

**Company registration No 04095614 (England and Wales)**

**IRONVELD PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**



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## DIRECTORS

### **Giles Clarke - Chairman**

Giles Clarke is Chairman of Amerisur Resources plc, Kazera Global Plc, Westleigh Investments Holdings Limited and of several private organisations. He founded Majestic Wine in 1981 and built it into a national chain of wine warehouses. He also co-founded Pet City in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for £150 million and co-founded Safestore which was sold in 2003 for £40 million.

### **Peter Cox - Chief Executive**

Peter Cox started his career in the mining industry 38 years ago as a learner surveyor. After studying mining engineering as a JCI bursar, he worked for that company in various positions at gold and platinum mines, ending as a senior section manager. In 1987, he joined a privately owned mining and exploration company, Severin Southern Sphere Mining, as consulting engineer and general manager. Since mid-1991 he has been the managing director of Goldline Global Consulting (Pty) Ltd, an engineering consulting company which serves the mining industry worldwide. He holds a Mine Surveyor's and a Mine Manager's Certificate of Competency. He has a number of achievements to his name, including being the youngest certificated surveyor in South African mining history and designing the country's narrow reef opencast mining method.

### **Vred von Ketelhodt – Chief Financial Officer**

Vred has over 20 years' experience in the global metals and mining sector working as both a Mining Engineer and Corporate Finance professional. Vred has extensive corporate and project finance experience and has negotiated the provision of significant project debt and acquisition finance facilities for metals and mining ventures globally. He has also worked for a number of years in the investment banking sector managing venture capital and private equity investment funds. He gained early career experience in the metals and mining sector as a mining engineer with responsibility for mining operations and metal production leading production teams in the South Africa mining sector. Vred is a South African citizen, holds a BSc Eng degree and has an MBA from Heriot-Watt, Edinburgh, Scotland.

### **Nicholas Harrison - Non-Executive Director**

Nicholas Harrison qualified as an accountant with Arthur Andersen and subsequently held a number of senior positions with other professional services organisations. He was Finance Director of Pet City and has held finance director and chief executive positions in a number of private businesses. He is a director of Amerisur Resources plc, Kazera Global Plc and a number of private organisations.

### **Rupert Fraser - Non-Executive Director**

Rupert Fraser has over 20 years of experience in the investment banking industry. Rupert Fraser was a Senior Partner of Kildare Partners. Previously he was head of Equities at Evolution Securities from 2009 to 2011, prior to which he spent 16 years at Dresdner Kleinwort, where in 2005 he was appointed Managing Director, Global Head of Equity Distribution. He was a founding partner of Kildare Partners.

### **Duncan Harvey - Non-Executive Director**

Duncan George Harvey, Non-Executive Director, aged 39 Duncan is an independent management consultant with 15 years' experience across strategy, operating model design and business development. Formerly a strategy consultant with Accenture, he has worked across numerous industries including financial services, manufacturing, resources, technology, FMCG and hospitality. As an independent advisor Duncan is focused on helping management teams to increase shareholder value.

**ADVISORS**

<b>Company secretary</b>	K J Pinnell
<b>Company number</b>	04095614 (England and Wales)
<b>Registered office</b>	Lakeside Fountain Lane St. Mellons Cardiff CF3 0FB
<b>Nominated Adviser</b>	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
<b>Broker</b>	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
<b>Auditors</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Bankers</b>	HSBC 97 Bute Street Cardiff CF10 5NA  Investec Bank Plc 2 Gresham Street London EC2V 7QP
<b>Solicitors</b>	Kuit Steinart Levy LLP 3 St Mary's Parsonage Manchester M3 2RD
<b>Registrar</b>	Capita IRG Plc Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

## CHAIRMAN'S STATEMENT - STRATEGIC REPORT

During the year, we achieved a number of milestones that took us closer to achieving our goal of becoming a production led mining company. As I write this, Ironveld is supplying run of mine ore to a potential off-take partner, who is a specialist subsidiary of an international steel group and which could result in a longer-term testing period and off-take agreement. We have all the licences required to operate, have commenced the bulk sampling program and have a clear strategy in place to deliver value. I believe the Company is in a very strong position to begin materially extracting the inherent value in our VTM project. The supply of ore to the off-taker, puts the Company on the path of executing our stated strategy of mining our ore and processing on site.

To recap on the year, the Board progressed with its earlier decision to shift its strategic focus from constructing a 15 MW Smelter to acquiring the 7.5 MW Middleburg Smelting facility and associated independent powerplant. In exchange for exclusivity, the Company put down a R7.0m refundable deposit towards the acquisition. The Middleburg facility would provide the Company with a readymade smelter, enabling early production and proof of product, significantly de-risking the Project whilst delivering cash flow and attractive economic returns. Whilst we did not execute the transaction, there remains the potential and opportunity to do. However, with recent, positive, developments in supplying run of mine ore to the off-taker, the focus is now firmly on achieving the most valuable outcome from this sampling programme, which would position, subject to a longer-term arrangement, the Company in facilitating such an acquisition as Middleburg and enable the Company to become a miner and processor of our ore on site.

Access agreements were reached with the communities and affected land owners in the local area during the financial period.

Following a period of engagement, and as I mentioned above, we were delighted to commence and the bulk sampling program in order to supply o run of mine ore post period to a potential off-take partner through a commercial sampling programme, which will see Ironveld initially deliver 10,000 tons of ore for testing. Initial grades analysis indicate that the Company's ore should be amenable for successful processing in the off-taker's facility and all operating costs associated with the sampling is being covered by payment for the ore. Should the Commercial Sample be successfully processed, the off-taker has indicated they may request to undertake a long-term test of a significantly larger sample, taken across the licence holdings of the Company for variability testing. The Company could expect to enter a long term off-take agreement if successful. The scale of the VTM resource in our project is capable not only of supplying a potential off-take partner in a long-term agreement but also support the development of our own smelting and production capacity.

The Company's project holds 1.4 billion pounds of Vanadium (V<sub>2</sub>O<sub>5</sub>) and 27 million tons of HPI in situ, the vanadium resources representing over four times the global annual demand. The demand for vanadium continues to grow, for the most part driven being driven by the advancement of vanadium redox battery technology which enables storage of energy in industrial and utility scale applications.

HPI, as a water atomised powder, is mostly used in the automotive industry, powder metallurgy and magnetic materials. There is a growing demand for this product driven by the continuous introduction of new materials and technologies. Titanium slag is widely used in the pigment industry and is a key part of the development of new battery technology. Ironveld has also been investigating the possibility of producing titanium metal powders for the additive manufacturing industry.

Post-period end, the Company has successfully completed a placing to raise £400,000 before expenses through a placing of 24,242,420 new ordinary shares at a price of 1.65 pence each. The proceeds of the placing will be used to acquire a secondary gyratory crusher and magnetic separation equipment that will be used to process the Company's magnetite ore in line with the specifications set by a potential off-take partner for commercial scale testing and for general working capital purposes. The acquired equipment will significantly increase the Company's current shipment rate.

## CHAIRMAN'S STATEMENT - STRATEGIC REPORT (continued)

We take our social licence to operate and our responsibility to the local communities around the Project very seriously and continue to work closely with stakeholders and local communities at grass root level to improve the standards of living. We remain committed to our Keep a Girl in School Programme initiative working alongside our partners, The Imbumba Foundation and the Nelson Mandela Foundation, to provide hygiene support to approximately 600 female students at school in the local area. Work began to introduce a support programme to encourage academic excellence amongst male students in the Project area, in cooperation with our partner the Imbumba Foundation.

