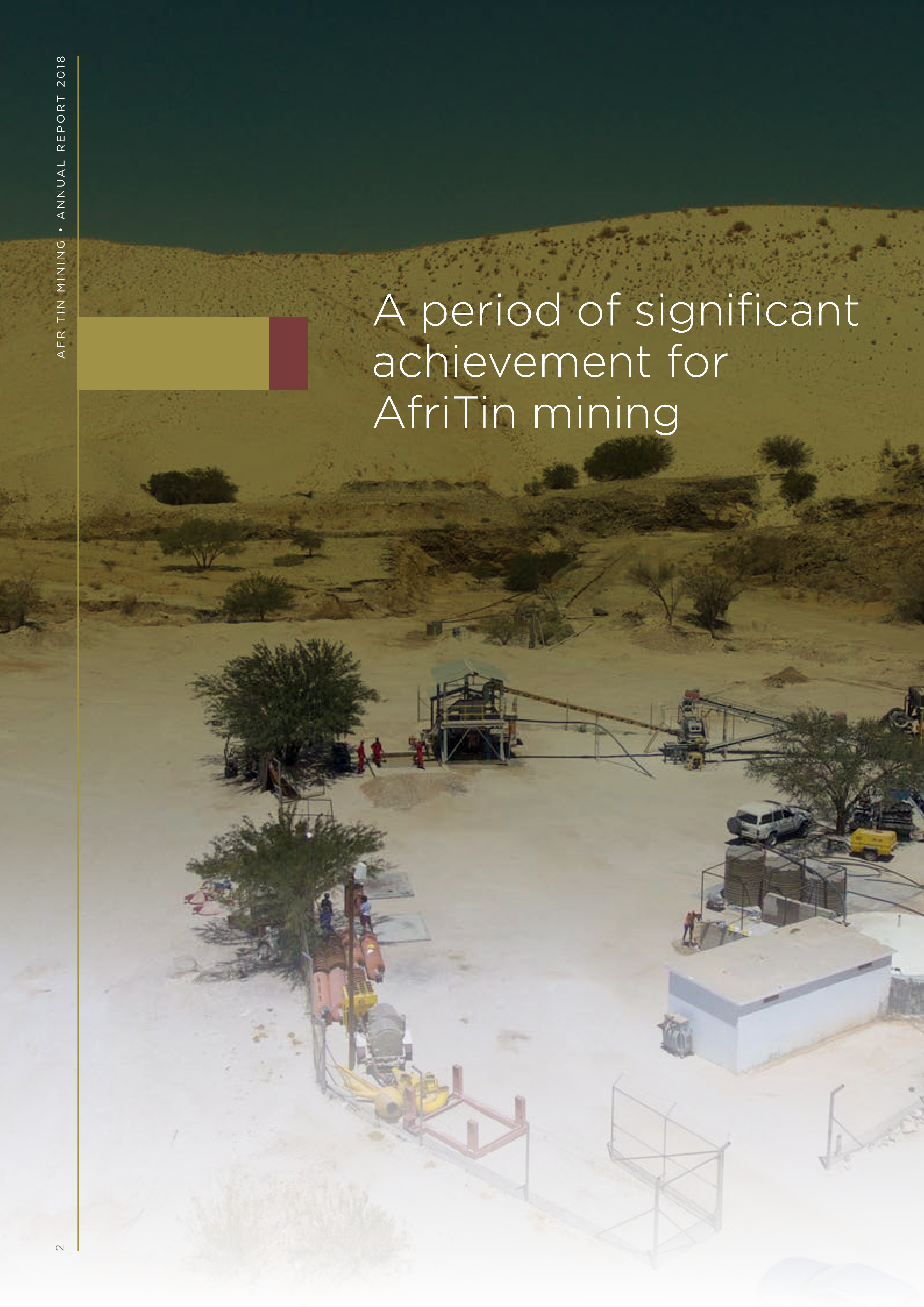
# ANNUAL REPORT 2018

AFRITIN MINING



# A period of significant achievement for AfriTin mining

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# OVERVIEW

# **CHAIRMAN'S** STATEMENT

I am delighted to present AfriTin Mining Limited's ("AfriTin") first annual report as an independent, quoted tin development company.

