galileo
RESOURCES PLC

ANNUAL REPORT
2018

Contents

Holding Company
Galileo Resources Plc

Country of incorporation and domicile
United Kingdom

Nature of business and principal activities
The Company acts as a holding Company for subsidiary undertakings and investments engaged in the exploration of natural resources.

Corporate Information

Directors
Colin Bird – *Chairman and CEO*
Andrew F Sarosi – *Finance and Technical Director*
Christopher Molefe – *Non-Executive Director*
John Richard Wollenberg – *Non-Executive Director*

Secretarial Services
Link Company Matters Limited
34 Beckenham Road
Beckenham, Kent, BR3 4TU

Registered Office
United Kingdom
7/8 Kendrick Mews
London, SW7 3HG

South Africa
7 Einstein Street
Highveld Techno Park
Centurion, 0157

Auditors
Chapman Davis LLP
2 Chapel Court/Borough High St
London, SE1 1HH

Broker
Novum Securities Limited
8-10 Grosvenor Gardens
London, SW1W 0DH

Incorporation No: 05679987

Registrars
Neville Registrars
Neville House, Steelpark Road
Halesowen, West Midlands, B62 8HD

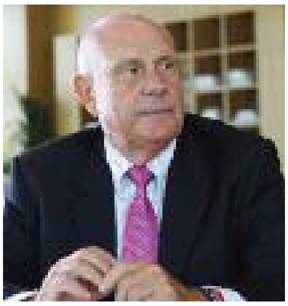
Banker
National Westminster Bank Plc
186 Brompton Road
London, SW3 1XJ

Nominated Advisor
Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street, London, EC2M 2SJ

UK Solicitors to the Company
Fladgate LLP
16 Great Queen Street
London, WC2B 5DG

Strategic Report –

Chairman's Report



Colin Bird
Chairman

Dear Shareholder

The year under review has been positive and the acquisition of 85% of the Star Zinc Project in Zambia has been a major step forward in an important commodity. The project was acquired at the end of August 2017 on the basis that Charter Consolidated in the 1960s and Avmin in the 1980s had discovered historical good showings of zinc. Charter Consolidated carried out all of the drilling, which produced exceptionally high zinc grades around a former open pit, believed possibly to be a collapsed dome. At the time of the drilling, Charter Consolidated parent was operating the Kabwe zinc-lead project for sulphide ore. The Star Zinc occurrence is willemite, which is a zinc silicate mineral that is not suitable for the Kabwe metallurgical process and thus only limited work was carried out on the project.

Galileo commenced drilling at Star Zinc during September 2017 and completed a 26-hole drill programme during March 2018. The programme was entirely satisfactory not only confirming the presence of high grade willemite, but also on the periphery of the known willemite mineralisation, there existed lower grade karst, which we believe could lead to a much larger resource with a lower grade, capable of standing on its own. The willemite intersections were as high as 38% zinc with numerous intersections above 20% zinc, whilst the lower grade material varied from 3-8% zinc.

The Company published a conceptual grade and tonnage estimate based on the drilling programme. This estimate did not take into account previous drilling by Charter Consolidated in order to maintain its integrity. The modelling did not produce an inferred resource but did produce a conceptual grade and tonnage that will greatly assist in targeting future drilling and initial assessment of the project's viability. The conceptual model indicated a tonnage of 485 000 tonnes at a grade of 15.4% zinc at a 3% zinc cut-off. This result was very encouraging, as we did not step away from the known area and did not test favourable geophysics and geochemistry known in the immediate area. Encouraged by the aforementioned, the Company will embark upon a further drilling programme to commence during August 2018 with the view to testing these areas, extending the mineralisation to the East and hopefully identify a large, stand-alone zinc resource. We will also drill in the proximity of hole no 2, adjacent to and west of the former open pit with the view of testing the potential for a large feeder, which if found, could be a potential sulphide prospect. The selection of hole no 2 as the site for further deep test work is governed by its extremely high zinc grade and relatively high lead values, since it is well known that high lead values suggest a proximity to original fluid source.

The Glenover Project has progressed over the year with a mining right application being submitted to the Department of Mineral Resources ("DMR") on 15 November 2017 that has been accepted. Post this annual reporting period, Glenover submitted an environmental impact assessment for the project to the DMR – a prerequisite for the grant of a mining right. On grant of the mining right, Galileo will own 38% of the project. The Company is engaging with a Major Fertilizer Producer for a 15-year offtake agreement, which is subject amongst other things to the grant of a mining right, certain metallurgical process considerations and an agreed pilot plant study being satisfied. The study is on hold, while the Producer investigates logistical options for the transport of phosphate rock from Glenover to its process facility. Negotiations on formalising the offtake agreement continue. The indications are that at current world phosphate prices and a 200 000 tonne run-of mine operation would produce a project with favourable financial returns. A benefit of the agreement would be that the rare earth component, of the offtake, which would be concentrated in the fertiliser production process, would be returned to Glenover for processing at some later date.

During August 2017, the Company announced the project update for the Concordia copper project in the Northern Cape. The decision reached by the Galileo board was that the IP geophysics programme compared to drilling results was generally inconclusive. Whilst a number of good near-surface intersections were encountered, the thickness and frequency did not encourage the company to continue with a large-scale drill programme to test the prognosis for a lower grade open pit. We remain confident that potential exists for a higher-grade copper project and have agreed with our partners SHIP to dilute to a 15% interest in the Concordia Project.

The Ferber Project in Nevada, USA remains under the ownership of Galileo and all of the claims are in good standing and have been renewed for the period of 2018/19.

The outlook for all base metals has improved significantly during the period of this annual report and we are particularly pleased with the performance of the zinc price. We will actively pursue other zinc and copper opportunities, which have become quite a competitive space in which to seek new investment.

The financing ability of smaller companies remained volatile during the period. Galileo was able to successfully raise money to finance all its projects and obligations. All the indications are that we are entering a period of global inflation and in this environment, it is usual for base metal and other commodity prices to be strong thus creating a good host climate for the activities of Galileo and for other small resources companies in the arena.

I would like to thank my fellow directors and employees for their efforts and contribution during the period and I do look forward to the Company enhancing shareholder value with its unique portfolio of projects.

Colin Bird
Chairman

5 September 2018

Strategic Report –
Operations Report

Highlights
Star Zinc Project
Period under review

- The Company acquired a 51% earn-in interest – through a joint venture with BMR Group Plc ("BMR") – in the Zambian Star Zinc Project ("Star Zinc"), which contains an historically declared non-JORC hard rock resource of 275 166 tonnes grading 20.2% Zinc ("Zn") at a cut-off grade of 14% Zn

- The Company increased its earn-in interest in Star Zinc to 85%, in March 2018, having completed a 26-diamond drill hole ("DDH") programme of 1 200 metres

- Drilling intersected very high-grade zinc mineralisations including:

  46 m downhole from surface assaying (weighted average) **15.49% Zn, 16 m @ 38.86% Zn** from 20 to 36 m downhole in DFH SZDD002 at Star West;

  6 m @ 21.28% Zn from 9 to 15 m downhole in SZDD004 at Star East;

  6 m @ 20.86% Zn from 14 to 20 m downhole in SZDD006 at Star East;

  16 m @ 30.85% Zn from 27 to 43 m downhole in SZDD012 at Star West;

  21 m @ 25.12% Zn from 31 to 52 m downhole including **7 m @ 41.5% Zn** from 38 to 25 m; and

  15 m @ 19.82% Zn from 22 to 37 m downhole in SZDD014 at Star West

- An internal update of an historic independent conceptual study on Star Zinc demonstrated a potential IRR of 77% and NPV of US$ 18 million (10% discount rate) for the project at prevailing, December 2017, zinc price of US$ 3 000/tonne

- The Company applied for renewal of the Star Zinc exploration licence, relinquished 50% of the concession, in compliance with mining regulations and included a new unlicensed area within the concession

Post Period under review

- Final results of the 26-DDH drill programme were received

- The renewal of the Star Zinc exploration licence remains pending

Andrew Sarosi
Finance and Technical Director

- The Company commissioned an independent conceptual tonnage-grade ("CGT") model of the drilling results, which demonstrated- at nominal 3% Zn cut-off – a potential deposit target of 485 000 tonnes grading 15.4% Zn grade (see table 2 in operations section)

- The CGT model represents an 80% increase in deposit tonnage with a 14% decrease in grade when compared to previous CGT modelling ("conservative case") in 2015 based on historical exploration data*

- The Company commissioned an independent review and interpretation ("Review") by Earthmaps Consulting CC Namibia ("Earthmaps") of historical gravity geophysics exploration data ("Geophysics Data") against this 26-hole drilling programme**

* *(BMR – AIM RNS announcement 16 August 2016)*

** *A copy of the Earthmaps' report, including relevant diagrams, is available on the Company's website, www.galileoresouces.com. Also see Highlights of the Review below*

Highlights of the Review include:

- ➢ Interpretation of historical gravity geophysics data indicates good correlation of the geophysics gravity anomalies with drill-intersected zinc mineralisation ("DZM")

- ➢ This correlation provides a promising tool for drill targets in as-yet-undrilled geophysics-tested areas, in the immediate and outlying vicinity of DZM

- ➢ Borehole positions are presented to test gravity highs to the west, north-east and southeast of the DZM for additional zinc mineralisation

- ➢ Drilling on these positions is to commence Q3 2018

Cautionary note: A formal Mineral Resource Estimate has not been prepared at this time and there is no Standard being reported to in this regard in this Review. The potential quantity and grade expressed in is conceptual in nature and, at this stage, there is insufficient exploration data to estimate a Mineral Resource Estimate in accordance with any Standard and it is uncertain whether further exploration will result in the estimation of Mineral Resources.

Glenover Phosphate Project ("Project")

Period under review

- The Company entered into a binding term sheet with JV partner Fer-Min-Ore (Proprietary) Limited ("FMO") to provide, among other things, convertible loans to its 34%-owned Glenover Phosphate (Proprietary) Limited ("Glenover") to fund a Mining Right Application to the Department of Mineral Resources ("DMR") for the phosphate and rare earths in Glenover ore. The loans are convertible by Galileo to equity in Glenover in two stages:

  First, conversion of 50% of outstanding convertible loan to 2% equity in Glenover on DMR's acceptance of Glenover's Mining Right Application ("MRA"); and

  Second, conversion of the remaining convertible loan to a further 2% equity in Glenover on formal grant of the Mining Right, which includes submission of an Environmental Impact Assessment ("EIA") and Environmental Management Programme ("EMP")

- Glenover submitted its MRA on 15 December 2017, which the DMR accepted on 12 January 2018. This gave the Company the right to convert its first 50% loan to 2% equity in Glenover thereby raising its interest in Glenover to 36% from 34%

- Glenover embarked on the EIA/EMP, the first phase of which, comprising a draft Scoping Report and an application for water use licence for Glenover, was submitted to the DMR for review. The second phase comprising specialist environmental and engineering studies commenced

- A Major Fertiliser Producer ("MFP") executed a Heads of Agreement ("Heads") with Glenover for the supply of phosphate rock ("Phosphate Rock") for testing in MFP's phosphate production facility ("Testing"). The terms of the Heads include among other things, MFP agreeing to undertake a 2-phase pilot plant phosphate flotation study ("Study") on Glenover ore in order ultimately to produce a bulk phosphate flotation concentrate ("Phosphate Rock") for testing

- Part A of the first phase of the Study, namely ore variability flotation tests, were completed during the period under review with satisfactory results and work commenced on part B of the first phase – namely flotation water variability tests

- On the basis of the results of parts A, MFP provisionally offered Glenover an offtake agreement ("Provisional Offtake Agreement") for future Glenover Phosphate Rock. A definitive offtake agreement is subject to satisfactory outcome of second phase of the Study

Post Period under review

- Glenover completed the EIA/EMP on the project and on 21 May 2018 submitted it to the DMR, which formally accepted the submission on 31 May 2018

- Part B of the first phase of the Study was completed, the results are under review with a final report expected in Q3 2018

- Glenover accepted the Provisional Offtake Agreement, which remains subject to the aforementioned outcome of second phase of the Study and ongoing formalising negotiations

Concordia Copper Project

The Company completed a 14-hole RC (reverse circulation) drilling programme on Concordia intersecting intermittent copper mineralisation. The Company announced, in a Concordia update in August 2017, its conclusion that the IP geophysics programme compared to drilling results was generally inconclusive. Whilst a number of good near-surface intersections were encountered, the thickness and frequency did not encourage the Company to continue with a large-scale drill programme to test the prognosis for a lower grade open pit. Galileo's interest in Concordia consequently diluted to a 15% participatory interest pursuant to the Cooperation and Joint Venture agreement with its JV partner SHIP IPK (Proprietary) Limited.

OVERVIEW OF OPERATIONS

ZAMBIA

Star Zinc Project ("Star Zinc")

The Star Zinc deposit is located approximately 20 km NNW of the Zambian capital Lusaka. The project is accessible via the tarred Great North road with a journey time of approximately 30 minutes.

The project was discovered and explored historically in the 1960s by Chartered Exploration Limited. Fifty nine diamond drill holes totalling 2 578.5 m were drilled. Historic small-scale mining was reported, from a small apparent open pit working present on site. The Company believes this open pit may be a collapsed dome.

The local geology of Star Zinc is complex and forms a varied stratigraphic sequence of argillite, limestone, massive willemite (zinc silicate mineral) zinc ore, massive limestone and dolomites (Cheta and Lusaka Formations). A broad west-east trending mineralised dome is the main structural feature of Star Zinc.

Period under review

On 31 August 2017, the Company entered into a binding term sheet ("Term Sheet") with BMR whereby it agreed conditionally to advance to BMR, US$ 591 600 (at an interest rate of 12% per annum), to be used for the purpose of completing the exercise of an option by BMR to acquire the Star Zinc project in Zambia.

On 4 September 2017, BMR entered into an agreement ("Agreement") with Bushbuck Resources Limited, ("Bushbuck") who holds the exploration license ("License") for Star Zinc, to complete the acquisition of Star Zinc through its Mauritian subsidiary Enviro Zambia Limited ("EZL") for the remaining consideration of US$ 870 000. The first tranche of the remaining consideration of US$ 400 000, together with VAT of US$ 160 000, was paid, with the balance to be satisfied in cash, as to US$ 300 000 by no later than 28 November 2017 and as to US$ 170 000 by 28 February 2018. All payments were executed on schedule.