### Financial

The Group recorded a loss before tax of £0.5m (2017: £0.7m) and had cash balances of £0.5m (2017: £0.8m) at the end of the year. The Company does not plan to pay a dividend for the year ended 30 June 2018.

### Going concern

The Company has sufficient working capital for its immediate needs, in particular to finalise the initial testing with the potential off-take partner. As explained above the Directors intend to enter into a period of longer term testing with the potential off-take partner, which could be expected to fund the Company for at least the next 12 months. If this does not occur the Directors are still confident that the company will be able to obtain sufficient working capital for the foreseeable future. Further details are provided in note 2.2 in the accounts.

### Outlook

Ironveld's Board remains focused on moving the company forward to become a production led mining company. With the commercial sampling for the potential off-take partner taking place the Company expects to monetise its vast resources of HPI, Vanadium and Titanium.

We would like to thank all of our shareholders for their ongoing support for both the Company and the Project and we look forward to providing further updates in the near future.

Giles Clarke  
Chairman

## DIRECTORS' REPORT

The Directors present their annual report, together with the audited financial statements for the year ended 30 June 2018. The Corporate Governance Statement set out on pages 7 and 8 forms part of this report.

### Principal activity

The principal activity of the Group for the year continued to be mining, exploration, processing and smelting of Vanadiferous and Titaniferous Magnite in South Africa. The principal activity of the Company for the period was that of a holding Company.

### Dividends

The Directors do not propose the payment of a dividend for the year.

### Directors and their interests

The Directors, who served during the year were as follows:-

G Clarke  
N Harrison  
P Cox  
R Fraser  
V von Ketelhodt  
D Harvey (Appointed 19 December 2017)

The beneficial and other interests of the Directors and their families in the shares of the Company were as follows:

	30 June 2018 1p ordinary shares Number	30 June 2017 1p ordinary shares Number
G Clarke	21,211,050	21,211,050
N Harrison	14,460,310	14,460,310
P Cox	259,161	259,161
R Fraser	-	500,052
V von Ketelhodt	262,500	262,500
D Harvey	-	-

G Clarke and N Harrison's interests in 10,062,470 (2017 - 10,062,470) shares above are through their shareholding in Westleigh Investments Holdings Limited.

Details of Directors' interest in share options are provided in the Directors' remuneration report on pages 9 and 10.

During the period the share warrants in which the directors were interested lapsed. At 30 June 2017, G Clarke had an interest in 1,666,667 and N Harrison had an interest in 1,444,445 shares through those share warrants held, of which 888,889 were held by Westleigh Investments Holdings Limited.

### Political contributions

The Group made no political contributions during this or the preceding period.



## DIRECTORS' REPORT (continued)

### Substantial shareholdings

As at 6 November 2018 the Company had been notified of the following holdings of 3% or more of its issued share capital other than the Directors' holdings set out on page 5:

	Number of ordinary shares	Percentage
Tracarta Limited	63,010,767	11.10%
Michinoko Limited	54,592,653	9.61%
Africa Asia Capital Limited	39,746,892	7.00%
Hargreaves Lansdown Asset Management	35,480,578	6.25%
Mr Brendan Kerr	35,000,000	6.16%
Barclays Wealth and Investment Management	27,053,061	4.76%
Interactive Investor Sharedealing	24,134,087	4.25%
Smith & Williamson Investment Mgt (London)	18,937,579	3.33%
Shore Capital Stockbrokers	18,795,000	3.31%
Halifax Share Dealing	18,759,914	3.30%

### Going concern

In September 2018, the Company announced that it commenced the supply of unrefined ore to a potential off-take partner ("the Off-taker"), who is a specialist subsidiary of an international steel group. The Off-taker requested a sample of 10,000 tons for commercial scale testing (the "Commercial Sample"). Initial grade analysis indicated that the Company's ore should be suitable for processing by the Off-taker and since the Commercial sample was requested, the Company has been shipping ore. The Company is being paid for the Commercial sample, such that the Company's associated operating costs are to be covered.

Should the Commercial Sample be successfully processed, the Off-taker has indicated that they may request to undertake a longer-term test of a significantly larger sample taken across the licence holdings of the Company for viability testing. It is anticipated that this extended testing programme could last for up to 12 months. Upon the successful conclusion of those extended tests, the Company could expect to enter into a long-term commercial off-take agreement with the Off-taker that sets it on a path to executing its stated strategy of mining its ore and processing on site.

At the date of approval of these financial statements the initial testing of 10,000 tons remains incomplete and will not be finalised until after the approval of these financial statements. The Group's present financial resources and existing facilities are only considered adequate to meet committed overhead expenditure for the period to February 2019 by which time the Directors anticipate completion of the initial testing and intend to enter into longer-term testing for a period of up to 12 months. Such extended testing is anticipated to provide the Company with sufficient funding for a period in excess of 12 months from the date of these financial statements.

Should the Off-taker not enter into longer-term testing then the Company will need to find alternative funding for its committed expenditure and the Directors are confident that sufficient funds can be raised for this purpose and for any additional planned activity forming part of the next phase of the project.

Therefore the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements. The Group is committed to developing the Project and is actively engaged in raising finance to allow the full development to proceed. For this reason, the Board continues to adopt the going concern basis in the preparation of the financial statements.

## **DIRECTORS' REPORT (continued)**

### **Financial instruments**

The Group's exposure to price risk, credit risk, liquidity risk and cash flow is discussed in the notes to the financial statements. The Group seeks to mitigate foreign currency risk by maintaining sufficient amounts of currency to satisfy the anticipated expenditure in each currency and does not use hedging instruments.

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report.

### **Statement of disclosure to auditors**

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

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

This report was approved by the Board on 6 December 2018 and signed on its behalf by:

K J Pinnell  
**Company secretary**

## CORPORATE GOVERNANCE STATEMENT

### Code of best practice

The Board acknowledges the importance of the UK Corporate Governance Code ("the Code") and has reviewed the Group's consistency with the provisions of the Code as appended to the Listing Rules of the Financial Conduct Authority. This statement explains how the Group has voluntarily applied principles of the Code and confirms that it has consistently complied with these throughout the period.

### The Board of Directors

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 has established the following committees to fulfil specific functions:

**The Audit Committee** comprises Giles Clarke, Nicholas Harrison and Rupert Fraser. It has been established to determine the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will have unrestricted access to the Group's auditors and internal control procedures.

Due to the nature and size of the Group at present it would not be appropriate for the Group to have its own internal audit department reporting directly to the Audit Committee, this situation is reviewed annually.

**The Remuneration Committee** comprises Giles Clarke, Nicholas Harrison and Rupert Fraser. It has been established to review the scale and structure of the Executive Directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the Non-Executive Directors of the Company will be set by the Board.

**The Nomination Committee** comprises Giles Clarke, Nicholas Harrison and Rupert Fraser. It has been established to review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.

### Status of Non-Executive directors

None of the Non-Executive Directors would be deemed independent under the UK Corporate Governance Code, however, the Non-Executive Directors have considerable experience which the Company draws upon on a regular basis. In addition, the Non-Executive Directors are sufficiently independent of management so as to be able to exercise independent judgement and bring an objective viewpoint and, thereby, protect and promote the interests of shareholders.