Since AfriTin's IPO and gross £4.5 million raising in November 2017, we have progressed our flagship Uis tin mine to the point where we are keenly anticipating first production of tin concentrate from our upgraded pilot plant. We will then become the only pure play producing tin company quoted on AIM. Through our successful IPO and the accessing of global capital markets we have been able to achieve the successful implementation of our stated objective of being in production within one year. This important achievement allows the company to continue implementing the growth strategy of becoming a primary producer of tin concentrate.

Looking back over the period, we formed AfriTin to take advantage of the current tin deficit and to become the first AIM quoted conflict-free tin mining company and the tin champion of Africa.

There is a widespread view in our markets that we may see a reduction in global tin supply and, as a group, we believe that we will be able to take advantage of this global deficit.

The global tin market has run at a consistent deficit over the preceding years, as a result of increasing demand. This demand is driven particularly by the use of tin in consumer electronics as a solder, where it is a key component in most semiconductor-based industries due to its high durability and reliable connection of components. In addition to its use in soldering, it is also used in the chemicals industry, glass manufacturing, tin plating, and brass and bronze manufacturing.

Our flagship asset, the Uis project, is located in Namibia which is seen as one of the safest, conflict-free tin jurisdictions in the world. The Uis mine itself represents one of the last open pit, scalable tin deposits in a market with a significant deficit. Based purely on the historical resource and reserve estimates ignoring exploration upside, Uis could potentially fall into the top ten tin mines in the world by amount of contained tin.

On behalf of the Board I would like to thank all of our shareholders for their continued support on our first period results as an AIM quoted company. We as a company look forward to providing further updates and progression through the course of 2018.

**GLEN PARSONS**

CHAIRMAN

Uis could potentially fall into the top ten tin mines in the world by amount of contained tin

# OVERVIEW OF AFRITIN

AfriTin Mining is a mining company with a portfolio of near-term production tin assets in Namibia and South Africa. The Company was established in 2017 and listed on AIM in November 2017, to acquire the tin assets of Bushveld Minerals Limited, an AIM quoted natural resource company, and was formed to take advantage of the deficit in primary tin production.

AfriTin is the first pure play tin company listed in London and has a vision to create a portfolio of world class, conflict-free, tin producing assets. The Company's flagship asset is the Uis brownfield tin mine in Namibia, formerly the world's largest hard-rock tin mine. It also owns the Mokopane Tin Project in South Africa.

AfriTin is managed by an experienced board of directors and management team with a current two-fold strategy: fast track Uis brownfield tin mine in Namibia to commercial production in 2018 ramping up to 5,000 tonnes of concentrate, and consolidation of other quality African tin assets. AfriTin strives to capitalise on the solid supply/demand fundamentals of tin by developing a critical mass of tin resource inventory, achieving production in the near term and further scaling production by consolidating tin assets in Africa.

AfriTin is the first pure play tin company listed in London and has a vision to create a portfolio of world class, conflict-free, tin producing assets.

Located in Namibia, the flagship Uis Project was once the largest open cast tin mine of its kind in the world, and the Directors believe it will consequently add significant value to the Group. It is considered to be a conflict-free, stable and supportive mining jurisdiction and the Ministry of Mines in Namibia has confirmed it is supportive of the Uis Tin Project and the AfriTin management team.

AfriTin's commodity focus is tin, one of the best performing commodities globally. Current prices are around US$20,000 per tonne and the global tin market is valued at US$8.23bn with robust long-term fundamentals. In today's economy, tin is of fundamental value and is used to manufacture modern day electronics such as mobile phones. AfriTin has identified an opportunity in the market and discovered that, as a commodity, tin is not well understood as demonstrated by the lack of listed tin companies in recent years.

# **STRATEGIC** REVIEW

# CEO'S STATEMENT

**Introduction**

Our first period results since listing on AIM come at an exciting time for AfriTin. Since our IPO in November 2017, we have achieved a number of key strategic and operational milestones. The review below provides some colour to the operational achievements since our listing alongside details of what may lie ahead.

**Review of business**

AfriTin has embarked on a two-phased development approach for Uis. This period saw a magnified focus on Phase 1 and the completion thereof. Work to date has involved the completion of the geological mapping, 3D models and mine design plan for the V1/V2 pits. For Phase 1, the Company has acquired large parts of the production plant and equipment which have been adapted to suit our specifications for the construction of the mine. The work completed in Phase 1 is intended to enhance operational efficiencies in the production of tin concentrate. These results will allow AfriTin not only to translate these Phase 1 results into a comprehensive long-term mine plan for Phase 2, (which has the objective of achieving around 5,000 tonnes of tin concentrate per annum) but also generating on-going cash flows.