On 5 September 2017, the Company entered into a Joint Venture ("JV") with BMR. Galileo advanced to BMR US$ 591 600 primarily to enable BMR to finance the initial consideration payable to Bushbuck. Upon completion of the acquisition of Star Zinc, Galileo subscribed for a 51% equity stake in EZL, which was satisfied by the cancellation of the aforementioned loan of US$ 591 600.

BMR confirmed that, following the payment to Bushbuck Resources Limited ("Bushbuck") of US$ 300 000, in accordance with the Agreement, the Republic of Zambia Ministry Mines and Minerals Development confirmed on 1 December 2017, receipt of the request by Bushbuck to transfer the Star Zinc licence (19653-HQ-LEL) to Enviro Processing Limited.

On transfer of the License (currently in progress) to EZL's Zambian subsidiary Enviro Processing Zambia Limited, ("EPZL") the Company will undertake an 18-month work programme at a cost of US$ 250 000. It has placed a further US$ 100 000 in escrow, following which further new shares in the JV will be issued to Galileo to increase its aggregate equity interest therein to 85%. The work programme includes drilling and using reasonable endeavours to complete a preliminary economic assessment ("PEA") of Star Zinc. BMR has the right to reduce the interest of Galileo from 85% to 75% on payment of US$ 150 000 to Galileo, to repay the US$ 100 000 held in escrow plus a US$ 50 000 arrangement fee.

The Company reviewed in-house, a previous independent positive conceptual economic model study undertaken during 2015 on Star Zinc. The review demonstrated a projected IRR of 77% with NPV of US$ 18 million (10% discount rate) at current 2017 Zinc price of US$ 3 000/tonne (t) for a capex of US$ 9.1 million capex and with a 1-year payback.

The Company commenced drilling on Star Zinc in December 2017 targeting a mix of resource definition and enlargement. The Company engaged Zambian-based GeoQuest Limited, an independent consultancy and contracting group to manage this drilling programme and provide geological support. The programme comprising 26 diamond drill holes totalling 1 195 m drilling was completed in March 2017. Core cutting logging sampling and preparation of all samples for assay were on going at review-period end. Funding for this drilling programme, ~US$ 500 000, has been from existing cash resources.

Post Period under Review

The Company completed core cutting, logging, sampling and submitting the samples for assay. All assays were received including those that were required to meet final quality and assurance control criteria. (see Table 1 for drill results).

The Company commissioned an Independent Consultant ("Consultant") to develop a conceptual tonnage grade ("CGT") model based on the Company's drilling results. The CGT model demonstrated a potential deposit target of 485 000 tonnes grading 15.4% Zn grade and at a nominal 3% Zn cut-off – (see table 2 and Consultant Cautionary Note below).

The CGT model represents an 80% increase in deposit mass with a 14% decrease in grade when compared to previous CGT modelling ("conservative case") in 2015 based on historical exploration data (see table 3).

Statistical analysis of the drill data and field reports indicated a mixed mineralised population: a population of medium grade ("MG") material 3% to 20% Zn and a population of high grade ("HG") >20% Zn material. The HG material was dominated by massive willemite material logged in drill holes (See Figure 1).

The HG domain forms a core of high-grade material in both the east and west limb of the deposit. Five MG and two HG domains were modelled: MG1-5 and HG1-2 respectively.

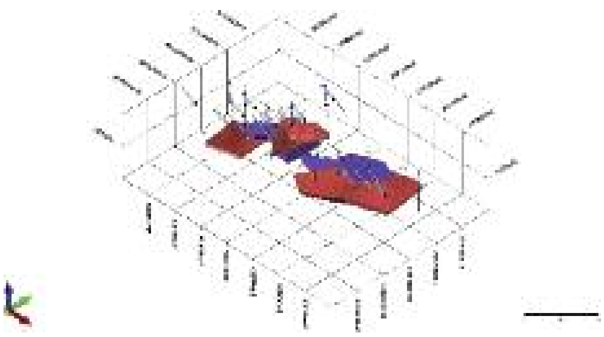


Figure 1: Domain wireframes in 3D, viewed obliquely towards the northwest. HG domains in purple, MG domains in red

Table 1: 26-DDH programme results[a]

Hole ID SZDD	From (downhole) m	To (downhole) m	Width (downhole) m	Zn (zinc) weighted average[b] %	Ge (germanium) weighted average[bc] ppm	Ag (silver) weighted average[bc] ppm
002	0.0	46.0	**46.0**	**15.80**	17	11
Inc.	20.0	36.0	**16.0**	**38.86[d]**	38 *	13
Inc.	22.0	31.0	**9.0**	**46.58**	45.6	9
Inc.	38.7	41.0	**2.3**	**23.37[d]**	30	32
003				**<1**	0.5-1	1-10
004	8	20.5	**12.5**	**11.03**	11.7	9
Inc.	9.0	15.0	**6.0**	**21.28[d]**	21.0	13
005	0.0	19.0	**19.0**	**3.22**	5.4	na
006	12.0	21.0	**9.0**	**14.60**	8.7	na
Inc.	14.0	20.0	**6.0**	**20.86[d]**	12.3	na
011				**n.s.i**		
012	23.0	45.0	**22.0**	**23.54**	22.3	20
Inc.	27.0	43.0	**16.0**	**30.85[d]**	29.0	26
Inc.	34.0	43.0	**9.0**	**42.02[e]**	42.0	29
013	41	48	7	**1.08**	0.6	5
014	29.0	54.0	**25.0**	**21.73**	19.0	29
Inc.	36.0	52.0	**16.0**	**28.83[d]**	25.5	15
Inc.	38.0	45.0	**7.0**	**41.51**	35.3	6
015	25.0	32.0	**7**	**10.65**	11.6	29
including	29.0	32.0	**3**	**20.28**	20.6	49
016	2.0	18.0	**16.0**	**2.42**	4.1	7
including	22.0	37.0	**15.0**	**19.82[d]**	26.1	38
017	5.0	15.0	**10**	**4.36**	7.4	30
	29.0	56.0	**27**	**9.94**	11.8	18
	35	37.0	**2**	**28.78**	51	31
	41	50	**9**	**20**	21.7	37
019	44	59	15	**2.03**	1.7	2
020	31	55	24	**6.21**	9.3	13
including	32	40	8	**14.3[d]**	21	23

Table 1: 26-DDH programme results[a] (continued)

Hole ID SZDD	From (downhole) m	To (downhole) m	Width (downhole) m	Zn (zinc) weighted average[b] %	Ge (germanium) weighted average[bc] ppm	Ag (silver) weighted average[bc] ppm
021	28	33	5	**2.63**	6	23
022	61	63	2	**3.6**	1.3	47
023	3.0	26.0	**23**	**5.4**	1.9	6
inc	13.0	22.0	**9**	**10.69**	2.7	9
024	3	24	21	**5.02**	2.2	8
including	13	14	1	**11.24[d]**	2	7
including	17	20	3	**10.8[d]**	3.3	11
025	0	29	29	**8.29**	5.5	12
including	14	27	13	**15.4[d]**	8.9	19
026	12	27	15	**4.72**	1	10
including	18	20	2	**10.45[d]**	2	7

Notes
Core sampling criteria include:
– No High Grade Cut
– Max. 3 m Internal dilution
>1 m minimum width (mineralisation)
Cavities where not sampled – Treated as Core Loss/Dilution
na = not assayed
[a] *Analysis by Accredited Intertek Genalysis Laboratory Services: Zn and Ge by Peroxide fusion finish with ICP-OES/MS; Ag by 4-Acid digestion with MS. Analyses subject QA/QC quality assurance/checks*
[b] *0.4% nominal Zn cut unless otherwise indicated*
[c] *figures rounded*
[d] *10% nominal Zn cut*

Table 2: Conceptual grade tonnage model

Domain	Tonnes t	Grade Zn %
MG5	9 000	5.1
MG4	9 000	8.3
MG3	188 000	8.4
MG2	83 000	7.4
MG1	30 000	13.2
HG2	104 000	31.2
HG1	61 000	24.8
TOTAL	**485 000**	**15.4**

Volume and tonnes are rounded to 3 significant figures; metal is rounded to 2 significant figures. Note: the above CGT calculation has not been prepared in accordance with any Reporting Standard and therefore should be treated with caution at this stage and should not be relied upon.

Table 3: Comparison between 2015 and 2018 conceptual model results (at a nominal 3% Zn cut-off)

	Tonnes t	Grade Zn %
2015 Conservative Case [a]	269 081	18.0
2015 Pragmatic Case [a]	386 278	17.6
2018 CGT	485 000	15.4
% difference from Conservative case 2015	80%	-14%
% difference from Pragmatic case 2015	26%	-13%

Note [a] The conceptual Grade tonnage work completed in 2015 produced two models, representing "conservative" and "pragmatic" cases.

Consultant Cautionary note: *A formal Mineral Resource Estimate has not been prepared at this time and in this regard there is no Standard being reported in this Review. The potential quantity and grade expressed in this review is conceptual in nature and, at this stage, there is insufficient exploration data to estimate a Mineral Resource Estimate in accordance with any Standard and it is uncertain whether further exploration will result in the estimation of Mineral Resources.*

The Company commissioned Namibian-based independent Earthmaps Consulting CC ("Earthmaps") to review Star Zinc's historical **geophysics gravity** data ("Review") over selected profiles across the Star Zinc deposit with the following aims:

i. to test whether the willemite-franklinite zinc mineralisation recently intersected in the drilling programme has a response in the gravity data; and

ii. to identify any additional zinc exploration targets either beneath the mineralisation already known to date or in the immediate vicinity of the Star Zinc deposit.

Using gravity forward modelling techniques, Earthmaps examined Star Zinc's historical gravity data, covering both the mineralised domain and the areas, as yet undrilled, in the immediate and outlying vicinity of the mineralised domain, in relation to the completed 26-hole drilling programme results, in order to assess both its correlation with known mineralisation and its suitability as a tool for drill hole-targeting potential new mineralisation.

The examination demonstrated good correlation of the gravity geophysic responses – "gravity highs"- with the drill-intersected zinc mineralisation. This is "an encouragement to use gravity geophysics as one of the tools to target additional zinc mineralisation" with a view to extending potentially the current conceptual grade (15% Zinc) and tonnage (485 000 tonnes) estimate (announced 4 June 2018). The Review highlighted new drill hole positions to test gravity highs to the west, northeast and southeast of the Star Zinc mineralised domain for zinc mineralisation.

Earthmaps Modelling

Seven section lines across the gravity survey were modelled: three lines were along drill sections where zinc ore has been intersected and four lines where there was no drill control i.e. no drilling.

Where drill information existed three models were developed:

i) **Drill Control** model showing the gravity response of the drill intersections as reported with the sections between boreholes interpolated so as to achieve the best match between the observed and the modelled gravity curves.

ii) **Gravity Fit** model including minor modifications to the Drill Control model, in order to make the calculated gravity response match the observed gravity response.

iii) **Barren model** showing the gravity response of the host rocks only, i.e. the density contributions of the target bodies are turned off.

Where there was no drill control information three models (plus a Barren model as aforementioned) were generated in order to determine the full range of possible gravity source depths:

i) **Shallowest Depth** model – the shallowest gravity model possible before the match between the observed data and the model response begins to deteriorate and a satisfactory fit is no longer possible, or when the gravity target body outcrops.

ii) **Intermediate Depth** model – a likely (realistic) model of intermediate depth, which provides the best fit of the observed gravity data and also tends to be the geologically most reasonable or feasible.

iii) **Deepest** model – the deepest gravity model possible before the fit between observed data and model response begins to deteriorate and/or before density contrasts between the target bodies and background become geologically unreasonable. A maximum density of 4.62 g/cc was chosen for the deepest models as this represents a rock composed of 50% willemite (4.05 g/cc) and 50% hematite (5.18 g/cc) from density measurements carried out by the Company's consultant geologists.

A gravity profile from west to east across the MD, with the Historic Open Pit ("Pit") in the middle mirroring a long section drill interpretation to assess any responses under the Pit and/or possible feeder zones was adjusted to account for ore outcrops at the western as well as the eastern ends of the Pit. The match of the observed gravity again is good, but even allowing for some uncertainty in the gravity data in the Pit, due to topographic effects that the strong gravity low in the Pit can be modelled by a low density fault in part caused by topographic effects due to the Pit shape itself, the view was there is little if any room in the gravity response for additional deep zinc targets such as a feeder zone (however see conclusion below).

Earthmaps Conclusions

Gravity surveying along seven lines at the Star Zinc Prospect has shown:

Along three drill sections where zinc ore has been intersected, the gravity anomalies reflect the ore distribution quite well. This gives encouragement to use gravity as one of the tools to target additional zinc mineralisation in the area.

Along these three drill sections that were modelled, the gravity data does not indicate any significant drill targets below the depths drilled to date. It appears therefore that the footwall shale is barren. That said, the gravity data inside the Historic Open Pit is not very reliable due to topographic noise (pit shape and so on), and drilling in the Pit itself may well be warranted on grounds other than the gravity signature.

Five borehole positions are presented to test gravity highs to the west, northeast and southeast of mineralised domain for zinc mineralisation, with the recommendation to drill these boreholes first and re-assess the results, before embarking on further exploration based on gravity. (see Figure 2).