## **CORPORATE GOVERNANCE STATEMENT (continued)**

### **Internal control**

The Board is responsible for ensuring that the Group maintains adequate internal control over the business and its assets.

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 no system can provide for absolute assurance against material misstatement or loss, they are satisfied that effective controls are in place.

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.

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.

### **Relations with shareholders**

The Company maintains effective contact with its principal shareholders and welcomes communications from its private investors.

## DIRECTORS' REMUNERATION REPORT

### Compliance

This report by the Remuneration Committee, on behalf of the Board, contains details of the remuneration of each Director during the period under review.

### Directors' remuneration policy

The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and are designed to attract, retain and motivate executives of the right calibre.

### Emoluments of the Directors

	Salary £000	Fees £000	2018 Total £000	2017 Total £000
N Harrison*	45	-	45	45
R Fraser *	45	-	45	45
G Clarke**	45	-	45	45
D Harvey	-	-	-	-
P Cox***	-	261	261	132
V von Ketelhodt	-	138	138	74
	<u>135</u>	<u>399</u>	<u>534</u>	<u>341</u>

\* Member of the Remuneration Committee

\*\* Member and Chairman of the Remuneration Committee

\*\*\* Highest-paid Director during the year

### Other pensions

No pension contributions were made during the year (2017 - £Nil).

The Non-Executive Directors' appointments are not pensionable.

Details of the individual share options held by the Directors under the Group's 'Long term incentive plan' as at 30 June 2018, are as follows:

Director	Option price	Date of Grant	Expiry date	1 July 2017	Exercised/Granted	30 June 2018
P Cox	1p	16/08/2012	16/08/2022	1,427,894	-	1,427,894
G Clarke	1p	16/08/2012	16/08/2022	1,427,894	-	1,427,894
N Harrison	1p	16/08/2012	16/08/2022	1,427,894	-	1,427,894
P Cox	1p	13/11/2012	13/11/2022	6,663,505	-	6,663,505
R Fraser	1p	16/04/2013	16/04/2023	1,000,000	-	1,000,000
G Clarke	1p	07/11/2013	07/11/2023	600,000	-	600,000
P Cox	1p	07/11/2013	07/11/2023	600,000	-	600,000
N Harrison	1p	07/11/2013	07/11/2023	600,000	-	600,000
R Fraser	1p	27/01/2016	27/01/2026	445,545	-	445,545

**DIRECTORS' REMUNERATION REPORT (continued)**

**Directors' share options (continued)**

The share options are exercisable as follows:-

- 1/3 on the first anniversary of grant.
- 1/3 on the second anniversary of grant.
- 1/3 on the third anniversary of grant.

The market price of the Company's shares at 30 June 2018 was 2.00p with a range of 1.55p to 3.13p during the year.

There were no movements in the Directors' share options after the year end.

G Clarke  
**Chairman of the Remuneration Committee**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare such financial statements for each financial period. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the European Union. 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

### Directors' responsibility statement

We confirm that to the best of our knowledge:

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

On behalf of the Board

P Cox  
**Director**  
6 December 2018

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRONVELD PLC



### **Our opinion is unmodified**

We have audited the financial statements of Ironveld Plc for the year ended 30 June 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and the parent Company balance sheets, the consolidated and parent Company cash flow statements, the consolidated and parent Company statements of changes in equity and the related notes 1 to 24. 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 Group's and 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 SME 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.

### **Material uncertainty related to going concern**

We draw attention to note 2.1 in the financial statements. As stated, these conditions, along with the other matters as set out in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

### **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.

### **Going concern**

The Group remains in the exploration and evaluation phase of its activities and is therefore not yet generated significant revenue. The Company does not have significant borrowings and is therefore reliant on funding obtained from its investors to be able to meet its ongoing working capital requirements. Going concern is therefore a risk if the Company were to have commitments in excess of its available resources. The going concern assessment is subjective and involves uncertainty about future events.



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



**Key audit matters (continued)**

Our procedures included:-

- Review of the Groups budgeting and forecasting procedures;
- Assessment and review of the funds available to the Group;
- Evaluation of the reasonableness of the forecast overheads for the Group;
- Review of the forecasts against historical performance;
- Assessing the adequacy of the disclosures relating to going concern.

*Impairment review of exploration and evaluation assets*

The Group adopts the accounting requirements of International Financial Reporting Standard 6 "Exploration for and Evaluation of Mineral Resources". This standard exempts the Company from an impairment review providing that the Company has not completed the exploration and evaluation phase of its activities and no other indicators of impairment exist. These key judgements result in a risk that the incorrect accounting treatment has been applied in that the intangible asset has not been subjected to an impairment review. In addition, the carrying amount of the investment in subsidiary companies, held in the parent Company balance sheet, is underpinned by the exploration and evaluation asset and the existence of such impairment indicators would indicate an impairment in the carrying amount.

Our procedures included:-

- Review of the Group plans and announcements for the future;
- Consideration of whether the finance is in place and commitments have been made to the development of the mineral resource;
- Review of the existence of impairment indicators including, access to the mineral asset and the desire of the Group to continue the Project;
- Evaluating the adequacy and consistency of the disclosures made by the Directors in the annual report.

**Our application of materiality and an overview of the scope of our audit.**

Materiality for the Group financial statements as a whole was set at £350,000 determined by reference to a benchmark of total assets. This represents 1.3% of total assets and 1.6% of net assets. As the Group has no significant trading activity, we consider the asset position of the Group to provide the most appropriate benchmark. Materiality for the parent Company was also set at £350,000 representing 1.5% of net assets. We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £17,500, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our Group audit was scoped based on our understanding of the Group, the work of the component auditors and by assessing the risks of material misstatement at Group level. Based on that assessment, we identified the Group as containing 3 reporting components being, United Kingdom, Mauritius and South Africa which represented 21% of the Group's net assets. The United Kingdom component was subjected to a full scope audit, the Mauritius component was deemed immaterial to the Group in that its material balances were eliminated on consolidation and the South Africa component was subject to a full scope audit by component auditors other than ourselves. We therefore subjected the South Africa component to further specified audit procedures, the extent of our testing being based on our assessment of the risk of material misstatement and of the materiality of the area, applying Group materiality.

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



**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.

**Opinion 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 Chairman's statement and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's statement 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 Chairman's statement or the Directors' report. Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



**Auditor's responsibilities for the audit of the financial statements**

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

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**David Symonds**  
**Senior Statutory Auditor**

6 December 2018

for and on behalf of  
**UHY Hacker Young Manchester LLP**  
**Statutory Auditor**  
Chartered Accountants

St. James Building  
79 Oxford Street  
Manchester M1 6HT

YEAR ENDED  
30 JUNE  
2018

# CONSOLIDATED INCOME STATEMENT

	Note	Year ended 2018 £000	Year ended 2017 £000
Administrative expenses		(570)	(553)
<b>Operating loss</b>	<b>4</b>	(570)	(553)
Investment revenues	<b>6</b>	41	1
Finance costs	<b>7</b>	(7)	(185)
<b>Loss before tax</b>		(536)	(737)
Tax	<b>8</b>	-	-
<b>Loss for the year</b>		(536)	(737)
Attributable to:			
Owners of the Company		(535)	(737)
Non-controlling interests		(1)	-
		(536)	(737)
<b>Loss per share- Basic and diluted</b>	<b>9</b>	(0.10p)	(0.20p)