As part of bringing our flagship Uis mine back into production, we purchased a cost effective front-end crushing component for the processing circuit of the Phase 1 plant. This equipment included a jaw crusher, three cone crushers, stacking and conveying equipment, and the electrical switchgear. The procurement of this equipment was our starting point and represented the entire comminution circuit for Phase 1. Once Phase 1 achieves steady state production in 2019, it is anticipated that production could reach up to 780 tonnes of tin concentrate per annum.

In our operational updates, we were pleased to announce the appointment of Crushplant & Utility Spares CC, a Namibian based engineering firm. They specialise in the construction and installation of crushing equipment to match the equipment to the required specifications and associated installation at the mine site. We believe entirely in the fundamentals of Namibia as an investment destination and we are committed to developing the Namibian economy with this appointment being a key first step.

In March 2018, we provided the market with another operational update at Uis which included a number of completed objectives. We have undertaken and finalised a detailed geological mapping over the V1 and V2 pegmatite bodies at Uis. These were previously identified as priority targets for ore to supply the new, intermediary plant, based upon a historical report produced for Iscor, by SRK in 1985. This mapping programme confirmed the presence of mineralisation throughout the unmined surface extensions along strike and at depth.  The key takeaway for AfriTin is that these results support the detailed work that was contained in the historical SRK report that produced a 70-year life of mine plan and we believe it can provide a foundation for the programme in bringing Uis back into production.

**Strategic approach and outlook**

Looking forward to 2018 and beyond, our focus remains on commencing production of first tin concentrate to the market in H2 2018. As already outlined, we have made a number of key steps in the achievement of this objective. However there are many other initiatives that we will be looking to complete in the short to mid-term.

We will continue the upgrading of the current pilot plant operation into a producer of 65 tonnes per month of tin concentrate. The directors believe that the cash flows and test work conducted

# CEO'S STATEMENT CONTINUED

over the course of this development will allow the Company to construct a significant knowledge base to advance towards a bankable feasibility study. From there, we will look to expand the plant production of up to 5,000 tons per annum of tin concentrate. In addition to this, once initial production at the Uis pilot plant commences, the Board's intention is to gain a more detailed understanding of the Uis ore body through a detailed exploration programme and thereafter map out a long-term mine plan.

**Events after the reporting period**

The Board believes Uis has the resources to be a long-life operation. However this initial 5-year staged approach should provide a platform for sustainable early cash flows and de-risk the implementation of a larger scale mining and processing facility in the future.

We were delighted to have signed a Non-Binding Memorandum of Understanding with MRI Trading AG, a world leader in trading metals and minerals. The relationship allows us to explore a number of objectives for the Company and significantly supports our belief that there is going to be an increasing demand for tin in the future, coupled with a global decrease in supply.

Experience is imperative to deal with the complexities of the environment in which we operate. With that in mind, we were pleased to welcome Terence Goodlace to our Board. His experience across the African continent, initially with Gold Fields, followed by CEO roles at both Metorex and Impala, will no doubt prove invaluable as we build our first mine.

In May 2018, we concluded a successful, oversubscribed placing for £6 million, allowing us to accelerate our existing workstreams leading up to the bankable feasibility study on the larger, commercial plant. The support from existing shareholders has demonstrated confidence in the team achieving their deliverables and furthermore the introduction of a new strategic investor bodes well for the ongoing development of the project.

A key advancement in ensuring production commences in H2 2018 was the appointment of a Namibian civil works contractor. After a comprehensive tender process, we selected a local contractor who will be responsible for completion of the plant civil works. Our decision to appoint a Namibian contractor attests to our commitment to utilising local skills wherever possible and in turn, uplifting and developing the Uis community.

**Conclusion**

In conclusion, I would like to thank my fellow directors, all our employees, shareholders, advisers and wider stakeholders for their ongoing support and dedication to AfriTin, and I look forward to providing further updates in what I believe will be an exciting year ahead.

This report was approved by the Board on 12 July 2018.

**ANTHONY VILJOEN**

CEO

Uis is on track for production in H2 of 2018

# OVERVIEW OF PROJECTS

## Uis Overview

Uis was discovered in 1911 and was developed by Iscor of South Africa as the largest hard-rock tin mine in the world. Production started in the 1950s and ended in 1990 as a result of depressed tin prices.