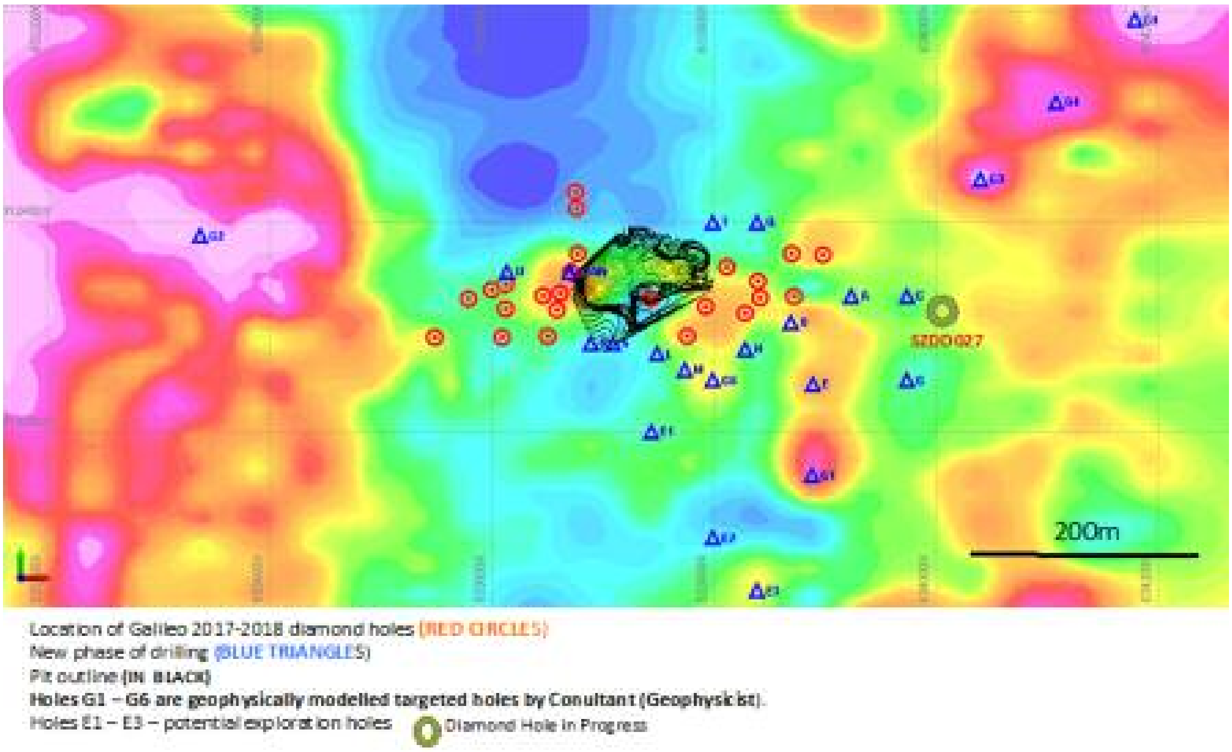


Figure 2: Star Zinc Geophysic map & location of previous and new-targeted drill holes

A portion of the western face of the open pit

Diamond core drilling

Very coarse grained massive/semi-massive willemite with haematite (specularite) and calcite

SOUTH AFRICA

Glenover Rare-Earth Phosphate Project ("Glenover Project" or "Project")

The Glenover Project is situated in the Limpopo Province of the Republic of South Africa.

The Project deposit is a complex circular carbonatite/pyroxenite plug intruded into sedimentary shale and arenite rocks of the Waterberg Group and is prominently visible as a major circular feature on satellite images of the area. The majority of the mineral assets are located on the farm Glenover 371 LQ. This includes a large open pit mine and various stockpiles of high, medium and low-grade phosphate-bearing material. Historical exploitation of the phosphate content in the Glenover deposit resulted in the formation of a series of stockpiles, which contain high levels of phosphate and varying amounts of rare earth elements (REEs).

On 12 June 2017, the Company executed a proposal agreement (the "Agreement") with MFP ("the Producer"), in terms of which it undertook to spend upward of US$ 300 000 on a two-phase, pilot plant phosphate flotation study ("PPFS") to produce phosphate concentrate from Glenover for testing by the Producer in its phosphate facility. The Producer completed phase 1 of the PPFS. The Rare-earth minerals from the tailings of any future phosphate processing of Glenover ore by the Producer would be returned to Glenover for further beneficiation.

Phase 2 of the PPFS is intended to produce a bulk phosphate concentrate for testing by the Producer in its phosphate production process. The ultimate objectives of the undertaking include either developing the Project or selling the Project in whole or in part to the Producer.

On 6 July 2017 the Company executed a term sheet ("Term Sheet") with FMO, pursuant to which Galileo will fund the execution of the mining right application ("MRA") by way of an interest free convertible loan note to FMO, convertible to 4% of the equity in Glenover: 2% on acceptance of the Mining Right application ("MRA") and 2% on grant of MRA. On full conversion the Company's interest in Glenover will increase to 38%. Existing Glenover shareholder loans will be written down: Galileo's loan (ZAR 1.9m) will be netted off against FMO's loan (ZAR 10.6m) and FMO's remaining agreed outstanding loan to Glenover will be ZAR 4m.

The Term Sheet is valid for 24 months or until formal grant of Mining Right. The funding will also include a monthly payment ZAR 35 000 (~GBP 2 058) into Glenover's account to support the funding of the management of the Project.

The Company engaged Consultant Minxcon Consulting Proprietary Limited ("Minxcon") to execute the MRA, which was submitted on 15 November 2017 and accepted by the DMR in January 2018. On achieving this milestone Galileo has the right to an increased interest in Glenover to 36%.

Glenover commenced the EIA and EMP and relevant Water Usage Licence application, in accordance with the Minerals and Petroleum Resources Development Act 2002 (as amended).

Post Period Under Review

Glenover completed and submitted the EIA/EMP, which the DMR accepted on 31 May 2018 and has up to 107 days from date of acceptance in which to evaluate the submission.

Concordia Copper Project ("Concordia" or "Project")

Period under Review

Following the earlier appraisal of drilling which targeted IP anomalies alone, the Company refocused its drilling strategy to include local geology, basic rock surface outcrops and magnetic geophysics criteria in addition to IP anomaly criterion in location of drill targets. To this end, the Company completed by 15 May 2017 a 14-RC (reverse circulation) drilling programme in the Homeep and Shirley Trends on Concordia totaling 2 170 metres. Four holes were drilled in the Homeep Trend: seven holes in the Shirley Trend and three exploratory holes in Klondike, a prospect immediately south of Shirley Trend. Holes targeting Induced Polarisation ("IP") geophysics anomalies as well as surface geology, intersected diorite/anorthosite structures. Six holes on Shirley Trend intersected diorite/anorthosite runs (non-continuous) with visible copper sulphide mineralisation – chalcopyrite and some bornite- in the drill chippings. Galileo committed to SHIP, the company owning Concordia, 100% of the ZAR 10 000 000 funds required to earn-in a 51% interest in SHIP.

The Company and Minxcon analysed and consolidated the results of the RC drilling programme. Minxcon completed its assessment of the drilling results and their findings inter alia included:

- the targeting contribution of IP geophysics to this deposit did not prove precise enough for the purpose of testing the IP technology as a means for directing future exploration,
- drilling intersected copper sulphide mineralisation more consistently in drill holes targeted by traditional exploration methodology than that targeted by IP; and
- drilling of basic rock bodies identified by outcrop, limited ground magnetic survey and previous aeromagnetic survey data intersected potentially mineable near-surface copper mineralisation with good grade.

However, the results did not provide Galileo with an adequately robust understanding of the geology and the structural controls governing this mineralisation, on which understanding crucially, it needed to rely on, in order to make a decision whether to continue with further exploration on Concordia and so potentially issuing 30 million Galileo ordinary shares to JV partner to increase the Company's interest to 85% from 51% in the JV.

The Company had increased the holes to be drilled to 14 from the initial 6-hole programme, the effect of which added significantly to the time scheduled for completion of programme including assaying. This strategy change showed visually an increased reliability in intersecting sulphide mineralisation. The 14-hole drilling programme was completed on 15 May 2017. During this period the Company carried out further mapping of outcrops and a limited programme of ground magnetic geophysics to establish a correlation. Interpretation of the results indicated that there is a good correlation with the geology and basic rock outcrops. Whilst these non-IP geophysics methods are not suitable in identifying of metal sulphide mineralisation, they have application in differentiating rock types with differing rock mineralogies. Historically, copper sulphide mineralisation in the area has been associated with basic rock types (diorite and norite). However, the opposite is that not all these basic rock types in the host significant copper mineralisation, which is where IP anomalism has a role.

The Cooperation and Joint Venture Agreement (the "Agreement")

On 15 May 2017, Galileo formally earned in a 51% interest in the company owning the Concordia Project, having deposited into the Project account the balance of funds required to fulfil the ZAR 10m commitment in terms of Agreement.

In terms of the Agreement, the Company had 30 days from date of earn-in and from its election to turn the project to account, to increase the Company's interest in the Project, if it so wished, by way of issue of 30 million Galileo ordinary shares to JV partner SHIP (the "Election"). The initial 30 day period earn in was mutually extended to 60 days. The Company discussed with SHIP, in utmost good faith, that it could not make the Election in the extended time line as the information on the Project obtained to date was inconclusive and inadequate.

SHIP claimed shortly after the expiry of the 60 days that Galileo had diluted to 15% interest in the SHIP Project. Galileo refuted the claim as the Election could not be made due to delays in resolving QA/QC issues with the assays and the inconclusive results of the exploration data.

SHIP is a private South African registered company controlled by Shirley Hayes. SHIP was incorporated to hold the Concordia Project and its prospecting right. SHIP's sole asset is the Concordia Project and has no liabilities.

Post Period Under Review

No further exploration was carried out.

USA

Nevada

Ferber Property

The Ferber property is a historic producer of gold and copper. It hosts widespread gold and copper mineralisation. The Ferber intrusion-centred gold system is broadly similar to productive gold deposits elsewhere in north-central Nevada, where Carlin-style gold mineralisation and gold skarn mineralisation are genetically related to Late Eocene intrusions similar in age to the Ferber stock. This large district requires a broad approach aimed at recognizing geochemical zoning, delineating district-scale structure and understanding the stratigraphy. Integrating these three components should serve as a vector to quality exploration targets.

Period under Review

The Company acquired further land position on Ferber following a quitclaim by another mining company of 210 unpatented claims around the perimeter of the concession. The Company undertook a sampling campaign comprising an initial suite of 23 samples collected over an area of 6 km by 2 km. These sample yielded significant gold assay results shown in the Table 4 below. Seven of the samples exceeded 1 g/t gold (Au) reaching 10.8 g/t. The highest-grade sample contained greater than 1% Bismuth and 167 ppm Tellurium, elements indicative of the mineral hedleyite. Hedleyite is a characteristic mineral in productive gold skarn deposits, such as those at McCoy and Fortitude in north-central Nevada, which also flank Late Eocene intrusions. Preliminary analysis of the data, together with historic results, indicated a geochemical zoning from more copper-rich gold mineralisation with a high silver (Ag) to-Au ratio (Ag:Au) marginal to the central stock to distal, copper-poor, gold mineralisation with relatively low silver and a lower Ag:Au ratio. One sample of jasperoid from this distal setting, yielded 9.8 g/t Au with Ag:Au ratio of only 1.3; an historic sample from the same area assayed 11.7 g/t Au with Ag:Au ratio of 1.5. A sample of jasperoid over 1 km from the central stock yielded 325 ppb Au.

Table 4: Selected gold-mineralised samples

Sample	Description	Type	Au ppm	Ag ppm
1	gossanous-saprolitic zone in marble	outcrop	1.420	0.13
2	dark brown Fe-ox stained gossanous jasperoid and marble, pieces to 8"	dump	0.229	0.16
3	gossanous, silicified jasperoid breccia, pieces to 18in	dump	9.760	12.80
4	marble with local gossanous silicified zones marginal to altered dike	outcrop	2.900	16.15
5	gossanous silicified jasperoid	dump	1.570	14.60
6	sheared gossanous marble and jasperoid	outcrop	0.147	25.00
7	strongly-limonitic jasperoid, locally gossanous; surrounded by alluvium	dump	0.494	159.00
8	gossanous jasperoid in marble	dump	0.114	62.80
9	gossanous skarn in marble	outcrop	0.062	7.71
10	haematite-goethite stained siliceous skarn,	dump	1.265	570.00
11	siliceous gossan, weak skarn	dump	1.275	184.00
12	gossanous siliceous skarn	dump	0.603	302.00
13	gossanous soft to siliceous skarn	dump	10.800	136.00
14	strongly Fe-ox stained jasperoid	float	0.095	383.00
15	Soft haematitic locally siliceous gossan	outcrop	0.132	32.60
16	Iron-stained chalcedonic jasperoid	subcrop	0.325	95.40

These initial results indicate that the project offers an opportunity for the discovery of intrusion proximal gold skarn mineralisation as well distal Carlin-style gold mineralisation. In addition to mineralisation marginal to the stock, solidification also occurs along district-scale structures at the edge of alluvial cover distal to the intrusion, offering the potential for concealed mineralisation.

Post Period Under Review

Silverton Property

Orogen Gold Plc ("Orogen") formally withdrew from the JV in the Silverton Project in accordance with the terms of the Silverton Earn-In Agreement dated 27 June 2016 and without recourse. All interests in Silverton and the data acquired by Orogen reverted to Galileo. This withdrawal followed an announcement on 12 May 2017 by Orogen to pursue a new business strategy for the company and to dispose of all its mineral exploration interests. Orogen changed its business strategy and ceased its mineral exploration activities.

The claim fees for Silverton had been paid to August 2017. The Company paid no further claim fees and consequently the property has been dropped.

Ferber Property

The renewal claims fees to August 2019 for Ferber, were successfully lodged with both the US Bureau of Land Management and Elko County, Nevada.

While no exploration was carried out on the property, the Company nevertheless continued to investigate the options for potential JV/farm-out partners or its sale.

Project Descriptions

Star Zinc

The Star Zinc Project is a historical, high-grade zinc ("Zn") open pit mine that operated intermittently in the 1950s to 1990s. The Zn mineral is predominantly willemite (zinc silicate) hosted in mainly limestone and dolostone (dolomitic rock).

An independently verified non-JORC compliant hard rock resource statement has estimated 275 166 tonnes @ **20.2% Zn** with **a cut-off grade of 14% Zn** ("pragmatic case") based on approximately 59 historical diamond drill holes totalling 2 578 m. At a cut-off grade of 12% Zn, the non-JORC resource tonnage increases by 18% to 325 941 tonnes @19.1% Zn (11% increase in Zn metal).

In addition, karstic fill deposits and red soil are locally heavily mineralised with detrital willemite and supergene zinc minerals, which may provide further potential increase to the known resource.

Mineralisation is interpreted to form two shallowly dipping lenses east and west of the open pit, mineralisation of which is around 40 m deep, based on the independent model used for the resource calculation.