There is no difference between the results as disclosed above and the results on a historical cost basis. The income statement has been prepared on the basis that all operations are continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 2018 £000	Year ended 2017 £000
Loss for the period	(536)	(737)
Exchange difference on translation of foreign operations	(1,505)	2,966
<b>Total comprehensive income for the period</b>	<b>(2,041)</b>	<b>2,229</b>
Attributable to:		
Owners of the Company	(1,805)	1,643
Non-controlling interests	(236)	586
	<b>(2,041)</b>	<b>2,229</b>

CONSOLIDATED BALANCE SHEET

	Note	2018 £000	2017 £000
<b>Non-current assets</b>			
Intangible assets	11	26,218	26,750
Property, plant and equipment	12	4	5
Investments - other	13	386	-
		<u>26,608</u>	<u>26,755</u>
<b>Current assets</b>			
Trade and other receivables	14	177	780
Cash and cash equivalents		517	788
		<u>694</u>	<u>1,568</u>
<b>Total assets</b>		<u>27,302</u>	<u>28,323</u>
<b>Current liabilities</b>			
Trade and other payables	15	(413)	(331)
Borrowings	16	-	(889)
		<u>(413)</u>	<u>(1,220)</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	(5,194)	(5,580)
		<u>(5,607)</u>	<u>(6,800)</u>
<b>Total liabilities</b>		<u>(5,607)</u>	<u>(6,800)</u>
<b>Net assets</b>		<u>21,695</u>	<u>21,523</u>
<b>Equity</b>			
Share capital	19	8,903	7,671
Share premium	20	19,161	18,211
Retained earnings	20	(10,056)	(8,282)
<b>Equity attributable to owners of the Company</b>		<u>18,008</u>	<u>17,600</u>
<b>Non-controlling interests</b>	23	<u>3,687</u>	<u>3,923</u>
<b>Total equity</b>		<u>21,695</u>	<u>21,523</u>

These financial statements were approved by the Board and authorised for issue on 6 December 2018

Signed on behalf of the Board

P Cox  
Director

Company Registration No: 04095614

**PARENT COMPANY BALANCE SHEET**

		<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
<b>Non-current assets</b>	<b>Note</b>		
Investments	<b>13</b>	23,091	21,213
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	<b>14</b>	36	507
Cash and cash equivalents		464	260
		<hr/>	<hr/>
		500	767
		<hr/>	<hr/>
<b>Total assets</b>		23,591	21,980
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	<b>15</b>	(63)	(205)
		<hr/>	<hr/>
<b>Total liabilities</b>		(63)	(205)
		<hr/>	<hr/>
<b>Net assets</b>		23,528	21,775
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	<b>19</b>	8,903	7,671
Share premium	<b>20</b>	19,161	18,211
Retained earnings	<b>20</b>	(4,536)	(4,107)
		<hr/>	<hr/>
<b>Total equity</b>		23,528	21,775
(Attributable to owners of the Company)		<hr/>	<hr/>

The loss for the financial year dealt with in the financial statements of the parent Company was £460,000 (2017 – loss £458,000).

These financial statements were approved by the Board and authorised for issue on 6 December 2018

Signed on behalf of the Board

P Cox  
Director

Company Registration No: 04095614

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*Equity attributable to owners of the Company:*

	Share Capital £000	Share Premium £000	Warrant Reserve £000	Retained Earnings £000	Total £000
<b>As at 1 July 2016</b>	6,500	16,136	21	(10,006)	12,651
Exchange difference on translation of foreign operations	-	-	-	2,380	2,380
Issue of share capital	1,171	2,054	-	-	3,225
Expiration of share warrants	-	21	(21)	-	-
Credit for equity-settled share based payments	-	-	-	81	81
Loss for the year	-	-	-	(737)	(737)
<b>At 30 June 2017</b>	<u>7,671</u>	<u>18,211</u>	<u>-</u>	<u>(8,282)</u>	<u>17,600</u>
Exchange difference on translation of foreign operations	-	-	-	(1,270)	(1,270)
Issue of share capital	1,232	950	-	-	2,182
Credit for equity-settled share based payments	-	-	-	31	31
Loss for the year	-	-	-	(535)	(535)
<b>Balance at 30 June 2018</b>	<u>8,903</u>	<u>19,161</u>	<u>-</u>	<u>(10,056)</u>	<u>18,008</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

*Total equity:*

	<b>Owners of the Company £000</b>	<b>Non-controlling Interest £000</b>	<b>Total Equity £000</b>
<b>As at 1 July 2016</b>	12,651	3,337	15,988
Exchange difference on translation of foreign operations	2,380	586	2,966
Issue of share capital	3,225	-	3,225
Credit for equity-settled share based payments	81	-	81
Loss for the year	(737)	-	(737)
<b>Balance at 30 June 2017</b>	<u>17,600</u>	<u>3,923</u>	<u>21,523</u>
Exchange difference on translation of foreign operations	(1,270)	(235)	(1,505)
Issue of share capital	2,182	-	2,182
Credit for equity-settled share based payments	31	-	31
Loss for the year	(535)	(1)	(536)
<b>Balance at 30 June 2018</b>	<u>18,008</u>	<u>3,687</u>	<u>21,695</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY**

*Equity attributable to the equity holders of the Company:*

	Share Capital £000	Share Premium £000	Warrant Reserve £000	Retained Earnings £000	Total Equity £000
<b>Balance at 1 July 2016</b>	6,500	16,136	21	(3,730)	18,927
Credit for equity-settled share based payments	-	-	-	81	81
Expiry of share warrants	-	21	(21)	-	-
Issue of share capital	1,171	2,054	-	-	3,225
Loss for the year	-	-	-	(458)	(458)
<b>Balance at 30 June 2017</b>	7,671	18,211	-	(4,107)	21,775
Credit for equity-settled share based payments	-	-	-	31	31
Issue of share capital	1,232	950	-	-	2,182
Loss for the year	-	-	-	(460)	(460)
<b>Balance at 30 June 2018</b>	8,903	19,161	-	(4,536)	23,528

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 2018 £000	Year ended 2017 £000
<b>Net cash used in operating activities</b>	<b>21</b>	(362)	(641)
<b>Investing activities</b>			
Purchases of property, plant and equipment		(1)	(1)
Purchase of investments		(386)	-
Purchase of exploration and evaluation assets		(1,263)	(914)
Interest received		41	1
<b>Net cash used in investing activities</b>		(1,609)	(914)
<b>Financing activities</b>			
Proceeds on issue of equity (net of costs)		2,632	2,552
Repayment of borrowings		(889)	(312)
<b>Net cash generated by financing activities</b>		1,743	2,240
<b>Net (decrease)/increase in cash and cash equivalents</b>		(228)	685
<b>Cash and cash equivalents at beginning of year</b>	<b>21</b>	788	113
Effects of foreign exchange rates		(43)	(10)
<b>Cash and cash equivalents at end of year</b>	<b>21</b>	517	788

COMPANY CASH FLOW STATEMENT

	Note	Year ended 2018 £000	Year ended 2017 £000
<b>Net cash from operating activities</b>	<b>21</b>	(586)	(390)
<b>Investing activities</b>			
Payments to acquire investments		(1,842)	(1,976)
<b>Net cash used in investing activities</b>		(1,842)	(1,976)
<b>Financing activities</b>			
Proceeds on issue of equity (net of costs)		2,632	2,552
<b>Net cash generated by financing activities</b>		2,632	2,552
<b>Net increase in cash and cash equivalents</b>		204	186
<b>Cash and cash equivalents at beginning of year</b>	<b>21</b>	260	74
<b>Cash and cash equivalents at end of year</b>	<b>21</b>	464	260

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Ironveld Plc is a public company incorporated in the United Kingdom under the Companies Act 2006 whose shares are listed on the Alternative Investment Market of the London Stock Exchange. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in note 3 and in the Strategic Report on pages 3 to 4.