The Uis Tin Project consists of three project areas in the Erongo region of Namibia, all with historical production. The subject of the project is a pegmatite hosted tin deposit, one of the largest open castable deposits of its kind. The Project is located in the Erongo Region, north western Namibia and is comprised of three separate mining licenses (ML129, ML133, ML134), each of which has been historically exploited for tin on varying scales.

The project areas are fully permitted and offer near-term production with low stripping ratios and has a non-JORC compliant resource of 73 million tonnes at 0.136% Sn with an additional 2.7 million tonnes at 0.015% $Ta_2O_5$.

The Uis Tin Project is situated within a transition zone between a semi-arid climate and an arid climate due to its geographic location in the escarpment between the Namib Desert and the Central Plateau. Elevations range from 750m above sea level (Licence ML133) to between 800m and 1000m (Licences ML129 and ML134). To the west, the Brandberg Mountain rises to over 2500m. Both the Uis Tin Project as a whole, and in particular licence ML134 (incorporating the former Uis tin mine), have been the focus of numerous investigations since the official discovery of the deposit in 1911. Licences ML129 and ML133 have also been the subject of various studies and have been partially mined. In 2018 AfriTin initially plans to fast track Uis to commercial production and then ramping up to 5,000 tonnes of tin concentrate per year.

Namibia is a stable democracy with a strong, independent legal system and was ranked the 4th most transparent country in Sub-Saharan Africa in the Corruption Perceptions Index 2016. The company believes Namibia to be one of the most favourable investment destinations in Africa and that Namibia promotes foreign investment. Mining in Namibia is long established, supported by good transport infrastructure, and is the biggest contributor to Namibia's economy in terms of revenue. The industry is primarily regulated by the Minerals Act 33 of 1992 which was amended in 2008.

# OVERVIEW OF PROJECTS

## Mokopane Overview

The Mokopane Tin Project is situated approximately 65 km west of Polokwane and 45 km north-northwest of Mokopane in the Mokopane District, Limpopo Province, South Africa.

It comprises six farms situated over the acid phase rocks of the Bushveld Complex. The property is approximately 13,422 ha in extent. The equivalent of nearly 22,000 tonnes of tin metal have been historically produced from four of the farms, from high grade pipe-like mineralisation, and from lower grade disseminated mineralisation occurring near the upper parts of a granite sheet.

Targets have been identified on farms and exploration has been conducted on two targets, Groenfontein and Zaaiplaats with 18,447 tonnes contained. A scoping study was based and the results released in 2014 with base case RoM of 691 ktpa to produce ~700 tpa of 99.5% Sn purity metal which yields positive economics with a significant IRR of 34.6%.

The project presents low quartile operating costs at US$14.276 /tonne of tin metal produced with spot price – US$21,300/tonne as of 24 September 2014. Greenhills possesses an interest of 74% in the project, with the remaining 26% held by local Black Economic Empowerment partners.

# SUSTAINABILITY PRINCIPLES

**Safety and health**

At AfriTin, we believe it is our obligation to work in the most environmentally and socially responsible way possible. Our goal is to not only adopt responsible mining rhetorically, but to also put it into practice. We will take the necessary steps to ensure that any employee, contractor or visitor to our sites, will return home unharmed each day and are committed to the principle of zero harm. An employee's health and safety take first priority and we do not wish to compromise on this. We will continuously seek to improve our health and safety standards.

**Environment**

We endeavour to systematically examine the environmental impact of any of our operations and will adopt measures to mitigate this. The goal is to minimize the negative impacts of the different processes related to the extraction of tin on the environment. With a commitment to the principle of meeting the needs of the present, without compromising future generations to meet their needs, we believe that we can operate successfully, whilst minimizing the environmental footprint.

**Community**

There exists a theme amongst employees, stakeholders and community members to work in collaboration with one another and with transparency and accountability. Open dialogue and engagement with community members at our sites is central to maintaining a successful relationship and essential to ensuring long-term sustainability for all parties involved. We strive

## Our goal is to not only adopt responsible mining rhetorically, but to also put it into practice.

to ensure that the social impact of all our operations is taken into account and duly addressed by upholding fundamental human rights and respect cultures, customs and values in dealings with employees and others that are involved with AfriTin. AfriTin will engage with and contribute to local communities and ensure appropriate systems are in place to ensure ongoing interaction.