A number of sub vertical structures recognised in pit outcrop suggest possibility of both vertical and horizontal control of Zn mineralisation. The Willemite at Star Zinc, fluoresces a bright green in short wave UV light, a mineral characteristic that may find an application in optical sorting. Willemite is denser (3.9 g/cm^3) than the dolomitic (2.9 g/cm^3) host rock, a characteristic that could have an application in heavy medium separation process, with the potential for reducing the acid consuming dolomite in the ore.

Preliminary metallurgical testwork indicates that the ore is amenable to acid leaching with more than 90% of the zinc leached into solution.

The Company has committed to undertake an 18-month work programme ("Programme") at a cost of US$ 250 000 using reasonable endeavours to complete a preliminary economic assessment of Star Zinc ("PEA"). This expenditure was exceeded during the period under review and consequently Galileo has earned in an 85% direct interest in the Project.

Current geological observations (unaudited) on Star Zinc, from the Company's report on an internal file note by GeoQuest (Drill Programme Consultants)

LITHOSTRATIGRAPHY

The local lithostratigraphy at Star Zinc comprises carbonate rocks of the Cheta Formation of the Katangan Supergroup (Neoproterozic age). This is a mixed package of dolomites, dolomitic limestone, marbles, and limestone lying on top of 'footwall' argillites. A mixed clastic-carbonate unit termed argillaceous (shaley) limestone forms a transitional unit between this carbonate package and the argillite.

Simplified Lithostratigraphy of the Star Zinc Deposit Area

DESCRIPTION	FORMATION	SUPERGROUP
Purplish, pink or cream dolomitic limestone, marble, dolomite and limestone. Massive, coarse-grained, granular, but 'pebbly' looking in places, with sub-rounded calcite clasts in a ferruginous carbonate to dolomitic matrix ('**Hangingwall**')	CHETA	KATANGAN
Stratified, banded argillaceous (shaley) limestone. Predominantly limestone, similar to the unit above, but with argillaceous (shaley) intercalations to very thick beds (>1 m). Argillite to schistose laminae and intercalations also occur as discontinuous fragments and centimetre-sized laminae, usually parallel bedding or layering ('**Transitional Unit**')		
Pale greenish-grey to grey argillite, which grades into laminated and fissile shale. Partially dolomitised and pelitic looking in places with chlorite, epidote biotite and scapolite alteration ('**Footwall**')		

MINERALISATION

Hypogene Zinc Mineralisation

Massive and semi-massive willemite (+/-franklinite) mineralisation forms a high grade core at the Star Zinc deposit which is surrounded by a zone of highly irregular mineralised veins, fractures and lenses within a lower grade mineralised halo.

Willemite mineralisation is nearly always intimately associated with hematite (specularite) and calcite.

The thickest and highest grade mineralisation is usually hosted at the contact between dolomitic limestones/argillaceous (shaley) limestones and the 'footwall' argillite. However, mineralisation can also occur with the argillite itself.

Despite being strongly altered (and generally containing a dark reddish-brown coloration due to high Fe content) the original fabric of the country rock is well preserved in many places. In the high-grade core areas, mineralisation has roughly the same orientation as the original layering within the surrounding country rocks (see below). However, away from these areas, mineralised veins, factures and lenses become far more irregularly shaped and multi-oriented.

Examples of the high-grade zinc mineralisation (see also Table 1) are as follows:

16 m @ 38.86% Zn from 20 to 36 m downhole in SZDD002 at Star West

16 m @ 30.85% Zn from 27 to 43 m downhole in SZDD012 at Star West

21 m @ 25.1% Zn from 31 to 52 m downhole in SZDD014 at Star West

6 m @ 21.28% Zn from 9 to 15 m downhole in SZDD004 at Star East

6 m @ 20.86% Zn from 14 to 20 m downhole in SZDD006 at Star East

Willemite is also associated with significant silver and germanium. Examples include:

16 m @ 38.86% Zn with 38.13 ppm Ge and 13.1 g/t Ag from 20 m downhole in SZDD002 at Star West

And 15 m @ 19.82% Zn with 26.13 ppm Ge and 37.8 g/t Ag from 22 m downhole in SZDD016 at Star West

12.5 m @ 11.03% Zn with 11.72% Ge and 8.63 g/t Ag from 8 m downhole in SZDD004 at Star East

Hypogene Mineralisation Styles and Textures

Hypogene willemite mineralisation is present at Star Zinc in many different styles – including massive and semi-massive replacement zones, bands, veins, fractures and (karstic) void infill.

In drill core some spectacular textures exist, these include:

- **Massive/Semi-Massive**
- **Colloform with Zoned Banding** described as resulting features from 'unobstructed growth of minerals into fluid-filled voids, the banding being the result of a change in the ore-forming fluids and the physico-chemical environment of the mineralisation with time'
- **Banding or Layering** that normally has the same trend as the bedding or the remnant fabric of the host rock
- **Giant Phenocrysts**
- **Spherulite 'Stars'**, the ore mineral texture from which the Star Zinc deposit derives its name

Supergene Zn Mineralisation

At Star Zinc, a mineralised regolith often overlies and forms 'pot hole' infill on top of a highly irregular (kartstically) weathered rock head morphology. The regolith is mainly comprised of a highly ferruginous pisolithic laterite soil (plate 9) which varies in depth from 0 m – 12 m, with an average of approximately 5 m. The zinc mineralisation in this zone has been determined as being predominantly comprising hemimorphite, smithsonite and sauconite – Boni et al (2011).

Erosion due to rain and ground water has also created fissures and underground cavities/voids at depth (usually in the top 20 m from surface): 19 of the current 26 diamond boreholes drilled at Star Zinc drilled through surface and underground karstic features. They ranged from 0.1 m to 5.12 m in width and were sometimes filled with clayey soil, lithic fragments, pisolithic laterite or nothing at all.

ALTERATION

Visual examination of carbonate host rocks in diamond drill core suggests there is likely to have been a number of carbonate alteration events. These have yet to be fully ascertained yet – and will probably only be fully determined by detailed petrologic work. However, hypogene Zn (with hematite and calcite) mineralisation appears to be linked with pervasive ferroan carbonate and dolomitic alteration events, which largely overprint the carbonate 'hangingwall' country rocks. This generally becomes less intensive as the grade and thickness of the Zn mineralisation decreases. 'Footwall' argillites are also highly dolomitized in places. A late stage calcite-flooding event (seen as un-mineralised calcite veins and fractures across-cutting all rocks) has also been observed to be present.

DEPOSIT FORM/DIMENSIONS AND KEY STRUCTURAL OBSERVATIONS

Historically the Star Zinc deposit is thought to have been hosted in a gently folded 'dome' structure (with the near surface hinge or apex zone having been mined out or weathered off) with two flat lying or gently dipping (tabular) mineralised limbs extending to the east and west of the old pit.

The recent drilling campaign suggests that mineralisation at Star West is generally of higher tenor than Star East. It extends and dips gently (approx. 10° – 15°) for at least 100 m + to the west and generally decreases in grade, drilled thickness and surface projected width, narrowing away from the western edge of the old pit towards the west. Mineralisation at Star East is almost flat lying, shallower and far more tabular (regular) in its form, although does vary in thickness and is possibly gently folded in places. It extends for at least 70 m + to the east of the eastern edge of the old pit and remains open to the east/south-east.

Glenover Phosphate

The Glenover Project is located approximately 88 km north of Thabazimbi in the Limpopo Province of South Africa. The prospecting right covers a surface area of 15 802 ha. The majority of the mineral assets are located on the farm Glenover 371 LQ. These include a large open pit mine, as well as various stockpiles of high, medium and low-grade phosphate-bearing material. Historical exploitation of the phosphate content in the Glenover deposit resulted in the formation of a series of stockpiles, which contain high levels of phosphate and contain varying amounts of rare earth elements (REEs). The presence of these elements were previously identified by sampling programmes undertaken by Gold Fields of South Africa Limited ("GFSA") and by Fer-Min-Ore (Proprietary) Limited ("FMO").

The Glenover carbonatite is a complex circular carbonatite/pyroxenite plug intruded into sedimentary shale and arenite rocks of the Waterberg Group and is prominently visible as a major circular feature on satellite images of the area. Thickness estimates for the Waterberg Group range from 2 700 m to more than 7 000 m. The deposit comprises a central iron rich breccia surrounded by a pyroxenite plug into which carbonatite has intruded as a series of dykes and cone sheets. The iron rich breccia has been mined out. Exploitation has historically focused on the phosphate content of the deposit and the potential of the surrounding deposits. The primary apatite is a solid solution of fluoro-apatite and a form of iron known as martite, which is hydrothermally modified magnetite. Martite is partially magnetic and is less soluble in acid than magnetite. The primary apatite varies in colour from light grey to dark grey as the concentration of martite varies. The second volcanic event fragmented the primary apatite core into small pieces and injected secondary apatite into the fissures. The secondary apatite is considered to be the pure form of apatite, and is light pink in colour. Other visible minerals occurring in the ore body, including magnetite and silica, are found in lower concentrations.

Ferber

Geology and Mineralisation

The Ferber property is underlain by a stratigraphic sequence of Pennsylvania-Permian age carbonate units thought to include the Rib Hill Formation, Riepe Spring Formation, Ferguson Mountain Formation, and possibly the Pequop Formation. The sedimentary units are intruded and domed by a multi-phase diorite-quartz monzonite Tertiary-aged igneous complex. The intrusive complex has an exposed footprint of 6.1 km east west by 1.6 km north south. A contact metamorphic marble and calc-silicate zone are found at the margin of the intrusive complex. The project area is intersected by a number east west, north-northwest and northeast trending faults. Copper and gold mineralisation occurs in the following styles: calc-silicate skarn near the intrusive contact, as replacement zones in the marble, in silicified shear zones and veins near contacts, along structures and horizons in silicated marble and as disseminations in the stock. Reported historic drilling by Royal Gold in the 1990s encountered the following intercepts on lands at Ferber:

- 10.8 m of 0.53 g/t Au in marble with iron oxides
- 4.6 m of 2.15 g/t Au in oxidized intrusive
- 4.6 m of 0.718% Cu (oxide) in intrusive
- 26.2 m of 0.415% Cu (oxide) in contact zone
- 12.3 m of 0.832% Cu (oxide) in contact zone

Andrew Sarosi
Finance and Technical Director

5 September 2018

Directors' Report

1. REVIEW OF ACTIVITIES

The Group's main activities are contained in this annual report. Details of the likely future developments of the Group have been addressed in the Chairman's report and the Operations report.

Principal activities

Galileo Resources Plc (AIM: GLR) is a focused resource company whose mission is to identify above average projects where the fundamentals are fully understood and have been released by significant raw data capture. The strategy is to acquire projects where early risk has been mitigated and major potential exists for value-add. All of our projects satisfy these strategic criteria and subject to financing and other constraints, the Company will continue to opportunistically grow and develop.

Business review

The function of the business review is to provide a balanced and comprehensive review of the Group's performance and developments during the year and its position at the year-end. The review also covers the principal risks and uncertainties faced by the Group. At this stage in the Group's development, the key performance indicators that the directors monitor on a regular basis are management of liquid resources, which are cash flows and bank balances. The results of the Company and the Group for the year are set out in the audited financial statements on pages 26 to 54.

A review of the Group's operations during the year ended 31 March 2018 and future developments are contained in the Chairman's Report and in the Operations Report on pages 3 to 17.

Financial review

The Group reported a net loss of £ 1 026 891 (2017: loss of £ 1 388 697) before and after taxation. Basic and diluted loss is 0.45 pence (2017: loss of 0.71 pence) per share.

On 6 July 2017, Galileo executed a term sheet with its joint venture partner Fer-Min-Ore Proprietary Limited ("FMO"), in the Glenover Phosphate/Rare earth project (the "Project"), to advance the Project to a stage where it obtains a mining right from the Department of Mineral Resources ("DMR") to mine and produce phosphate (the "Term Sheet"). One of the terms in the Term Sheet, amongst other, includes Galileo funding the execution of the mining right application ("MRA") by way of a loan, convertible to 4% of the equity in Glenover Phosphate Proprietary Limited ("Glenover"). In terms of the Term Sheet, certain existing project shareholder loans will be written down: Galileo's project loan of £ 101 910 (ZAR 1.8 million) was written off in Group profit and loss.

Galileo's interest in the profit of the joint venture for the period under review amounted to £ 135 410 (2016: loss of £ 22 334). The income reported from equity accounted investments is due to the forgiveness of a project shareholder loan of FMO in the amount of £ 588 888 (ZAR 10.6 million) resulting in FMO's remaining agreed outstanding project loan to be £ 232 400 (ZAR 4 million).

During August 2017, the Company announced the project update for the Concordia copper project, Northern Cape. The decision reached by the Galileo board was that the IP geophysics programme compared to drilling results was generally inconclusive. Whilst a number of good near-surface intersections were encountered, the thickness and frequency did not encourage the Company to continue with a large-scale drill programme to test the prognosis for a lower grade open pit. We remain confident that potential exists for a higher-grade copper project and have agreed with our partners SHIP to dilute to a 15% interest in the Concordia Project. The prospecting right on the Project expires in November 2019. Exploration on Concordia identified near surface good Cu intersections. While the thickness and frequency of the intersections did not encourage the Company to continue with a large-scale drill programme to test the prognosis for a lower grade open pit, the Company believes the project remains prospective for future potential for possibly smaller scale higher grade deposit Galileo believes that an impairment of the project investment would be prudent to reflect the Company's remaining 15% interest and potential of Concordia.

Included in Group profit and loss is an amount of £ 423 960 relating to an impairment in relation to the Concordia copper project.

Risk review

The board and the executive committee keep the risks inherent in an exploration business under constant review. The principal risks for an exploration company and the measures taken by the Company to mitigate them are detailed below:

Political risk

Political risk is the risk that assets will be lost through expropriation and unrest or war. The Group minimises political risk by operating in countries with relatively stable political systems, established fiscal and mining codes and a respect for the rule of law. The Company has instigated a black economic empowerment policy to comply with the South African mining charter, code of practice and black economic legislation.

Commodity risk

Commodity risk is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground and process. The principal metals in the Group's portfolio are gold, copper and rare earth elements (REEs) and phosphorus (as phosphate). The prices of these elements have been volatile during the year but an uptrend is in place. The potential economics of all the Group's projects are kept under close review on a regular basis.