### Adoption of new and revised Standards

There were no new or amended IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the financial statements.

At the date of authorisation of these financial statements, the following accounting standards, amendments to existing standards and interpretations are not yet effective and have not been adopted early by the Group.

IFRS 2 (amended)	Classification and Measurement of Share-based Payment Transactions
IFRS 4 (amended)	Applying IFRS 9 Insurance contracts
IFRS 9 (2014)	IFRS 9 Financial Instruments (2014)
IFRS 10 & IAS 28 (amended)	Sale or Contribution of Assets between investors and its Associates
IFRS 15 (Clarification)	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance contracts
IFRIC 22	Foreign currency transactions and advance consideration
IAS 40 (amended)	Transfer of Investment property

Annual Improvements to IFRSs 2014-2016 Cycle.

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group and Company's result for the year or equity.

### 2.1 Significant accounting policies

The financial statements are based on the following policies which have been consistently applied:

#### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below:

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by the Company (its subsidiaries) made up to the year end. Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Significant accounting policies (continued)

#### ***Basis of consolidation (continued)***

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders are initially measured at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying value of the non-controlling interests is the amount of initial recognition plus the non-controlling interests' share of the subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

#### ***Business combinations***

Acquisitions of subsidiaries are accounted for using acquisition accounting. The consideration for each acquisition is measured at the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control in the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

#### ***Exploration and evaluation***

Costs incurred prior to acquiring the rights to explore are charged directly to the income statement.

Licence acquisition costs and all other costs incurred after the rights to explore an area have been obtained, such as the direct costs of exploration and appraisal (including geological, drilling, trenching, sampling, technical feasibility and commercial viability activities) are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets, pending determination. Amounts charged to project partners in respect of costs previously capitalised are deducted as contributions received in determining the accumulated cost of E&E assets.

E&E assets are not amortised prior to the conclusion of the appraisal activities. At completion of appraisal activities, if financial and technical feasibility is demonstrated and commercial reserves are discovered then, following development sanctions, the carrying value of the relevant E&E asset will be reclassified as a development and production asset in intangible assets after the carrying value has been assessed for impairment and, where appropriate adjusted. If after completion of the appraisal of the area it is not possible to determine technical and commercial feasibility or if the legal rights have expired or if the Group decide to not continue activities in the area, then the cost of unsuccessful exploration and evaluation are written off to the income statement in the relevant period.

The Group's definition of commercial reserves for such purposes is proved and probable reserves on an entitlement basis. Proved and probable reserves are the estimated quantities of minerals which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from the known reserves and which are considered to be commercially producible.

Such reserves are considered commercially producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable expectation that there is a market for substantially all of the expected production;
- a reasonable assessment of the future economics of such production;
- evidence that the necessary production, transmission and transportation facilities are available or can be made available; and
- agreement of appropriate funding; and
- the making of the final investment decision.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Significant accounting policies (continued)

#### *Exploration and evaluation (continued)*

On an annual basis a review for impairment indicators is performed. If an indicator of impairment exists an impairment review is performed. The recoverable amount is then considered to be the higher of the fair value less costs of sale or its value in use. Any identified impairment is written off to the income statement in the period identified.

#### *Development and production assets*

Development and production assets, classified within property, plant and equipment, are accumulated generally on a field basis and represents the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditure incurred in finding the commercial reserves transferred from intangible assets.

#### *Depreciation of producing assets*

The net book values of producing assets are depreciated generally on the field basis using the unit or production method by reference to the ratio of production in the period and the related commercial reserves of the field, taking into account the future development expenditure necessary to bring those reserves to production.

#### *Research and development*

Research expenditure is recognised as an expense in the period in which it is incurred.

An internally-generated asset arising from any development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

#### *Revenue*

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and value added tax.

#### *Taxation*

The tax expense represents the sum of the tax payable and deferred tax.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all appropriate taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to be applicable in the period when the liability or asset is realised and is based on tax laws and rates substantially enacted at the balance sheet date. Deferred tax is charged in the income statement except where it relates to items charged/credited in other comprehensive income, in which case the tax is also dealt with in other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Significant accounting policies (continued)

#### ***Leases***

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

#### ***Property, plant and equipment***

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% - 25% straight line basis or reducing balance basis
---------------------	---

#### ***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 purposes of the consolidated 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 consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date 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 are recognised in the income statement in the period in which they arise.

When presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the period, unless exchange rates have fluctuated significantly in which case the rates at the date of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests where appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using the closing rate.

#### ***Financial instruments***

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### ***Other receivables***

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method except for short-term receivables when recognition of interest would be immaterial. Appropriate allowances for the estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *Financial liability and equity*

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised at fair value and are subsequently amortised using the effective interest method. Fair value is estimated from available market data and reference to other instruments considered to be substantially the same.

##### *Trade and other payables*

Trade payables and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The Group's activities expose it primarily to the financial risks of changes in interest rates on borrowings.

#### *Investments*

Investments in subsidiaries are stated at cost less any provision for the permanent diminution in value.

#### *Share-based payments*

The Group issues equity-settled share-based payments to certain employees and other parties. Equity settled share-based payments are measured at fair value at the date of grant. In respect of employee related share based payments, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. In respect of other share based payments, the fair value is determined at the date of grant and recognised when the associated goods or services are received.

#### *Operating segments*

The Group considers itself to have one operating segment in the year and further information is provided in note 3.

#### *Going concern*

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group will have adequate resources to continue in operating existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details are provided in the note 2.2 and in the Strategic Report on pages 3 to 4. The financial statements therefore do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.2 Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Fair value of acquisition*

On acquisition of a subsidiary, the Company is required to estimate the fair value of the assets and liabilities acquired and the consideration paid. The estimate in respect of exploration and evaluation assets is affected by many factors including the future viability of commercial reserves which have been based on the judgement of directors supported by third party technical reports.

#### *Going concern*

In September 2018, the Company announced that it commenced the supply of unrefined ore to a potential off-take partner ("the Off-taker"), who is a specialist subsidiary of an international steel group. The Off-taker requested a sample of 10,000 tons for commercial scale testing (the "Commercial Sample"). Initial grade analysis indicated that the Company's ore should be suitable for processing by the Off-taker and since the Commercial sample was requested, the Company has been shipping ore. The Company is being paid for the Commercial sample, such that the Company's associated operating costs are to be covered.

Should the Commercial Sample be successfully processed, the Off-taker has indicated that they may request to undertake a longer-term test of a significantly larger sample taken across the licence holdings of the Company for viability testing. It is anticipated that this extended testing programme could last for up to 12 months. Upon the successful conclusion of those extended tests, the Company could expect to enter into a long-term commercial off-take agreement with the Off-taker that sets it on a path to executing its stated strategy of mining its ore and processing on site.

At the date of approval of these financial statements the initial testing of 10,000 tons remains incomplete and will not be finalised until after the approval of these financial statements. The Group's present financial resources and existing facilities are only considered adequate to meet committed overhead expenditure for the period to February 2019 by which time the Directors anticipate completion of the initial testing and intend to enter into longer-term testing for a period of up to 12 months. Such extended testing is anticipated to provide the Company with sufficient funding for a period in excess of 12 months from the date of these financial statements.