# GOVERNANCE

# **DIRECTORS'** REPORT

The directors of AfriTin Mining Limited ("AfriTin" or the "Company") hereby present their report together with the consolidated financial statements for the period from 1 September 2017 to 28 February 2018.

## PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Group (AfriTin and its subsidiaries) is the exploration and development of projects in both Namibia and South Africa. A review of the Group's progress and prospects is given in the CEO's review on pages 12 to 15.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to a variety of risks, specifically those relating to the mining and exploration industry. Outlined below is a description of the principal risk factors that the Board feel may affect performance. The risks detailed below are not exhaustive and further risks and uncertainties may exist which are currently unidentified or considered to be immaterial. The risks are not presented in any order of priority.

| | Risk and Impact | Mitigation |
|---|---|---|
| **Volatility of metal prices** | Tin prices are subject to high levels of volatility and are impacted by numerous factors that are outside of the control of the Group. A low Tin price may affect the ability of the Group to fund future growth. | The Board and management constantly monitor the market in which the Group operates. Long term financial planning is undertaken on a regular basis. |
| **Development projects** | Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades or ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors.<br><br>As a result, it is possible that actual cash operating costs and economic returns may differ materially from those currently estimated. | Feasibility studies and construction are done by experienced engineers. Third party experts are used to audit and verify all key assumptions. Using pilot plants to understand metallurgy and processing issues provides essential up-front information for construction of full-scale plants. |
| **Limited operating history** | The Group has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. Significant capital investment will be required to achieve commercial production from the Group's existing projects and from successful exploration efforts. There is no assurance that the Company will be able to raise the required funds to continue these activities. | Post year end, the Group raised £6 million in an over-subscribed equity raise. It therefore has sufficient funding to bring the Uis pilot plant into production. |

# DIRECTORS' REPORT CONTINUED

| | Risk and Impact | Mitigation |
|---|---|---|
| **Exploration and mining risks** | The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.<br><br>The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, explosions, flooding and extended interruptions due to inclement or hazardous weather conditions and other acts of God. | The Board and management constantly monitor the market in which the Group operates. Long term financial planning is undertaken on a regular basis. |
| **Financing** | The successful extraction of tin will require very significant capital investment. The Group's ability to raise further funds will depend on the success of existing and acquired operations. Market conditions may not be conducive to a financing. The Group may not be successful in procuring the requisite funds. | The Group has sufficient funds for its near-term goal of bringing the Uis pilot plant into production.<br><br>The Group has a supportive shareholder base. |

## RESULTS AND DIVIDEND

The Group's results show a loss for the period attributable to the equity holders of the Company of £1,533,834. The directors will not be recommending a dividend.

## SHARE CAPITAL AND FUNDING

Full details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the period, are shown in Note 16. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

## DIRECTORS

*The Directors who served the Company since incorporation are as follows:*

- Kate Bredin (appointed 1 September 2017, resigned 23 October 2017) - **Interim Director**
- Anthony Viljoen (appointed 23 October 2017) - **Chief Executive Officer**
- Glen Parsons (appointed 23 October 2017) - **Chairman/Independent Non-Executive Director**
- Laurence Robb (appointed 23 October 2017) - **Independent Non-Executive Director**
- Roger Williams (appointed 23 October 2017) - **Independent Non-Executive Director**
- Terence Goodlace (appointed 23 May 2018) - **Independent Non-Executive Director**

## DIRECTORS' INTERESTS

*The Directors' beneficial interests in the shares of the Company at 28 February 2018 were:*

| | **Ordinary shares of no par value 28 February 2018** |
|---|---|
| Anthony Viljoen | 2 557 131 |
| Glen Parsons | 1 025 641 |
| Roger Williams | 641 025 |
| Laurence Robb | 320 512 |

None of the Directors have been awarded share options of the Company at 28 February 2018.

# DIRECTORS' REPORT CONTINUED

## DIRECTORS' INDEMNITY INSURANCE

The Group has maintained insurance throughout the period for its Directors and officers against the consequences of actions brought against them in relation to their duties for the Group.

## EMPLOYEE INVOLVEMENT POLICIES

The Group places considerable value on the awareness and involvement of its employees in the Group's exploration and development activities. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group, and that are of interest and concern to them as employees.

## CREDITORS' PAYMENT POLICY AND PRACTICE

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy to abide by the terms of payment agreed with suppliers when agreeing the terms of each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payable at 28 February 2018 was 30 days.

