |
| Financial assets: | | |
| Cash and cash equivalents | 1,125 | 364 |
| Loans and receivables | 206 | 166 |
| | 1,331 | 530 |

FINANCIAL LIABILITIES BY CATEGORY

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

| | 2018 | 2017 |
|--|--------------|-------|
| | £'000 | £'000 |
| Financial liabilities at amortised cost: | | |
| Trade and other payables | 63 | 33 |
| | 63 | 33 |

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

| | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | Over 5 years |
|--------------------------|----------------------|------------|-----------------------|-----------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 30 June 2018 | | | | | |
| Non-interest bearing: | | | | | |
| Trade and other payables | – | 63 | – | – | – |
| Short term borrowings | – | – | – | – | – |
| 30 June 2017 | | | | | |
| Non-interest bearing: | | | | | |
| Trade and other payables | – | 33 | – | – | – |
| Short term borrowings | – | – | – | – | – |

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

21 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Capital risk management

The Group's objectives when managing capital are:

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

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

Credit risk

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

The Group's maximum exposure to credit risk is £1,125,000 (2017: £364,000) comprising cash and cash equivalents.

Liquidity risk

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

Foreign Currency risk

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

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

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

Market Price risk

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

Year to 30 June 2018

22 NOTES TO THE CASHFLOW STATEMENT

| | GROUP | | COMPANY | |
|--|----------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Operating loss | (2,538) | (1,098) | (295) | (308) |
| Depreciation and amortisation | 119 | 62 | - | - |
| Share based payment expense | 148 | - | 148 | - |
| Shares issued in settlement of fees | - | - | - | - |
| Intercompany loan interest | - | - | (470) | (242) |
| Operating cash flows before movement in working capital | (2,271) | (1,036) | (617) | (550) |
| (Increase)/decrease in receivables | (39) | (104) | (18) | 19 |
| (Decrease)/increase in payables | 73 | (151) | (80) | (84) |
| Net cash used in operating activities | (2,237) | (1,291) | (715) | (615) |

23 EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the reporting date.

24 RELATED PARTY TRANSACTIONS

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

During the year Westleigh Investment Holdings Ltd ("WIHL") received £48,000 (2017: £48,000) in respect of accounting, administration and office accommodation services provided to the Company. WIHL is a substantial shareholder in the Company and is controlled by Giles Clarke and Nick Harrison through their holdings of 73.28% and 26.72% respectively.

There have been no other material transactions with related parties.

25 OPERATING LEASES

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

26 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments authorised by the Directors or contracted for at 30 June 2018 (2017: £nil).

27 ULTIMATE CONTROLLING PARTY

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