Should the Off-taker not enter into longer-term testing then the Company will need to find alternative funding for its committed expenditure and the Directors are confident that sufficient funds can be raised for this purpose and for any additional planned activity forming part of the next phase of the project.

Therefore the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements. The Group is committed to developing the Project and is actively engaged in raising finance to allow the full development to proceed. For this reason, the Board continues to adopt the going concern basis in the preparation of the financial statements.

#### *Fair value of share based payments*

Calculation of the fair value of the share based payments issued requires estimates to be used for the share price volatility, the risk free rate and the model used to calculate the fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.2 Critical accounting estimates and judgements (continued)

#### *Exploration and evaluation assets*

The Group has adopted a policy of capitalising the costs of exploration and evaluation and carrying the amount without impairment assessment until impairment indicators exist (as permitted by IFRS 6). The directors consider that the Group remains in the exploration and evaluation phase and therefore, under IFRS 6, the directors have

to make judgements as to whether any indicators of impairment exist and the future activities of the Group. No such indicators of impairment were identified and therefore no impairment review has been carried out.

#### *Deferred tax assets*

The directors must judge whether the future profitability of the Group is likely in making the decision whether or not to recognise a deferred tax asset in respect of taxation losses. No deferred tax assets have been recognised in the year.

#### *Useful lives of property, plant and equipment*

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

### 3. Business and geographical segments

Information reported to the Group Directors for the purposes of resource allocation and assessment of segment performance is focused on the activity of each segment and its geographical location. The directors consider that there is only one business segment, which is the activity of prospecting, exploration and mining based in South Africa.

### 4. Operating loss

	Year Ended 2018 £000	Year ended 2017 £000
Operating loss for the year is shown after charging:		
Net foreign exchange gains/(losses)	-	3
Depreciation on tangible assets	2	6
Lease payments under operating leases	43	34
	<hr/>	<hr/>

#### *Auditors' remuneration*

Fees payable to the auditors for the audit of the Company's accounts	35	28
Fees payable to the Company's auditors and its associates for other services:-		
The audit of the Company's subsidiaries	13	8
Tax compliance services	13	3
Other assurance services	33	8
	<hr/>	<hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. Staff costs

	Year ended 2018 £000	Year ended 2017 £000
Wages and salaries	423	429
Social security costs	19	17
Share based payments	31	81
Directors other fees	399	206
	<u>872</u>	<u>733</u>

The average monthly number of employees, including Directors, during the period was as follows:

	2018 Number	2017 Number
Administration and management	15	14

	2018 £000	2017 £000
Directors remuneration and other fees	534	341

The aggregate remuneration and fees paid to the highest paid Director was	261	132
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Further details of the Directors' remuneration are given in the Directors' Remuneration Report on pages 9 and 10.

### 6. Investment revenues

	Year ended 2018 £000	Year ended 2017 £000
Interest on bank deposits	41	1

### 7. Finance costs

	Year ended 2018 £000	Year ended 2017 £000
Loan interest and similar charges	7	185

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. Tax

	Year ended 2018 £000	Year ended 2017 £000
<i>a) Tax charge for the period</i>		
Corporation tax:		
Current period	-	-
Deferred tax (note 17)	-	-
	<u>-</u>	<u>-</u>
 <i>b) Factors affecting the tax charge for the period</i>		
Loss on ordinary activities for the period before taxation	(535)	(737)
	<u>(535)</u>	<u>(737)</u>
 Loss on ordinary activities for the period before taxation multiplied by effective rate of corporation tax of 19% (2017 – 19.75%)	(102)	(146)
 <i>Effects of :</i>		
Non-deductible expenses	-	16
Unused tax losses not recognised	102	130
	<u>102</u>	<u>130</u>
Tax expense for the period	<u>-</u>	<u>-</u>

c) Factors that may affect future tax charges - The Group has estimated unutilised tax losses amounting to £3,850,000 (2017 - £3,100,000) the values of which are not recognised in the balance sheet. The losses represent a potential deferred taxation asset of £760,000 (2017 - £630,000) which would be recoverable should the Group make sufficient suitable taxable profits in the future.

In addition, the Group has pooled exploration costs incurred of £7,610,000 (2017 - £6,150,000) which are expected to be deductible against future trading profits of the Group.

### 9. (Loss)/earnings per share

	2018 £000	2017 £000
Loss attributable to the owners of the Company	(535)	(737)
	<u>(535)</u>	<u>(737)</u>
Loss per share – Basic and diluted		
Continuing operations	(0.10p)	(0.20p)
	<u>(0.10p)</u>	<u>(0.20p)</u>

The calculation of basic earnings per share is based on 529,515,251 (2017 – 360,142,884) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Where the Group reports a loss for the current period, then in accordance with IAS 33, the share options are not considered dilutive. Details of such instruments which could potentially dilute basic earnings per share in the future are included in note 19.

Under IAS 33, the share warrants in issue during the year were not considered to be diluting as the market price throughout the period was below the exercise price of the warrants in issue. Further details are provided in note 19.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. Loss attributable to owners of the parent Company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's loss for the financial year amounted to £460,000 (2017 - £458,000).

### 11. Intangible assets

	Exploration and evaluation assets £000
<b>Group</b>	
<i>Cost:</i>	
At 1 July 2016	21,509
Additions	1,120
Exchange differences	4,121
At 30 June 2017	26,750
Additions	1,320
Exchange differences	(1,852)
At 30 June 2018	26,218
<i>Amortisation:</i>	
At 1 July 2016, 30 June 2017 and at 30 June 2018	-
Net book value at 30 June 2018	26,218
Net book value at 30 June 2017	26,750

The Group's exploration and evaluation assets all relate to South Africa.

In respect of the exploration and evaluation assets which remain in the appraisal phase, the Group has performed a review for impairment indicators, as required by IFRS 6 and in the absence of such indicators no impairment review was carried out.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. Property, plant and equipment

<b>Group</b>	<b>Plant and machinery £000</b>
<i>Cost:</i>	
At 1 July 2017	39
Additions	1
Exchange differences	(3)
At 30 June 2018	37
<i>Depreciation:</i>	
At 1 July 2017	34
Charge for the period	2
Exchange differences	(3)
At 30 June 2018	33
Net book value at 30 June 2018	4
Net book value at 30 June 2017	5
	<b>Plant and machinery £000</b>
<i>Cost:</i>	
At 1 July 2016	32
Additions	1
Exchange differences	6
At 30 June 2017	39
<i>Depreciation:</i>	
At 1 July 2016	23
Charge for the period	6
Exchange differences	5
At 30 June 2017	34
Net book value at 30 June 2017	5
Net book value at 30 June 2016	9

All non-current assets in 2018 and 2017 were located in South Africa.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. Investments

#### Group - other investment

	2018 £000	2017 £000
Loans to other entities	386	-

The investment represents the Rand 7million refundable deposit to Siyanda Smelting and Refining Proprietary Limited which the Group has paid in exchange for a period of exclusivity to conclude a potential acquisition of the company. The deposit is interest free and becomes refundable should the acquisition not proceed.