## RELATED PARTY TRANSACTIONS

Details of related party transactions are detailed in Note 21 of the consolidated financial statements.

## POST BALANCE SHEET DATE EVENTS

Post balance sheet date events are detailed in Note 20 of the consolidated financial statements.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**AUDITOR**

The Company's auditor, RSM UK Audit LLP, was appointed in the period and the Directors will place a resolution before the Annual General Meeting to reappoint RSM UK Audit LLP as the Company's auditor for the ensuing year.

**ELECTRONIC COMMUNICATIONS**

The maintenance and integrity of the Group's website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and accordingly the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Group's website is maintained in compliance with AIM Rule 26.

By order of the Board

**R A WILLIAMS**

NON-EXECUTIVE DIRECTOR • 12 JULY 2018

# **CORPORATE** GOVERNANCE REPORT

## INTRODUCTION

The Company is quoted on AIM, and in accordance with the AIM Rules for Companies (the “AIM Rules”), has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 for Smaller Companies. In accordance with the AIM Rules this will be adopted and implemented from September 2018, and a summary will be available on the Company’s website from that date.

*The Company provides a summary of its current corporate governance policies, as set out below:*

## THE BOARD OF DIRECTORS

The Board’s role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the corporate and operational strategy and holds regular Board meetings to review planning, operational and financial performance. The Board is responsible for setting the Group’s values and standards and ensuring that its obligations to shareholders and others are met.

The Board comprises five members being the independent Non-Executive Chairman, three independent Non-Executive Directors, and one Executive Director. There is a clear division of responsibilities at the head of the Group through the separation of the positions of Chairman and the Chief Executive Officer.

*The Board currently comprises:*

Executive Directors

- Anthony Viljoen (appointed 23 October 2017) Chief Executive Officer

Non-Executive Directors

- Glen Parsons (appointed 23 October 2017) Chairman and Independent Non-Executive Director
- Roger Williams (appointed 23 October 2017) Independent Non-Executive Director
- Laurence Robb (appointed 23 October 2017) Independent Non-Executive Director
- Terence Goodlace (appointed 23 May 2018) Independent Non-Executive Director

Operational management in South Africa and Namibia is led by Anthony Viljoen supported by a Chief Operating Officer, a Chief Financial Officer, geologists and mining engineers. Operational management is also supported technically through various consultancy agreements that were in place during the period under review.

The Board met formally 3 times during the review period and also met frequently on an informal basis.

**THE AUDIT COMMITTEE**

The Audit Committee meets at least twice a year and is composed exclusively of Non-Executive Directors: Roger Williams (Chairman) and Glen Parsons. The Chief Financial Officer, Rob Sewell, attends Audit Committee meetings by invitation. *The committee is responsible for:*

- reviewing the annual financial statements and interim reports prior to approval, focusing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, stock exchange and legal requirements;

# **CORPORATE** GOVERNANCE REPORT CONTINUED

- receiving and considering reports on internal financial controls, including reports from the auditors, and reporting their findings to the Board;
- considering the appointment of the auditors and their remuneration including reviewing and monitoring their independence and objectivity;
- meeting with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services.

The Audit Committee is provided with details of any proposed related party transactions in order to consider and approve the terms and conditions of such transactions.

**THE REMUNERATION COMMITTEE**

The Remuneration Committee, comprises the Non-Executive Directors and is chaired by Glen Parsons. The Committee is responsible for reviewing the performance of senior management and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

## INTERNAL CONTROLS

The Board acknowledges its responsibility for the Group's systems of internal control and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

## RISK MANAGEMENT

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

The Board undertakes on-going risk assessment to identify and consider major internal and external risks to the business model of the Group. Principal risks and uncertainties are detailed in the Directors' report.

## SHAREHOLDER RELATIONS

Management and the Chairman meet regularly with major shareholders to develop a balanced understanding of the issues and concerns of shareholders. The Chairman ensures that the views of shareholders are communicated to the Board as a whole.

The directors have established Audit and Remuneration Committees. Board appointments, succession planning, Corporate Governance and sustainability issues are dealt with by the full Board of directors.

# **STATEMENT** OF DIRECTORS' RESPONSIBILITIES

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

The Companies (Guernsey) Law 2008 requires the Directors to prepare Group financial statements for each financial year in accordance with generally accepted accounting principles. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements of the Group are required by law to give a true and fair view of the state of the Group's affairs at the end of the financial period and of the profit or loss of the Group for that period and are required by IFRS as adopted in the EU to prepare fairly the financial position and performance of the Group.