Financial risk

The three main types of financial risk faced by the Group are credit risk, liquidity risk and currency risk. Liquidity risk is the risk of insufficient working and investment capital. The Group's goal is to finance its exploration and activities from operational cash flow from operations but in the absence of such cash flow, the Group relies on the issue of equity share capital to finance its activities. Galileo secured additional funds by way of a placing during the year under review, to advance exploration activities in order to further develop a mineral resource estimate, advance metallurgical test work and continue with a Preliminary Economic Assessment ("PEA") of the Company's Glenover Project.

The Group finances its overseas operations by purchasing South African Rand and US Dollar with Pound Sterling in the United Kingdom and transferring it to meet local operating costs. The Group does not hedge its exposure and is therefore exposed to currency fluctuations between these three currencies and local currencies but this policy will be reviewed from time to time. The Group maintains tight financial and budgetary control to keep its operations cost effective to mitigate these financial risks.

Strategic risk

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, the Group may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Group will acquire any interest in additional operations that would yield reserves or result in commercial mining operations. The Group expects to undertake sufficient due diligence where warranted to help ensure opportunities are subjected to proper evaluation.

Funding risk

The Group has raised funds via equity contributions from new and existing shareholders and asset disposal, thereby ensuring the Company remains a going concern until such time that it enters into an offtake agreement/debt financial arrangement. The directors regularly review cash flow requirements to ensure the Company can meet financial obligations as and when they fall due.

Exploration risk

Exploration risk is the risk of investing cash and resources on projects, which may not provide a return. The Group addresses this risk by using its skills, experience and local knowledge to select only the most promising areas to explore. Mineral exploration and development of the Group's mineral exploration properties is speculative in nature and is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able adequately mitigate. The degree of risk reduces substantially when a Group's properties move from the exploration phase to the development phase.

Operational risk

Exploration and subsequent mining operations are subject to hazards normally encountered in exploration, development and production. Although it is intended to take adequate precautions during each stage of development to minimise risk, there is a possibility of a material adverse impact on the Group's operations and its financial results. The Group will develop and maintain policies appropriate to the stage of development of its various projects. Recruiting and retaining skilled and qualified personnel are critical to the Group's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. While the Group has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations, which may be introduced by the relevant governmental authorities. Adverse changes in such legislation may have a material adverse effect on the Group's business, results of operations and financial condition. Members of staff are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the Group.

Mining risk

There is no guarantee that the minerals contained in the various assets can be mined either practically, technically or at a cost less than the realisable value of the contained minerals. The cost of development and access may preclude the development of the mine. Should a mine be developed there is no assurance that operations can continue since operations are dependent on product prices, direct operating cost and the cost of "stay in business" capital. Mining operations are often challenged by difficult mining and/or slope stability conditions, variability of grade, excess water and small faulting. All of these factors could adversely affect mining production rate and therefore profitability.

Processing risk

REEs are relatively difficult to process and as such require complex chemistry solutions to gain satisfactory recovery and quality. The recovery of one element may be at the sacrifice of another rare-earth element and no assurance can be given that the ultimate suite of elements that can be recovered can be done so economically. Should the Company elect to progress to recovery only to concentrate, then there is no assurance that a global market exists for the concentrate. Shareholders and investors should be aware that the cost of building a rare-earth processing plant is considerably higher than other mineral processing plants and that the Company may not be able to raise sufficient finance to build such a plant.

Political stability

The Group is conducting its activities in South Africa, Zambia and the United States of America. The directors believe that the government of South Africa supports the development of natural resources by foreign investors and actively monitors the situation. However, there is no assurance that future political and economic conditions in

South Africa will not result in the government of South Africa adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, may affect the Group's ability to develop the projects. The Company is complying with current South African mining charter code of practice and black economic empowerment legislation (refer to the directors' report). The politics of the USA are well understood and transparent with full democracy. Federal law could change in the USA thereby affecting the cost of mineral concession ownership. Nevada Mining Law could change to the detriment of future mining development.

Uninsurable risks

The Group may become subject to liability for accidents, pollution and other hazards, which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, such as in amounts, which exceed policy limits.

Security of tenure

The Group investigates its rights to explore and extract minerals from all of its material properties and, to the best of its knowledge; those rights are expected to be in good standing. However, no assurance can be given that the Group will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdiction in which the Group operates will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments or other claimants. Although the Group is not aware of any existing title uncertainties with respect to any of its future material properties, there is no assurance that such uncertainties, if negative, will not result in future losses or additional expenditures, which could have an adverse impact on the Group's future cash flows, earnings, results of operations and financial condition.

Market perception

Market perception of mining and exploration companies may change, which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further shares in the Company.

Glenover licence

Glenover has six new order prospecting rights covering a surface area of 15 802 hectares. These mineral assets are located primarily on the farm Glenover 371 LQ, but are also spread across other farms. The Department of Mineral Resources ("DMR") granted renewal of Glenover's prospecting right on the Glenover rare earth phosphate concession to November 2017. Glenover has submitted a Mining Right Application to the DMR. The directors believe there are no material factors, which would prevent the grant of the mining right, no assurance can be given in this regard.

Environmental factors

All mining operations have some degree of an environmental risk. Although the directors have made reasonable assessment, no assurance can be given that no outstanding or intended claims against disturbance of the environment exist. Rare earths are often associated with radioactivity and the Glenover project has amongst other minerals, radioactive thorium present in the ore. The directors have considered the significance of this and what potential problems may be presented due to the presence of radioactive minerals. They have concluded that the potential radioactivity will not prevent operations but no assurance can be given that the presence of radioactivity will impact on either capital or operating cost or both. In addition, the Group will also be subjected to, where appropriate, clean-up costs and for any toxic or hazardous substances, which may be produced as a result of its operation. Environmental legislation and permitting are evolving in a non-mining supportive manner, which could result in onerous standards and enforcement with the risk of consequential fines, penalties and closure. As the Company develops, the directors intend to carry out the appropriate environmental base-line studies with experts outsourced from independent environmental consultancies.

Reserve and resource estimates

The Group's future reported reserves and resources of Glenover are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience or further sampling. Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Group may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

2. GOING CONCERN

The Group has sufficient financial resources to enable it to continue in operational existence for the foreseeable future, to continue the current development programme and meet its liabilities as they fall due. The directors have further reviewed the Group's cash flow forecast. In the light of this review and the current financial position, they are satisfied that the Company and Group have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going-concern basis in preparing these financial statements. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. EVENTS AFTER THE REPORTING PERIOD

Other than the events described in the Chairman's and Operations Report and the transactions described below, the directors are not aware of any matter or circumstances arising that should be disclosed since the end of the financial year. Refer to note 31 for details on subsequent events.

4. DIRECTORS' SHAREHOLDING ANALYSIS

Directors' direct and indirect interests in the ordinary shares of the Company as at the date of this report were as follows:

	At 31 March 2018		At 31 March 2017	
Beneficial owner	Shares	% holding	Shares	% holding
Colin Bird	49 435 000	16.23	48 185 000	24.60
Andrew Sarosi	10 000	0.00	10 000	0.01
John Richard Wollenberg	5 221 341	1.71	4 921 341	2.51
The Cardiff Property Plc*	900 000	0.30	900 000	0.46

**John Richard Wollenberg and his family are 44.42% shareholders in the Cardiff Property Plc*

Colin Bird holds 49 435 000 ordinary shares of 1 pence each or 16.23% of the Company's issued share capital. This makes him a majority shareholder in Galileo with potentially significant influence over the affairs of the Company.

Directors' interests in the Company's share option scheme at the date of this report were as follows:

	At 31 March 2018[(1)]	At 31 March 2017[(1)]
Beneficial owner	Options	Options
Colin Bird	5 000 000	5 000 000
Andrew Sarosi	3 000 000	3 000 000
John Richard Wollenberg	750 000	750 000
Chris Molefe	250 000	250 000

[(1)]= These options were granted to the directors 27 January 2017 at a strike price of £0.02 per share.

Refer to note 27 for directors' emoluments.

5. CAPITAL STRUCTURE AND SHARE ISSUE

During the period under review the Company issued new ordinary shares as follows:

Date	Number of ordinary shares	Issue price	Purpose of issue
14 September 2017	58 722 500	£0.02	Placing for cash

Subsequent to the period under review the Company issued 50 000 000 new ordinary shares at an issue price of £ 0.011 per share to raise £ 550 000 before expenses.

Allotment of shares

As ordinary business at the annual general meeting, a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 551 of the Companies act 2006, such power being to equity securities having an aggregate nominal value of £ 84 017. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be limited to one year and that its renewal be proposed at each annual general meeting.

Pre-emption rights

As special business at the annual general meeting, a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities, which may be allotted in this way shall not exceed £ 254 597.

6. DIVIDENDS

No dividends were declared or paid to shareholders during the year under review.

7. DIRECTORS

The directors of the Company during the year and to the date of this report are disclosed under Corporate Information on page 2 of this report.

8. SECRETARY

The secretary of the Company is Link Company Matters Limited, a division of Link Asset Services with address; 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

9. AUDITORS

A resolution proposing the appointment of the auditors, Chapman Davis LLP, will be put to vote at the annual general meeting.

10. DISCLOSURE OF INFORMATION TO AUDITORS

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

11. DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 2006 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly represent the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the applicable UK laws.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong controlled environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going-concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated annual financial statements support the viability of the Company. The directors have reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements and they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

12. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 25.

13. FINANCIAL INSTRUMENTS

For the period under review the Group held no financial instruments, outside of cash and receivables. Financial risk management policies are disclosed in note 28.

14. POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no charitable donations (2017: £Nil) and no political donations (2017: £Nil) during the year.

The Company's independent auditors, Chapman Davis LLP, audited the Group's consolidated annual financial statement, and their report is presented on pages 23 to 25.

The Group and Company annual financial statements set out on pages 26 to 54, which have been prepared on the going-concern basis, were approved by the Board on 5 September 2018 and were signed on its behalf by:

Colin Bird
Chairman

5 September 2018

Independent Auditors' Report

TO THE MEMBERS OF GALILEO RESOURCES PLC

Opinion

We have audited the financial statements of Galileo Resources Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Group and Parent Company Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and the related notes 1 to 31, including the significant accounting policies in note 1.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Non-Current Assets

The Group's various mineral resource projects are carried at cost less any impairment provision in the Statement of Financial Position as Non-Current Assets either as Intangible assets, Investment in Joint Ventures and Associates, related loans and other financial assets. The Intangible assets comprise of Acquisition and Development Expenditure at the Ferber project in Nevada, USA; the Joint Venture and Associates Assets comprise of the Glenover, Phosphate Rare-Earth project, the Concordia project in South Africa and the Star Zinc project in Zambia with other financial assets comprising a further equity share of the Associate and its project portfolio. The combination of these assets represents significant value on the Group statement of financial position as at 31 March 2018.

Management and the Board are required to ensure that only costs which meet the IFRS criteria of an asset and accord with the Group's accounting policy are capitalised within Development Expenditure assets. Additionally in accordance with the requirements of IFRS, Management and the Board are required to assess whether there is any indication of impairment of these assets.

Given the significance of the non-current assets on the Group's statement of financial position and the significant management judgement involved in the determination and the assessment of the carrying values of these assets there is an increased risk of material misstatement.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified within the Group's non-current assets, the indicators being:

- Expiring or imminently expiring concessions, licences or rights;
- Projections of declining gold, copper, phosphates and rare earth minerals prices and/or declining demand;
- Projections of increased future capital costs or operating costs.

In addition, we reviewed, considered and discussed the directors' impairment reviews and the assessment of the impairment charge to be incurred in the accounting period to 31 March 2018.

We further reviewed the potential future plans for the projects in respect of funding, viability and development.

We also assessed the disclosures included in the financial statements relating to impairment.

The materiality for the group financial statements as a whole was set at £ 90 000, being 1.5% of Group Total Assets.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic 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 Group and its environment obtained in the course of the audit we have not identified material misstatements in the Directors' Report and Strategic Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Rowan J Palmer
(Senior Statutory Auditor)

For and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London
United Kingdom

5 September 2018

Statements of Financial Position

as at 31 March 2018

Figures in Pound Sterling

		Group		Company	
	Note(s)	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
Assets					
Non-current assets					
Intangible assets	3	**1,380,085**	1,473,494	**–**	–
Investment in subsidiaries	4	**–**	–	**2,357,599**	2,357,599
Investment in joint ventures	5	**3,268,236**	2,325,144	**797,338**	–
Loans to joint ventures, associates and subsidiaries	6	**284,396**	640,030	**5,192,154**	5,156,026
Other financial assets	7	**458,131**	454,604	**–**	–
		5,390,848	4,893,272	**8,347,091**	7,513,625
Current assets					
Trade and other receivables	9	**41,218**	30,522	**10,624**	–
Cash and cash equivalents	10	**539,301**	1,110,821	**425,089**	915,733
		580,519	1,141,343	**435,713**	915,733
Total assets		**5,971,367**	6,034,615	**8,782,804**	8,429,358
Equity and liabilities					
Equity					
Share capital	11	**24,945,319**	23,883,494	**24,945,319**	23,883,494
Reserves		**729,772**	890,060	**1,197,614**	1,197,614
Accumulated loss		**(20,163,817)**	(19,136,926)	**(18,356,104)**	(17,630,333)
		5,511,274	5,636,628	**7,786,829**	7,450,775
Liabilities					
Non-current liabilities					
Loans from subsidiaries		**–**	–	**838,857**	919,178
Other financial liabilities	14	**3,579**	4,016	**–**	–
Current liabilities					
Trade and other payables	15	**456,514**	393,971	**157,118**	59,405
Total liabilities		**460,093**	397,987	**995,975**	978,583
Total equity and liabilities		**5,971,367**	6,034,615	**8,782,804**	8,429,358

These financial statements were approved by the directors and authorised for issue on 5 September 2018 and are signed on their behalf by:

Colin Bird **Andrew Sarosi**

Company number: 05679987

Statements of Comprehensive Income

for the year ended 31 March 2018

Figures in Pound Sterling

		Group		Company	
	Note(s)	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
Revenue					
Operating expenses	17	**(624,631)**	(871,776)	**(725,951)**	(706,596)
Operating loss		**(624,631)**	(871,776)	**(725,951)**	(706,596)
Investment revenue	18	**180**	781	**180**	781
Impairment losses recognised		**(525,870)**	–	**(138,316)**	–
Loss on disposal of non-current asset	3	**–**	(469,259)	**–**	–
Profit/(loss) from equity accounted investments	5	**123,430**	(48,443)	**–**	–
Loss for the year		**(1,026,891)**	(1,388,697)	**(725,771)**	(705,815)
Other comprehensive income:					
Exchange differences on translating foreign operations	21	**(160,288)**	1,372,022	**–**	–
Total comprehensive loss for the year		**(1,187,179)**	(16,675)	**(725,771)**	(705,815)
Loss per share in pence (basic)	22	**(0.45)**	(0.71)		

All operating expenses and operating losses relate to continuing activities.