#### Company - Subsidiary undertakings

	Loans £000	Equity £000	Total £000
Cost:			
At 1 July 2016	-	18,954	18,954
Additions	861	1,398	2,259
At 30 June 2017	861	20,352	21,213
Transfer	54	(54)	-
Additions	1,847	31	1,878
At 30 June 2018	2,762	20,329	23,091
Net book value at 30 June 2018	2,762	20,329	23,091
Net book value at 30 June 2017	861	20,352	21,213

The loans represent loans to Ironveld Holdings (Propriety) Limited of £2,687,000 which incur interest at a rate not exceeding the base lending rate applicable in England and Wales. Under the initial terms of the loan, £2,500,000 is repayable 31 December 2019 with the remainder due 31 December 2020. Also included in loans are working capital loans to Ironveld Mauritius Limited of £75,000 which are interest free.

The Company has investments in the following principal subsidiaries. To avoid a statement of excessive length, details of the investments which are not significant have been omitted:

Name of company	Shares	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>			
Ironveld Mauritius Limited	Ordinary	*100%	Holding Company
Ironveld Holdings (Proprietary) Limited	Ordinary	100%	Holding Company
Ironveld Mining (Proprietary) Limited	Ordinary	100%	Mining and exploration
Ironveld Middelburg (Proprietary) Limited	Ordinary	100%	Ore processing and smelting
Ironveld Smelting (Proprietary) Limited	Ordinary	74%	Ore processing and smelting
HW Iron (Proprietary) Limited	Ordinary	68%	Prospecting and mining
Lapon Mining (Proprietary) Limited	Ordinary	74%	Prospecting and mining
Luge Prospecting and Mining (Proprietary) Limited	Ordinary	74%	Prospecting and mining

\* Held directly by Ironveld Plc all other holdings are indirect.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. Investments (continued)

All subsidiary undertakings are incorporated in South Africa, other than Ironveld Mauritius Limited, which is incorporated in Mauritius.

Further details of non-wholly owned subsidiaries of the Group are provided in note 23.

### 14. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	2018 £000	2017 £000	2018 £000	2017 £000
Other receivables	158	751	21	482
Prepayments and accrued income	19	29	15	25
	<u>177</u>	<u>780</u>	<u>36</u>	<u>507</u>

#### *Credit risk*

The Group's principal financial assets are bank balances, cash balances, and other receivables. The Group's credit risk is primarily attributable to its other receivables of which £104,000 (2017 - £249,000) is due from a third party financial institution and further information is provided in note 18. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Other receivables also includes £Nil (2017 - £450,000) in respect of placing proceeds not received by the year end.

### 15. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade payables	39	61	6	61
Taxation and social security costs	15	25	14	24
Other payables	5	113	5	5
Accruals and deferred income	354	132	38	115
	<u>413</u>	<u>331</u>	<u>63</u>	<u>205</u>
Due within 12 months	(413)	(331)	(63)	(205)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due after more than 12 months	-	-	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. Borrowings

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other loans	-	889	-	-

The borrowings are repayable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
On demand or within one year	-	889	-	-
Due for settlement within 12 months	-	889	-	-
	-	(889)	-	-
Due for settlement after more than 12 months	-	-	-	-

Further details on loans are provided in note 18.

### 17. Deferred tax

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 July	5,580	4,699
Exchange differences	(386)	881
Balance at 30 June	5,194	5,580

The deferred tax liability is made up as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fair value adjustments	5,194	5,580

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. Financial instruments

The Group's policies as regards derivatives and financial instruments are set out in the accounting policies in note 2. The Group does not trade in financial instruments.

#### *Capital risk management*

The Group manages its capital to ensure that they will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent Company.

The Group is not subject to any externally imposed capital requirements.

#### *Interest rate risk profile*

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of the transactions concluded is spread where possible.

#### *Liquidity Risk Management*

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by assessing required reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn bank facilities that the Group has at its disposal to manage liquidity are set out below.

#### *Financial facilities*

The Group did not have any secured bank loan or overdraft facilities during the current or comparative period.

#### *Financial assets*

The Group has no financial assets, other than short-term receivables and cash deposits of £517,000 (2017 - £788,000). The cash deposits attract variable rates of interest. At the year end the effective rate was 0.5% (2017 - 0.3%). The cash deposits held were as follows:-

	2018 £000	2017 £000
Sterling - United Kingdom banks	429	251
USD – United Kingdom banks	7	3
South African Rand - United Kingdom banks	29	6
South African Rand - South African banks	52	528
	<hr/> 517	<hr/> 788

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. Financial instruments (continued)

#### *Financial liabilities*

The Group's financial liabilities consist of other loans. Interest rates charged on these are as follows:

	Weighted average effective interest rate (%)	Within 1 year £000
<b>30 June 2018</b>		
Variable interest rates - SA	-	-
<b>30 June 2017</b>		
Variable interest rates - SA	14.50	889

Other loans relate to a loan agreed on the acquisition of the Ironveld Group. The loan of £nil (2017 - £889,000) bears interest at 14.50%, was repaid during the year. The loan was secured against the assets of the Group.

#### *Currency exposures*

The Group undertakes transactions denominated in foreign currencies and is consequently exposed to fluctuations in exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities were as follows:-

<b>As at 30 June 2018</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
British Pound Sterling (£)	449	63
USD (\$)	7	7
South African Rand (R)	605	343
	<u>1,061</u>	<u>413</u>
<b>As at 30 June 2017</b>	<b>Assets £000</b>	<b>Liabilities £000</b>
British Pound Sterling (£)	740	204
USD (\$)	3	-
South African Rand (R)	786	1,016
	<u>1,529</u>	<u>1,220</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. Financial instruments (continued)

#### *Financial commitments and guarantee*

Rehabilitation guarantees of £1,340,000 (R 24,278,412) have been issued to the Department of Mineral Resources for three subsidiaries, HW Iron Proprietary Limited, Lapon Mining Proprietary Limited and Luge Prospecting and Mining Company Proprietary Limited in order to comply with Section 41 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002). Under this agreement the Group will pay deposits to a third party financial institution to be held pending discharge of any potential claim on this guarantee. At 30 June 2018 £104,000 (R 1,879,000) (2017 - £249,000 (R 4,206,000)) had been deposited in respect of this agreement and is included in other receivables. This represents a concentration of credit risk and the Group is exposed to currency risk on these amounts. As the project has not yet commenced then no liability is considered to exist at the reporting date.

### 19. Share capital

#### *Group and Company*

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
567,891,279 (2017 – 444,641,279) ordinary shares of 1p each	5,679	4,447
322,447,158 (2017 - 322,447,158) deferred shares of 1p each	3,224	3,224
	<hr/>	<hr/>
	8,903	7,671
	<hr/>	<hr/>

In July 2017, the Company issued 35,000,000 ordinary shares of 1p each raising £700,000 before expenses.

In November 2017, the Company issued 78,250,000 ordinary shares of 1p each raising £1,565,000 before expenses.

In December 2017, the Company issued 10,000,000 ordinary shares of 1p each raising £200,000 before expenses.