*In preparing the Group financial statements, the Directors are required to:*

i) Select suitable accounting policies and then apply them consistently;

ii) Make judgements and accounting estimates that are reasonable and prudent;

iii) State whether they have been prepared in accordance with IFRS as adopted by the EU; and

iv) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors confirm they have discharged their responsibilities as noted above.

# **INDEPENDENT** AUDITOR'S REPORT

## TO THE MEMBERS OF AFRITIN MINING LIMITED

### Opinion

We have audited the financial statements of AfriTin Mining Limited and its subsidiaries (the 'group') for the period ended 28 February 2018 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

*In our opinion the financial statements:*

- give a true and fair view of the state of the group's affairs as at 28 February 2018 and of the group's loss for the period then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with the requirements of The Companies (Guernsey) Law, 2008.

### Basis for opinion

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

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

**Acquisition of Greenhills Resources Limited ("Greenhills") and Dawnmin Africa Investments Pty Limited ("Dawnmin")**

As disclosed on Note 10 to the Annual Report and discussed in the critical accounting estimates and judgements, during the period, the group acquired both Greenhills and Dawnmin, which hold tin licenses in both South Africa and Namibia respectively. Management's judgement is that neither entities met the definition of the business and as such these transactions are outside the scope of



# **INDEPENDENT** AUDITOR'S REPORT CONTINUED

## TO THE MEMBERS OF AFRITIN MINING LIMITED

*IFRS 3 Business Combinations. Management therefore accounted for both acquisitions as asset purchases.*

Our response:

- We reviewed management's consideration that Greenhills and Dawnmin did not meet the definition of a business and the transactions were outside the scope of IFRS 3; and
- audited the costs of the asset acquisitions.

**Our application of materiality**

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £89,000, this has subsequently been updated as £120,000 during the course of our audit due to the increase in gross assets. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £5,000 as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

**An overview of the scope of our audit**

*The audit was scoped to ensure that we obtained sufficient and appropriate audit evidence in respect of:*

- the significant business operations of the group;
- other operations which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or for other reasons;
- the appropriateness of the going concern assumption used in the preparation of the financial statements.

The audit was scoped to support our audit opinion on group financial statements of AfriTin Mining Limited and was based on group materiality and an assessment of risk at group level.

**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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

# INDEPENDENT AUDITOR'S REPORT CONTINUED

## TO THE MEMBERS OF AFRITIN MINING LIMITED

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 34 and 35, 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 to cease operations, or have no realistic alternative but to do so.

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

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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RSM UK AUDIT LLP, Auditor**

Chartered Accountants

25 Farringdon Street

London, EC4A 4AB

12 July 2018

# FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 28 February 2018

| | Notes | Period ended 28 February 2018 £ |
|---|---|---|
| **Continuing operations** | | |
| Administrative expenses | 5 | (1 551 662) |
| **Operating loss** | | **(1 551 662)** |
| Other income | | 17 826 |
| Finance income | 7 | 2 |
| **Loss before tax** | | **(1 533 834)** |
| Income tax expense | 8 | - |
| **Loss for the period** | | **(1 533 834)** |
| Other comprehensive income | | - |
| **Total comprehensive income for the period** | | **(1 533 834)** |
| | | |
| Attributable to: | | |
| Owners of the parent | | (1 533 464) |
| Non-controlling interests | | (370) |
| | | **(1 533 834)** |
| | | |
| **Loss per ordinary share** | | |
| Basic and diluted loss per share (in pence) | 9 | (0.83) |

*The notes on pages 49 to 82 form part of these financial statements.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2018 • Company number: 63974

| | Notes | Period ended 28 February 2018 £ |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Intangible assets: exploration and evaluation | 11 | 6 300 864 |
| Property, plant and equipment | 12 | 538 369 |
| **Total non-current assets** | | **6 839 233** |
| **Current assets** | | |
| Trade and other receivables | 13 | 121 687 |
| Cash and cash equivalents | 14 | 2 904 767 |
| **Total current assets** | | **3 026 454** |
| **Total assets** | | **9 865 687** |
| **Equity and liabilities** | | |
| **Current liabilities** | | |
| Trade and other payables | 15 | (516 107) |
| **Total current liabilities** | | **(516 107)** |
| **Net assets** | | **9 349 580** |
| **Equity** | | |
| Share capital | 16/23 | 10 853 631 |
| Accumulated deficit | 23 | (1 533 464) |
| Warrant reserve | 17/23 | 29 783 |
| **Equity attributable to the owners of the parent** | | **9 349 950** |
| Non-controlling interests | | (370) |
| **Total equity** | | **9 349 580** |

*The notes on pages 49 to 82 form part of these financial statements.*

The financial statements were authorised and approved for issue by the Board of directors and authorised for issue on 12 July 2018.