Statements of Changes in Equity

as at 31 March 2018

Figures in Pound Sterling | *Figures in Pound Sterling*

	Share capital	Share premium	Total share capital	Foreign currency transaction reserve	Merger reserve	Share based payment reserve	Total reserves	Accumulated loss	Total equity
Group									
Balance at 1 April 2016	**5,804,387**	**18,050,570**	**23,854,957**	**(1,679,576)**	**1,047,821**	**787,139**	**155,384**	**(18,977,249)**	**5,033,092**
Loss for the year	–	–	–	–	–	–	–	(1,388,697)	(1,388,697)
Other comprehensive income	–	–	–	1,813,903	–	–	1,813,903	–	1,813,903
Total comprehensive loss for the year	**–**	**–**	**–**	**1,813,903**	**–**	**–**	**1,813,903**	**(1,388,697)**	**425,206**
Issue of share options	–	–	–	–	–	149,793	149,793	–	149,793
Share options expired	–	–	–	–	–	(787,139)	(787,139)	787,139	–
Issue of shares	2,121	26,416	28,537	–	–	–	–	–	28,537
Transfer between reserves	–	–	–	(441,881)	–	–	(441,881)	441,881	–
Total contributions by and distributions to owners of Company recognised directly in equity	**2,121**	**26,416**	**28,537**	**1,372,022**	**–**	**(637,346)**	**584,883**	**(159,677)**	**603,536**
Balance at 1 April 2017	**5,806,508**	**18,076,986**	**23,883,494**	**(307,554)**	**1,047,821**	**149,793**	**890,060**	**(19,136,926)**	**5,636,628**
Loss for the year	–	–	–	–	–	(1,026,891)	(1,026,891)	–	–
Other comprehensive income	–	–	–	(160,288)	–	–	(160,288)	–	(160,288)
Total comprehensive loss for the year	–	–	–	**(160,288)**	**–**	**–**	**(160,288)**	**(1,026,891)**	**(1,187,179)**
Issue of share options	–	–	–	–	–	–	–	–	–
Share options expired	–	–	–	–	–	–	–	–	–
Issue of shares net of issue costs	58,723	1,003,102	1,061,825	–	–	–	–	–	1,061,825
Transfer between reserves	–	–	–	–	–	–	–	–	–
Total contributions by and distributions to owners of company recognised directly In equity	–	–	–	–	–	–	–	–	–
Balance at 31 March 2018	5,865,231	19,080,088	24,945,319	(467,842)	1,047,821	149,793	729,772	(20,163,817)	5,511,274

	Share capital	Share premium	Total share capital	Foreign currency transaction reserve	Merger reserve	Share based payment reserve	Total reserves	Accumulated loss	Total equity
Company									
Balance at 1 April 2016	**5,804,387**	**18,050,570**	**23,854,957**	**–**	**1,047,821**	**787,139**	**1,834,960**	**(17,711,657)**	**7,978,260**
Loss for the year	–	–	–	–	–	–	–	(705,815)	(705,815)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	(705,815)	(705,815)
Issue of share options	–	–	–	–	–	149,793	149,793	–	149,793
Share options expired	–	–	–	–	–	(787,139)	(787,139)	787,139	–
Issue of shares	2,121	26,416	28,537	–	–	–	–	–	28,537
Total contributions by and distributions to owners of Company recognised directly in equity	**2,121**	**26,416**	**28,537**	**–**	**–**	**(637,346)**	**(637,346)**	**787,139**	**178,330**
Balance at 1 April 2017	**5,806,508**	**18,076,986**	**23,883,494**	**–**	**1,047,821**	**149,793**	**1,197,614**	**(17,630,333)**	**7,450,775**
Loss for the year	–	–	–	–	–	–	–	(725,771)	(725,771)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(725,771)**	**(725,771)**
Issue of share options	–	–	–	–	–	–	–	–	–
Share options expired	–	–	–	–	–	–	–	–	–
Issue of shares net of issue costs	58,723	1,003,102	1,061,825	–	–	–	–	–	1,061,825
Total contributions by and distributions to owners of company recognised directly In equity	**58,723**	**1,003,102**	**1,061,825**	**–**	**–**	**–**	**–**	**–**	**1,061,825**
Balance at 31 March 2018	**5,865,231**	**19,080,088**	**24,945,319**	**–**	**1,047,821**	**149,793**	**1,197,614**	**(18,356,104)**	**7,786,829**
Note(s)	11	11	11	13					

Statements of Cash Flows

for the year ended 31 March 2018

Figures in Pound Sterling

	Note(s)	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Cash flows from operating activities					
Cash used in operations	23	**(598,676)**	(654,067)	**(500,546)**	(562,037)
Investment Revenue	18	**180**	781	**180**	781
Finance Cost		**–**	–	**–**	–
Net cash from operating activities		**(598,496)**	(653,286)	**(500,366)**	(561,256)
Cash flows from investing activities					
Additions to intangible assets	3	**(67,275)**	(23,969)	**–**	–
Sale of intangible asset		**–**	1,957,587	**–**	–
Cost of joint ventures acquired		**(797,338)**	–	**(797,338)**	–
Net movement on group company loans	6	**(170,236)**	(333,134)	**(254,765)**	1,113,280
Loans and receivables		**–**	–	**–**	198,908
Net cash flows from investing activities		**(1,034,849)**	1,600,484	**(1,052,103)**	1,312,188
Cash flows from financing activities					
Proceeds on share issue		**1,061,825**	28,537	**1,061,825**	28,537
Net cash flows from financing activities		**1,061,825**	28,537	**1,061,825**	28,537
Total cash movement for the year		**(571,520)**	975,735	**(490,644)**	779,469
Cash at the beginning of the year		**1,110,821**	135,086	**915,733**	136,264
Total cash at end of the year	10	**539,301**	1,110,821	**425,089**	915,733

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards IFRIC interpretations issued by the International Accounting Standards Board and the Companies Act 2006. The consolidated annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. Cost is based on the fair values of the consideration given in exchange for assets and they are presented in Pound Sterling. These annual financial statements were approved by the board of directors on 5 September 2018.

1.1 Basis of Consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions, which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt, which are amortised as part of the effective interest, and costs to issue equity, which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity, which arise as a result of the contingent consideration, are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 non-current assets held-for-sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment; however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items, which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Interests in joint ventures

A joint venture is a contractual agreement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled entities

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

When the Group loses joint control, the Group proportionately reclassifies the related items, which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. Significant judgements include:

Options granted

Management used the ABC model to determine the value of the options issued at listing date and will use the Black Scholes Formula for subsequent options being granted. Additional details regarding the estimates are included in note 12 – share-based payments.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1.3 Exploration and evaluation costs

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

(i) sufficient data exist to determine technical feasibility and commercial viability; and

(ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units ("CGU") to which the exploration activity related.

Exploration and evaluation assets are carried forward in the balance sheet under intangible assets.

1.4 Investment in subsidiaries

Company annual financial statements

In the Company's separate annual financial statements, investment in subsidiaries are carried at:

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.5 Investment in joint ventures

Company annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interests in jointly controlled operations, the Company recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

In respect of its interest in jointly controlled assets, the Company recognises in its annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.6 Investments in associates

Company annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.7 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss designated
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments, which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to/(from) Group companies and Joint Ventures

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

Inter-company loans bear no interest.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

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 changes in value. These are initially and subsequently recorded at fair value.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.10 Share-capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.11 Share-based payments

Goods or services received or acquired in a share based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share based payment transaction or a liability if the goods or services were acquired in a cash-settled share based payment transaction.

When the goods or services received or acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions, which are not market, related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Revenue

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

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Translation of foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Pound Sterling, which is the Group functional, and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in South African Rand, US Dollar and Canadian Dollar by applying to the foreign currency amount and the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in South African Rand, US Dollar and Canadian Dollar by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.15 Going concern

The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated annual financial statements support the viability of the Company. The directors have reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

2. NEW STANDARDS AND INTERPRETATIONS

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

New standards, amendments and interpretations adopted by the Company

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 April 2017 are not material to the Company.

New standards, amendments and interpretations not yet adopted

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

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.
- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.
- IFRS 17 Insurance Contracts (effective date 1 January 2021).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Figures in Pound Sterling

3. INTANGIBLE ASSETS

	Group 31 March 2018 Cost/ Valuation	Group 31 March 2018 Accumulated depreciation	Group 31 March 2018 Carrying value	Company 31 March 2017 Cost/ Valuation	Company 31 March 2017 Accumulated depreciation	Company 31 March 2017 Carrying value
Group						
Exploration and evaluation asset – U.S.A.	**1,380,085**	**–**	**1,380,085**	1,473,494	–	1,473,494

Reconciliation of intangible assets

	Opening	Additions	Disposals	Foreign Exchange	Impairment	Total
2018	**1,473,494**	**67,275**	**–**	**(160,684)**	**–**	**1,380,085**
2017	2,667,062	23,969	(2,426,846)	1,209,309	–	1,473,494

The exploration and evaluation asset is a USD denominated asset. It is carried at cost adjusted for any foreign currency movements during the period under review.

The intangible asset is the Company's greenfield Ferber copper/gold property in Nevada. Refer to the Geology and Mineralisation of Ferber on page 17 of the operations report.

4. INVESTMENTS IN SUBSIDIARIES

Name of Company	**31 March 2018 % voting power**	31 March 2017 % voting power	**31 March 2018 Carrying amount**	31 March 2017 Carrying amount
Skiptons Global Investments Limited – Incorporated in British Virgin Islands	100	100	–	–
Galileo Resources SA Proprietary Limited – Incorporated in the Republic of South Africa	100	100	–	–
St Vincent Minerals	100	100	2,357,599	2,357,599
			2,357,599	2,357,599

The carrying amounts of subsidiaries are shown net of impairment losses.

Galileo holds 100% of the issued share capital in Galileo Resources SA Proprietary Limited, incorporated in the Republic of South Africa, through its fully owned subsidiary, Skiptons Global Investment Limited (BVI).

The principal activity of Galileo Resources SA Proprietary Limited is the same as that of Galileo Resources Plc.

Figures in Pound Sterling

5. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

Name of Company	31 March 2018 % holding	31 March 2017 % holding	31 March 2018 Carrying amount	31 March 2017 Carrying amount
Glenover Phosphate (Proprietary) Limited ("Glenover")	**33.99**	33.99	**2,470,898**	2,325,144
Star Zinc Project	**85.00**	–	**797,338**	–
			3,268,236	2,325,144

Glenover

Galileo's direct investment in Glenover is 29% and it also has an indirect investment in Glenover through its shareholding in Galagen Proprietary Limited, a special purpose vehicle incorporated to hold the BEE shareholding in the Glenover project, of 4.99% resulting in a total interest in Glenover of 33.99%. The carrying amounts of Joint Ventures are shown net of impairment losses. Galileo's share of the equity accounted profit/loss for the Joint Venture is recognised from the date of acquisition on 4 July 2011.

Star Zinc Project

On 31 August 2017, the Company entered into a binding term sheet ("Term Sheet") with BMR Group Plc ("BMR") whereby it agreed conditionally to advance to BMR, US$ 591 600 (at an interest rate of 12% per annum), to be used for the purpose of completing the exercise of an option by BMR to acquire the Star Zinc project in Zambia.

On 4 September 2017, BMR entered into an agreement ("Agreement") with Bushbuck Resources Limited, ("Bushbuck") who holds the exploration license ("License") for Star Zinc, to complete the acquisition of Star Zinc through its Mauritian subsidiary Enviro Zambia Limited ("EZL"), incorporated on 16 November 2017, for the remaining consideration of US$ 870 000. The first tranche of the remaining consideration of US$ 400 000, together with VAT of US$ 160 000, was paid, with the balance to be satisfied in cash, as to US$ 300 000 by no later than 28 November 2017 and as to US$ 170 000 by 28 February 2018. All payments were executed on schedule.

On 5 September 2017, the Company entered into a Joint Venture ("JV") with BMR. Galileo advanced to BMR US$ 591 600 primarily to enable BMR to finance the initial consideration payable to Bushbuck. Upon completion of the acquisition of Star Zinc, Galileo subscribed for a 51% equity stake in EZL, which was satisfied by the cancellation of the aforementioned loan of US$ 591 600.

BMR confirmed that, following the payment to Bushbuck Resources Limited ("Bushbuck") of US$ 300 000, in accordance with the Agreement, the Republic of Zambia Ministry Mines and Minerals Development confirmed on 1 December 2017, receipt of the request by Bushbuck to transfer the Star Zinc licence (19653-HQ-LEL) to Enviro Processing Limited.

On transfer of the License (currently in progress) to EZL's Zambian subsidiary Enviro Processing Zambia Limited, ("EPZL") the Company will undertake an 18-month work programme at a cost of US$ 250 000. It has placed a further US$ 100 000 in escrow, following which, on 28 March 2018, further new shares in the JV were issued to Galileo to increase its aggregate equity interest therein to 85%. The work programme includes drilling and using reasonable endeavours to complete a preliminary economic assessment ("PEA") of Star Zinc. BMR has the right to reduce the interest of Galileo from 85% to 75% on payment of US$ 150 000 to Galileo, to repay the US$ 100 000 held in escrow plus a US$ 50 000 arrangement fee.

At year end Galileo's interest in EZL was accounted for as an investment in joint venture.