Unlike ordinary shares, the deferred shares have no voting rights, no dividend rights and on a return of capital or winding up are entitled to a return of amounts credited as paid. The deferred shares are not transferrable and beneficial interests in the deferred shares can be transferred to such persons as the Directors may determine as custodian for no consideration without sanction of the holder.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19. Share capital (continued)

#### Share options

The Company has a share option scheme for certain employees and former employees of the Group. The share options in issue during the year were as follows:

Date granted	Exercise price	As at 1 July 2017 No.	Granted in year No.	Exercised in year No.	Lapsed/ Cancelled No.	As at 30 June 2018 No.
21 May 2010	10p	1,600,000	-	-	-	1,600,000
16 August 2012	1p	5,949,558	-	-	-	5,949,558
14 November 2012	1p	6,663,505	-	-	-	6,663,505
16 April 2013	1p	1,033,334	-	-	-	1,033,334
7 November 2013	1p	2,086,667	-	-	-	2,086,667
1 May 2014	1p	200,000	-	-	-	200,000
1 October 2015	1p	2,500,000	-	-	-	2,500,000
27 January 2016	1p	445,545	-	-	-	445,545

The exercise period of the options is as follows:

Date granted	Expiry date	Exercise period
21 May 2010	21 May 2020	to 21 May 2020
16 August 2012	16 August 2022	The options are exercisable 1/3 on the first anniversary of grant, 1/3 on the second anniversary of grant and the final 1/3 on the third anniversary of grant
14 November 2012	14 November 2022	
16 April 2013	16 April 2023	
7 November 2013	7 November 2023	
1 May 2014	1 May 2024	
1 October 2015	1 October 2025	
27 January 2016	27 January 2026	

Of the options granted on 1 October 2015, 1,000,000 are exercisable following first commercial production from the proposed 15 MW smelter.

The Group recognised a share based payment expense of £31,000 (2017 - £81,000) in the year. No options were granted in the year

#### Share warrants

On the 1 November 2016 40,000,003 new share warrants were issued pursuant to a share warrant instrument dated 26 October 2016. One warrant was issued to each placee in respect of each placing share issued at that date and each warrant allowed the holder to subscribe for one ordinary share in Ironveld Plc and were exercisable at 6.75 pence at any time during the 12 months from the date of issue of the warrants. The Company shall procure that the ordinary shares issued pursuant to the exercise of warrants are admitted to trading on AIM. The warrants themselves will not be dealt with or admitted to trading on any market and are only transferable in limited circumstances by their holders. No placing proceeds were allocated to the issue of the warrants.

All issued warrants lapsed in the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. Reserves

<i>Group</i>	Share premium account £000	Retained earnings £000
At 1 July 2017	18,211	(8,282)
Loss for the year	-	(535)
Exchange difference on translation of foreign operations	-	(1,270)
Issue of share capital	950	-
Credit for equity settled share based payments	-	31
At 30 June 2018	19,161	(10,056)

Retained earnings is made up of cumulative profits and losses to date, share based payments, adjustments arising from changes in non-controlling interests and exchange differences on translation of foreign operations.

<i>Company</i>	Share premium account £000	Retained earnings £000
At 1 July 2017	18,211	(4,107)
Loss for the period	-	(460)
Issue of share capital	950	-
Credit for equity settled share based payments	-	31
At 30 June 2018	19,161	(4,536)

The balance classified as share premium is the premium on the issue of the Group's equity share capital, comprising 1p ordinary shares and 1p deferred shares less any costs of issuing the shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. Cash generated from operations

<b>Group</b>	<b>2018 £000</b>	<b>2017 £000</b>
Operating loss	(570)	(553)
Depreciation on property, plant and equipment	2	6
Share based payment expense	-	21
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(568)	(526)
Movement in receivables	138	20
Movement in payables	75	51
	<hr/>	<hr/>
Cash used in operations	(355)	(455)
Interest paid	(7)	(186)
	<hr/>	<hr/>
<b>Net cash used in operations</b>	<b>(362)</b>	<b>(641)</b>

<b>Cash and cash equivalents</b>	<b>2018 £000</b>	<b>2017 £000</b>
Cash and bank balances	517	788
	<hr/>	<hr/>

<b>Company</b>	<b>2018 £000</b>	<b>2017 £000</b>
Operating loss	(467)	(458)
Share based payment expense	-	21
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(467)	(437)
Movement in receivables	21	21
Movement in payables	(140)	26
	<hr/>	<hr/>
<b>Net cash used in operations</b>	<b>(586)</b>	<b>(390)</b>

<b>Cash and cash equivalents</b>	<b>2018 £000</b>	<b>2017 £000</b>
Cash and bank balances	464	260
	<hr/>	<hr/>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22. Related party transactions

#### **Group**

During the year the Group incurred £261,000 (2017 - £132,000) for consultancy services to Goldline Global Consulting (Pty) Limited, a company in which P Cox is materially interested. At 30 June 2018, £216,000 remained unpaid in accruals.

During the year the Group incurred £138,000 (2017 - £74,000) for consultancy services to Novem Consulting, a private company in which V Von Ketelhodt is materially interested. At 30 June 2018, £84,000 remained unpaid in accruals.

#### **Group and Company**

The key management personnel of the Group are the directors. Directors' remuneration is disclosed in Note 5.

During the year the Company paid £48,000 (2017 - £48,000) for accounting services to Westleigh Investments Limited, a company in which G Clarke and N Harrison are materially interested.

During the year the Company paid £20,000 (2017 - £nil) for consultancy services to Merlin Partnership LLP, a company in which G Clarke is materially interested.

### 23. Non-controlling interest

	2018 £000	2017 £000
At 1 July	3,923	3,337
Exchange adjustments	(235)	586
Share of loss for the period	(1)	-
At 30 June	<u>3,687</u>	<u>3,923</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. Non-controlling interest (continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

	Proportion of voting rights and shares held		Profit/ (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2018	(2017)	2018 £000	2017 £000	2018 £000	2017 £000
HW Iron (Proprietary) Limited	32%	(32%)	-	-	1,173	1,221
Lapon Mining (Proprietary) Limited	26%	(26%)	-	-	2,517	2,704
Other non-controlling interests			(1)	-	(3)	(2)
			<u>(1)</u>	<u>-</u>	<u>3,687</u>	<u>3,923</u>

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. The accounts of the subsidiaries have been translated from their presentational currency of South African Rand (R) using the R : GBP exchange rate prevailing at 30 June 2018 of 18.1197 (2017 – 16.8652).

#### *HW Iron (Proprietary) Limited*

	2018 £000	2017 £000
Current assets	-	248
Non-current assets	7,007	7,125
Current liabilities	(1,916)	(2,021)
Non-current liabilities	(1,427)	(1,534)
Equity attributable to owners of the Company	2,491	2,597
Non-controlling interest	1,173	1,221
Revenue	-	-
Expenses	(1)	-
Profit/ (loss) for the year	(1)	-
Attributable to the owners of the Company	(1)	-
Attributable to the non-controlling interests	-	-
Net cash inflow/(outflow) from operating activities	230	(45)
Net cash outflow from investing activities	(265)	(213)
Net cash inflow from financing activities	35	258
Net cash inflow	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23. Non-controlling interest (continued)

*Lapon Mining (Proprietary) Limited*

	2018 £000	2017 £000
Current assets	-	-
Non-current assets	14,976	15,831
Current liabilities	(1,530)	(1,384)
Non-current liabilities	(3,766)	(4,046)
Equity attributable to owners of the Company	7,163	7,697
Non-controlling interest	2,517	2,704
Revenue	-	-
Expenses	(1)	-
Profit/ (loss) for the year	(1)	-
Attributable to the owners of the Company	(1)	-
Attributable to the non-controlling interests	-	-
Net cash outflow from operating activities	(1)	-
Net cash outflow from investing activities	(241)	(13)
Net cash inflow from financing activities	242	13
Net cash inflow	-	-

### 24. Control

The Directors consider that there is no overall controlling party.