Figures in Pound Sterling

5. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Summary of investment in joint venture – Glenover

	Group	
	31 March 2018	31 March 2017
Carrying value at the beginning of the year	**2,325,144**	1,868,370
Effect of change in translation currency	**22,324**	505,217
Equity accounted profit/(loss) for the year	**123,430**	(48,443)
Carrying value at year end	**2,470,898**	2,325,144
The Group's share of the Joint Venture investment in Glenover		
Summary of the Group's interests in the Joint Venture.		
Current assets	**282**	1,895
Non-current assets	**892,758**	881,931
Current liabilities	**(2,849)**	(1,411)
Non-current liabilities	**(86,638)**	(211,776)
Net assets	**803,553**	670,639
Income	**3,057**	810
Interest paid	**(4,869)**	(14,883)
Expenses	**(26,589)**	(34,370)
Loan forgiveness pursuant to revised funding arrangements	**151,831**	–
Taxation	**–**	–
Equity accounted profit/(loss) for the year	**123,430**	(48,433)
Made up as follows:		
Loss from operations	**(28,401)**	(48,433)
Loan forgiveness pursuant to revised funding arrangements	**151,831**	–
	123,430	(48,433)

Figures in Pound Sterling

6. LOANS TO/(FROM) JOINT VENTURES, ASSOCIATES AND SUBSIDIARIES

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Loans to/(from) subsidiaries				
Galileo Resources SA Proprietary Limited	**–**	–	**4,970,516**	4,947,826
Skiptons Global Investment Limited	**–**	–	**6,155**	4,884
St Vincent Minerals	**–**	–	**(838,857)**	(919,178)
	–	–	**4,137,814**	4,033,532
Loans to subsidiaries are interest free, unsecured and has no repayment terms.				
Loans to joint ventures and associates				
Glenover	**133,454**	101,125	**77,167**	–
SHIP – Concordia	**150,942**	538,905	**138,316**	203,316
	284,396	640,030	**215,483**	203,316
Non-current assets	**284,396**	640,030	**5,912,154**	5,156,026
Non-current liabilities	**–**	–	**(838,857)**	(919,178)
	284,396	640,030	**4,353,297**	4,236,848

Glenover

On 6 July 2017, Galileo executed a term sheet with its JV partner FMO, in the Glenover Phosphate/Rare earth Project (the "Glenover Project" or "Project"), to advance the Project to a stage where it obtains a mining right from the DMR to mine and produce phosphate (the "Term Sheet").

One of the terms in the Term Sheet, amongst other, includes Galileo funding the execution of the MRA by way of a loan, convertible to 4% of the equity in Glenover. The Company has engaged a consulting group to execute the MRA.

Pursuant to the Term Sheet, loans to the value of £ 151 831 were forgiven and recognised directly in profit and loss.

SHIP – Concordia

On 15 May 2017, Galileo formally earned in a 51% interest in the company owning the Concordia Project, having deposited into the Project account the balance of funds required to fulfil the ZAR 10m commitment in terms of Agreement.

In terms of the Agreement, the Company had 30 days from date of earn-in and from its election to turn the project to account, to increase the Company's interest in the Project, if it so wished, by way of issue of 30 million Galileo ordinary shares to JV partner SHIP (the "Election"). The initial 30 day period earn in was mutually extended to 60 days. The Company discussed with SHIP, in utmost good faith, that it could not make the Election in the extended time line as the information on the Project obtained to date was inconclusive and inadequate.

SHIP claimed shortly after the expiry of the 60 days that Company had diluted to 15% interest in the SHIP Project. The Company refuted the claim: an Election could not be made due to delays in resolving QA/QC issues with the assays and the inconclusive results of the exploration data.

SHIP is a private South African registered company controlled by Shirley Hayes. SHIP was incorporated to hold the Concordia Project and its prospecting right. SHIP's sole asset is the Concordia Project and has no liabilities.

The prospecting right on the Project expires in November 2019. Exploration on Concordia identified near surface good Cu intersections. While the thickness and frequency of the intersections did not encourage the company to continue with a large-scale drill programme to test the prognosis for a lower grade open pit, the Company believes the project remains prospective for future potential for possibly smaller scale higher grade deposit. Galileo believed that an impairment of the expenditure at year end would be prudent to reflect the Company's remaining 15% interest and potential of Concordia. Accordingly an impairment of £ 423 960 was recognized in profit and loss.

Figures in Pound Sterling

7. OTHER FINANCIAL ASSETS

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Fair value through profit or loss-designated				
Galagen – Ordinary shares	**10**	10	**–**	–
Galagen – B Preference shares	**453,926**	450,431	**–**	–
	453,936	450,441	**–**	–

The above non-listed preference share investment represents the "B" class zero percent coupon rate preference shares issued by Galagen for its investment in Glenover as part of the BBBEE transaction.

Preference share dividends are not receivable as the share are represented by zero percent coupon rate and are only redeemable after three years.

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Loans and receivables				
Galagen	**4,195**	4,163	**–**	–
This loan bears no interest and has no fixed terms of repayment.				
Total other financial assets	**4,195**	4,163	**–**	–
Non-current assets				
At fair value through profit or loss – designated	**453,936**	450,441	**–**	–
Loans and receivables	**4,195**	4,163	**–**	–
	458,131	454,604	**–**	–

Fair value hierarchy of financial assets at fair value through profit or loss.

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy, which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs, which are not based on observable market data.

Figures in Pound Sterling

7. OTHER FINANCIAL ASSETS (continued)

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Level 3				
Galagen – Ordinary shares	**10**	10	**–**	–
Galagen – B Preference shares	**453,926**	450,431	**–**	–
	453,936	450,441	**–**	–

Reconciliation of financial assets at fair value through profit or loss measured at level 3

Group – 31 March 2018

	Opening balance	**Foreign exchange movement**	**Gains or losses in profit or loss**	**Total**
Galagen – Ordinary shares	**10**	**–**	**–**	**10**
Galagen – B Preference shares	**450,431**	**3,495**	**–**	**453,926**
	450,441	**3,495**	**–**	**453,936**

Group – 31 March 2017

	Opening balance	Foreign exchange movement	Gains or losses in profit or loss	Total
Galagen – Ordinary shares	8	2	–	10
Galagen – B Preference shares	353,913	96,518	–	450,431
	353,921	96,520	–	450,441

The Group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Figures in Pound Sterling

8. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Group – 31 March 2018			Group – 31 March 2017		
	Loans and receivables	**Fair value through profit or loss – designated**	**Total**	Loans and receivables	Fair value through profit or loss – designated	Total
Other financial assets	**4,195**	**453,936**	**458,131**	4,163	450,441	454,604
Trade and other receivables	**41,218**	**–**	**41,218**	30,522	–	30,522
Cash and cash equivalents	**539,301**	**–**	**539,301**	1,110,821	–	1,110,821
	584,714	**453,936**	**1,038,650**	1,145,506	450,441	1,595,947

	Company – 31 March 2018			Company – 31 March 2017		
	Loans and receivables	**Fair value through profit or loss – designated**	**Total**	Loans and receivables	Fair value through profit or loss – designated	Total
Loans to Group companies	**5,192,154**	**–**	**5,192,154**	5,156,026	–	5,156,026
Other financial assets	**10,624**	**–**	**10,624**	–	–	–
Cash and cash equivalents	**425,089**	**–**	**425,089**	915,733	–	915,733
	5,627,867	**–**	**5,627,867**	6,071,759	–	6,071,759

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
9. TRADE AND OTHER RECEIVABLES				
Prepayments	**20,680**	23,211	**–**	–
Trade receivables	**3,401**	–	**–**	–
Other receivables	**17,137**	7,311	**10,624**	–
	41,218	30,522	**10,624**	–

The directors consider that the carrying amount of trade and other receivables approximates to fair value.

Figures in Pound Sterling

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
10. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	**–**	–	**–**	–
Bank balances	**539,301**	1,110,821	**425,089**	915,733
	539,301	1,110,821	**425,089**	915,733

Credit quality of cash at bank and short-term deposits, excluding cash on hand.

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Credit rating				
F1 + (ZAF)	**539,301**	1,110,821	**425,089**	915,733
	539,301	1,110,821	**425,089**	915,733

11. SHARE CAPITAL

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Authorised share capital				
Unlimited ordinary shares of 0.01 pence (2017: 0.01 pence)				
Issued share capital				
Reported as at 1 April	**195,874,062**	193,752,721	**195,874,062**	193,752,721
Share issues	**58,722,500**	2,121,341	**58,722,500**	2,121,341
Reported as at 31 March	**254,596,562**	195,874,062	**254,596,562**	195,874,062
Reconciliation of share capital:				
Ordinary shares of 0.1p	**254,597**	195,874	**254,597**	195,874
Deferred shares of 4.9p	**5,610,634**	5,610,634	**5,610,634**	5,610,634
Share premium	**19,080,088**	18,076,986	**19,080,088**	18,076,986
	24,945,319	23,883,494	**24,945,319**	23,883,494

During the period under review the Company issued new ordinary shares as follows:

Date	Number of ordinary shares	Purpose of Issue
14 September 2017	58,722,500	Placing for cash

Subsequent to the period under review the Company issued 50,000,000 new ordinary shares at an issue price of £0.011 per share to raise £550,000 before expenses.

Figures in Pound Sterling

12. SHARE-BASED PAYMENTS

Share option group	Number
Outstanding at the beginning of the year	9,700,000
Outstanding at the end of the year	9,700,000

During the financial period under review no new options were issued.

Outstanding options	Exercise from grant date
Options exercisable at £0.02 on or before 26/01/2022	9,700,000

A summary of options held by directors at year-end is given below.

Name	Number of options
Colin Bird	5,000,000
Chris Molefe	250,000
Richard Wollenberg	750,000
Andrew Sarosi	3,000,000

The above options were granted on 27 January 2017 at a strike price of £0.02 per share.

The options are exercisable at any time during a five-year period from the date of grant. The holders of options may exercise them at any time up to 26 January 2022. Options are valued using the Black Scholes model, a commonly used option-pricing model. The calculation of volatility used in the model is based upon the share price and equity instrument movements during the financial period. The following factors are all taken into consideration when the options are valued:

- Weighted average share price
- Expected volatility
- Expected dividends
- Stock price
- Exercise price
- Option life
- Risk free interest rate

The above model applies to all grants made after 1 October 2011. Share-based payments represent the value of unexercised share options to directors and employees. The charge for share options to profit and loss amounted to £Nil (2017: £149,793).

13. FOREIGN CURRENCY TRANSLATION RESERVE

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries, foreign exchange profits or losses on inter-company loan accounts and revaluation of foreign intangibles recognised as part of a business combination.

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Exchange differences on consolidation of foreign subsidiaries	**205,481**	419,408	**–**	–
Foreign exchange profits or losses on inter-company loan accounts	**(750,862)**	(861,446)	**–**	–
Foreign intangibles recognised as part of a business combination	**77,539**	134,484	**–**	–
	(467,842)	(307,554)	**–**	–

Figures in Pound Sterling

14. OTHER FINANCIAL LIABILITIES

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Held at amortised cost				
Fer-Min-Ore	**7**	7	**–**	–
Loans	**3,572**	4,009	**–**	–
Non-current liabilities	**3,579**	4,016	**–**	–
At amortised cost				
Current liabilities	**3,579**	4,016	**–**	–

15. TRADE AND OTHER PAYABLES

Trade and other payables	**299,549**	277,876	**153**	14,234
Accrued expense	**156,965**	116,095	**156,965**	45,171
	456,514	393,971	**157,118**	59,405

16. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Group – 31 March 2018		Group – 31 March 2017	
	Financial liabilities at amortised cost	**Total**	Financial liabilities at amortised cost	Total
Other financial liabilities	**3,579**	**3,579**	4,016	4,016
Trade and other payables	**456,514**	**456,514**	393,971	393,971
	460,093	**460,093**	397,987	397,987

	Company – 2018		Company – 2017	
	Financial liabilities at amortised cost	**Total**	Financial liabilities at amortised cost	Total
Trade and other payables	**157,118**	**157,118**	59,405	59,405
Loans from group companies	**838,857**	**838,857**	919,178	919,178
	995,975	**995,975**	978,583	978,583

Figures in Pound Sterling

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
17. OPERATING LOSS				
Operating loss for the year is stated after accounting for the following:				
Operating lease charges				
Premises contractual amounts	**30,507**	50,772	**30,507**	35,400
Employee costs – including management	**181,854**	308,493	**181,854**	308,493
18. INVESTMENT REVENUE				
Interest revenue				
Bank interest	**180**	781	**180**	781
	180	781	**180**	781
19. TAXATION				
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting loss	**(1,026,891)**	(1,388,697)	**(725,771)**	(705,815)
Tax at the applicable tax rate of 19% (2017: 20%)	**(195,109)**	(277,739)	**(131,721)**	(141,163)
Tax effect of adjustments on taxable income				
Expenses not allowed for tax purposes				
Impairments	**99,915**	123,811	**26,280**	29,959
Tax on equity accounted profits	**23,452**	–	**–**	–
Tax losses carried forward	**71,742**	153,928	**105,441**	111,204
	–	–	**–**	–

No provision has been made for 2018 tax as the Company has no taxable income. The estimated tax loss available for set off against future taxable income is £1,827,985 (2017: £1,756,243). The Company has not reflected a deferred tax asset in respect of the losses carried forward as the Company is not expected to generate taxable profits in the foreseeable future.

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
20. AUDITORS' REMUNERATION				
Current year	**24,870**	15,000	**19,300**	15,000

21. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income	**Group – 31 March 2018** **Gross**	**Tax**	**Net**	Group – 31 March2017 Gross	Tax	Net
Exchange differences through other comprehensive income	**(160,288)**	**–**	**(160,288)**	1,372,022	–	1,372,022

Figures in Pound Sterling

22. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share was based on a loss of £1,026,891 (2017: loss of £1,388,697) and a weighted average number of ordinary shares of 227,388,473 (2017: 194,525,720).

	Group	
	31 March 2018	31 March 2017
Reconciliation of loss attributable to equity holders of the parent to loss for the year		
Profit or loss for the year attributable to equity holders of the parent	**(1,187,179)**	(16,675)
Adjusted for:		
Foreign exchange movements during the year	**160,288**	(1,372,022)
Loss for the year	**(1,026,891)**	(1,388,697)
Loss per share		
Basic loss per share (pence)	**(0.45)**	(0.71)

23. CASH USED IN OPERATIONS

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Loss before taxation	**(1,026,891)**	(1,388,697)	**(725,771)**	(705,815)
Adjustments for:				
(Profit)/loss from equity accounted investments	**(123,430)**	48,443	**–**	–
Investment revenue	**(180)**	(781)	**(180)**	(781)
Loss on sale of intangible asset	**–**	469,259	**–**	–
Finance Costs	**–**	–	**–**	–
Share based payment	**–**	149,793	**–**	149,793
Impairment of loans to group companies and associates	**525,870**	–	**138,316**	–
Other non-cash items	**(25,892)**	(25,264)	**–**	–
Changes in working capital:				
Trade and other receivables	**(10,696)**	(10,069)	**(10,624)**	–
Trade and other payables	**62,543**	103,249	**97,713**	(5,234)
	(598,676)	(654,067)	**(500,546)**	(562,037)

Figures in Pound Sterling

24. COMMITMENTS

The Group had no material commitments at the year-end date.

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
25. RELATED PARTY BALANCES AND TRANSACTIONS				
Loan accounts – owed by related parties				
Glenover	**133,454**	101,125	**77,167**	–
SHIP – Concordia	**150,942**	536,450	**138,316**	203,316
Amounts paid – to related parties				
Lion Mining Finance Limited ("LMF").	**36,360**	42,480	**36,360**	42,480

Galileo paid rent and administrative service cost to LMF. Colin Bird is a director of both Galileo and LMF.

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
26. EMPLOYEE COST				
Salaries and wages	**9,200**	8,400	**9,200**	8,400
Average number of employees	**1**	1	**1**	1

27. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

	Group and Company: Directors' fees Charge for the year	Share[(1)] based payment	Total
Executive			
2018			
Colin Bird	**35,000**	–	**35,000**
Andrew Sarosi	**32,500**	–	**32,500**
	67,500	–	**67,500**
2017			
Colin Bird	26,875	77,213	104,088
Andrew Sarosi	26,250	46,328	72,578
	53,125	123,541	176,666
Non executive			
2018			
Christopher Molefe	**15,000**	–	**15,000**
Richard Wollenberg	**15,000**	–	**15,000**
	30,000	–	**30,000**
2017			
Christopher Molefe	15,000	3,861	18,861
Richard Wollenberg	15,000	11,582	26,582
	30,000	15,443	45,443

Figures in Pound Sterling

27. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)

At year end an amount of £121,250 (2017: £32,500) was accrued towards outstanding director fees payable as follows:

	At 31 March 2018	At 31 March 2017
Colin Bird	43,750	12,500
Andrew Sarosi	43,750	12,500
Richard Wollenberg	33,750	7,500
Total	**121,250**	**32,500**

Directors' interests in the Company's share option scheme at the date of this report were as follows:

	At 31 March 2018	At 31 March 2017[1]
Beneficial owner	Options	Options
Colin Bird	5,000,000	5,000,000
Andrew Sarosi	3,000,000	3,000,000
John Richard Wollenberg	750,000	750,000
Chris Molefe	250,000	250,000

[1]= These options were granted to the directors 27 January 2017 at a strike price of £0.02 per share.

	Group		Company	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Executive management	**85,620**	78,000	**56,155**	78,000

28. RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents disclosed in note 10 and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by the Board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Figures in Pound Sterling

28. RISK MANAGEMENT (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Group's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 31 March 2018	Less than 1 year	Between 2 and 5 years
Trade and other payables	**456,514**	**–**
Other financial liabilities	**–**	**3,579**

At 31 March 2017	Less than 1 year	Between 2 and 5 years
Trade and other payables	393,971	–
Other financial liabilities	–	4,016

Company

At 31 March 2018	Less than 1 year
Trade and other payables	**157,118**

At 31 March 2017	Less than 1 year
Trade and other payables	59,405

Interest rate risk

The Group's interest rate risk arises from cash held and short-term deposits. The Company does not face any significant interest rate risk as it has no borrowings.

Figures in Pound Sterling

28. RISK MANAGEMENT (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year-end were as follows:

	Group		Company	
Financial instrument	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
Trade and other receivables	**41,218**	30,522	**10,624**	–
Cash and cash equivalents	**539,301**	1,110,821	**425,089**	915,733
Other financial assets	**458,131**	454,604	**–**	–
Loans to Group companies and other related entities	**–**	–	**5,192,154**	5,156,026

Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies arising from having deposits in various currencies as well as the purchase of goods and services in currencies other than the Group's measurement currency.

Galileo Group operates internationally and the USD exposed to foreign exchange risk arising from various currency exposures primarily with respect to the ZAR, the CAD, the USD and Pound Sterling. Galileo Group is exposed to currency risk on cash reserves, deposits received, trade receivables, and trade payables. The most significant of these being the inter-company loans, which it holds with its subsidiaries Galileo Resources SA (ZAR) and St Vincent Minerals (CAD and USD).

The Group does not hedge its foreign exchange on funding of projects as management is of the opinion that it would not have reduced these foreign currency fluctuations. Currency movements mainly include movements that arise as a result of South African Rand denominated projects that are revalued at each period end.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below classifies the Group's foreign currency risk between the different functional currencies as at year-end, and the respective balance thereof: Exchange rates used for conversion of foreign items were:

ZAR : £ (Average)	1 : 0.0581	(2017: 1 : 0.0548)
ZAR : £ (Spot)	1 : 0.0601	(2017: 1 : 0.0597)
USD : £ (Average)	1 : 0.7546	(2017: 1 : 0.7676)
USD : £ (Spot)	1 : 0.7134	(2017: 1 : 0.8007)

The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

29. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the Company and that the operations have the continued support of the holding company.

The directors have also considered the Group's ability to fund its planned projects and general operating costs. They consider the Group as sufficiently funded and anticipate that as projects come on line, the new cash raised will be sufficient to further develop current and future planned projects and provide adequate working capital. Throughout the development of projects, executive management and the directors will monitor the timing and funding requirements of each project to ensure that the Group remains a going concern.

30. SEGMENTAL REPORTING ON INCOME AND LOSSES ATTRIBUTABLE TO VARIOUS OPERATIONAL SEGMENTS

Business unit

The Company's investments in subsidiaries and associates, that were operational at year-end, operate in two geographical locations being South Africa and USA, and are organised into one business unit, namely Mineral Assets, from which the Group's expenses are incurred and future revenues are expected to be earned. This being the exploration for and extraction of its mineral assets through direct and indirect holdings. The reporting on these investments to the board focuses on the use of funds towards the respective projects and the forecasted profit earnings potential of the projects.

The Company's investment in Zambia is not yet operational and does not form part of the segmental reporting for the period under review.

Geographical segments

An analysis of the loss on ordinary activities before taxation is given below:

		31 March 2018 Loss from operating activities (£)	31 March 2017 Loss from operating activities (£)
Rare earths, aggregates and iron ore and manganese	**South Africa**	**123,430**	(48,443)
Gold, Copper	**USA**	**(292,352)**	(630,044)
Corporate costs and impairments	**South Africa and United Kingdom**	**(857,969)**	(710,270)
Total		**(1,026,891)**	(1,388,697)

31. SUBSEQUENT EVENTS

Other than as disclosed in note 11 of this report there were no subsequent events that could have a material impact on the results of the Group.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Galileo Resources Plc will be held at Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG, on 27 September 2018 at 14:00 p.m., for the following purposes:

To consider and, if deemed fit, to pass resolutions 1 – 6 as ordinary resolutions and resolutions 7 – 8 as special resolutions.

ORDINARY BUSINESS

Resolution number 1

To receive the reports of the directors and auditors and the financial statements for the year ended 31 March 2018 for the Group and the Company.

Resolution number 2

To re-elect Andrew Sarosi as a Director of the Company.

Resolution number 3

To re-elect Christopher Molefe as Director of the Company.

Resolution number 4

To confirm the appointment of Chapman Davis LLP as statutory auditor of the Company from the conclusion of this meeting to the conclusion of the next shareholder meeting, at which the reports of the directors and auditors and the financial statements are laid before the Company.

Resolution number 5

To authorise the Directors to determine auditors' remuneration for the year ended 31 March 2018.

Resolution number 6

That the Directors be generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act 2006 of the United Kingdom ('the Act'), in substitution for all previous powers granted to them thereunder, (but without prejudice to the continuing power of the directors):

(i) to allot shares in the Company or grant rights, warrants or options to subscribe for, or convert any relevant security into shares in the Company (together "Relevant Securities") pursuant to an offer or agreement made by the Company before the date that this resolution is passed; and

(ii) to exercise all the powers of the Company to allot and make offers to allot relevant securities up to an aggregate nominal amount £84,017 (representing approximately 33% of the total issued share capital of the Company, as at the last practicable date prior to the publication of the Notice of meeting)

such authority shall, unless previously renewed, extended, revoked or varied by the Company in general meeting, expire on the conclusion of the next Annual General Meeting of the Company or 30 September 2019 (whichever is earlier) provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement; as if the authority conferred hereby had not expired.

SPECIAL BUSINESS

Resolution number 7

Resolved that, subject to the passing of resolution 6, the directors be and they are hereby empowered in substitution for any such power previously granted pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority referred to in resolution 6 above, as if section 561(1) of that Act or any pre-emption provisions contained in the articles of association of the Company or otherwise did not apply to any such allotment, provided that this power:

(a) shall be limited to the allotment of equity securities up to an aggregate nominal amount of £254,597 representing 100% of the Company's issued share capital; and

(b) shall expire on the date of the next Annual General Meeting of the Company or 15 months from the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Resolution number 8

This resolution seeks Shareholder approval to authorise the Company to, at its discretion, issue shares to directors in lieu of directors' deferred remuneration and allowances over the period to 30 September 2019.

Shares issued in lieu of directors' remuneration will be issued on a quarterly basis for services that have been provided to the Company during that quarter (payment in arrears). The shares shall be issued at a price representing the quarterly average weighted share price.

If Shareholder approval is not obtained, directors' remuneration will accrue on a non-cash basis to the directors. The shares will be issued at the average share price over the quarter during which the services have been rendered.

By order of the board

Registered office:
7/8 Kendrick Mews
London, SW7 3HG

5 September 2018

NOTES

(1) A member of the Company may appoint one or more proxies to attend, speak and vote instead of the member. A proxy of a member need not also be a member. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share.

(2) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited with the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD no less than 48 hours (excluding non-business days) before the time for holding the meeting. A Form of Proxy accompanies this document for use by members.

(3) Completion of the Form of Proxy will not preclude a member from attending and voting in person.

(4) A corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf. Holders of ordinary shares are entitled to attend and vote at General Meetings of the Company. On a vote by a show of hands, every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote, unless the proxy has been appointed by more than one member and has been instructed by more than one member to vote for the resolution and by one or more members to vote against the resolution, in which case the proxy has one vote for and one against. On a poll vote, every member who is present in person or by proxy has one vote for every ordinary share of which he/she is the holder.

(5) To be valid this proxy must be completed and signed and sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD no later than 14:00 p.m. on 25 September 2018.

(6) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 as amended the Company specifies that only those shareholders registered in the Register of Members of the Company as at 14:00 p.m. on 25 September 2018 (the "Specified Time") shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant register of members (the "Register") for certificated or uncertificated shares of the Company after the Specified Time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. Should the Annual General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of shareholders to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Annual General Meeting. Should the Annual General Meeting be adjourned for a longer period, to be so entitled, shareholders must have been entered on the Register at the time which is 48 hours (excluding non-business days) before the time fixed for the adjourned Annual General Meeting or, if the Company gives notice of the adjourned Annual General Meeting, at the time specified in the Notice.

(7) There are no Directors' service contracts of more than one year's duration.

(8) Copies of Contracts of Service and letters of appointment (including indemnities) between any director and the Company or its subsidiaries are available for inspection at the registered office of the Company during normal business hours and will also be available for inspection at the place of the Annual General Meeting until the conclusion of the Annual General Meeting.

(9) CREST members who wish to appoint a Proxy or Proxies through the CREST electronic Proxy appointment service may do so for the Annual General Meeting and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a Proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCO's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a Proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Neville Registrars Limited (ID: 7RA11) no later than 14:00 p.m. on 25 September 2018. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 as amended.

(10) As at 4 September 2018, being the last practicable date before the date of this Notice there were 304,596,562 ordinary shares in issue, each with equal voting rights. The total number of voting rights in the Company as at 4 September 2018, being the last practicable date before the date of this Notice is 304,596,562. Holders of ordinary shares are entitled to attend, speak and vote, either in person or by proxy, at General Meetings of the Company.

Form of Proxy

(Incorporated and Registered in England and Wales with Registered Number 5679987)

I/We being (a) member(s) of the Company and entitled to vote at the Annual General Meeting hereby appoint the Chairman of the meeting

or

(see note 1 below) as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting to be held at Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG on 27 September 2018 at 14:00 p.m. and at any adjournment thereof, as indicated below:

	Resolutions (*Special Resolutions)	FOR	AGAINST	WITHHELD
1	To receive the reports of the directors and auditors and the financial statements for the year ended 31 March 2018 for the Group and the Company.			
2	To re-elect Andrew Sarosi as a Director of the Company.			
3	To re-elect Christopher Molefe as Director of the Company.			
4	To confirm the appointment of Chapman Davis LLP as statutory auditor of the Company.			
5	To authorise the directors to determine auditors' remuneration for the year ended 31 March 2018.			
6	To authorise the directors to allot and grant options over shares in accordance with section 551 of the Companies Act 2006.			
7*	To empower the directors to allot equity securities			
8*	To authorise the Company to, at its discretion, issue shares to directors in lieu of remuneration			

Signed .... Date ....

Name(s) ....

Notes:

1. Should a member wish to nominate any other person, strike out "the Chairman of the meeting or" and insert the name of the alternative proxy who need not be a member of the Company.
2. Please indicate with an X in the boxes above how you wish your votes to be cast. In the absence of any specific direction, the proxy will vote or abstain as he/she thinks fit.
3. An appointment by a corporation must be under the common seal (if any) or, if none, under the hand of a duly authorised officer.
4. Any one of the joint holders may attend or appoint a proxy to attend at the meeting but the vote of the senior present, in person or by proxy, will be accepted to the exclusion of the other. Seniority shall be determined by the order in which the names stand in the register of shareholders in respect of the joint holding.
5. To be valid this proxy must be deposited at the registered office of Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD at least 48 hours (excluding non-business days) before the time appointed for holding the meeting or adjourned meeting (as the case may be).

For your notes

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