**RA WILLIAMS**
Director • 12 JULY 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 28 February 2018

| | Attributable to the owners | |
|---|---|---|
| | Share Capital | Accumulated Deficit |
| | £ | £ |
| **Total equity at 1 September 2017** | - | - |
| Loss for the period | - | (1 533 464) |
| Transactions with owners: | | |
| Warrants granted in period | (29 783) | - |
| Issue of shares | 11 172 559 | - |
| Share issue costs | (289 145) | - |
| **Total equity at 28 February 2018** | **10 853 631** | **(1 533 464)** |

of the parent company

| Warrant Reserve | Total | Non-controlling interests | Total equity |
|---|---|---|---|
| £ | £ | £ | £ |
| - | - | - | - |
| - | (1 533 464) | (370) | (1 533 834) |
| | | | |
| 29 783 | - | - | - |
| - | 11 172 559 | - | 11 172 559 |
| - | (289 145) | - | (289 145) |
| | | | |
| **29 783** | **9 349 950** | **(370)** | **9 349 580** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 28 February 2018

| | Notes | 28 February 2018 £ |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss before taxation** | | **(1 533 834)** |
| Adjustments for: | | |
| Depreciation property, plant and equipment | 12 | 378 |
| Share-based payments | | 552 520 |
| Equity-settled transactions | | 48 611 |
| Finance income | 7 | (2) |
| Changes in working capital: | | |
| (Increase) in receivables | | (98 815) |
| Increase in payables | | 364 078 |
| **Net cash used in operating activities** | | **(667 064)** |
| | | |
| **Cash flows from investing activities** | | |
| Finance income | | 2 |
| Purchase of exploration and evaluation assets | 11 | (177 747) |
| Cash costs relating to Dawnmin acquisition | | (6 235) |
| Cash element of Greenhills and Dawnmin acquisitions | | 60 799 |
| Purchase of property, plant and equipment | 12 | (515 843) |
| **Net cash used in investing activities** | | **(639 024)** |
| | | |
| **Cash flows from financing activities** | | |
| Net proceeds from issue of shares | | 4 210 855 |
| **Net cash generated from financing activities** | | **4 210 855** |
| | | |
| **Net increase in cash and cash equivalents** | | **2 904 767** |
| Cash and cash equivalents at the beginning of the period | | - |
| **Cash and cash equivalents at the end of the period** | **14** | **2 904 767** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

**1. Corporate information and principal activities**

AfriTin Mining Limited ("AfriTin") was incorporated and domiciled in Guernsey on 1 September 2017 and admitted to the AIM market in London on 9 November 2017. The Company's registered office is 18 -20 Le Pollet, St. Peter Port, Guernsey, GY1 1WH and operates from Illovo Edge Office Park, 2nd Floor, Building 3, Illovo Edge Office Park, Corner Harries and Fricker Road, Illovo, Johannesburg, 2116, South Africa.

The AfriTin Group comprises AfriTin Mining Limited and its subsidiaries as noted below.

The wholly-owned Guernsey subsidiary, Greenhills Resources Limited (GRL) was acquired by AfriTin by way of a Demerger Agreement with Bushveld Minerals Limited effective 8 November 2017.

GRL is an investment holding company that holds investments in resource-based tin exploration companies in South Africa and Namibia. The South African subsidiaries are Mokopane Tin Company Pty Limited "Mokopane" and Pamish Investments 71 Pty Limited "Pamish 71", in which GRL holds 100% equity interest.

Mokopane owns a 74% equity interest in Renetype Pty Limited "Renetype" and a 50% equity interest in Jaxson 641 Pty Limited "Jaxson".  The minority shareholders in Renetype are African Women Enterprises Investments Pty Limited and Cannosia Trading 62 CC who own 10% and 16% respectively.

The minority shareholder in Jaxson is Lerama Resources Pty Limited who owns a 50% interest in Jaxson. Pamish 71 owns a 74% interest in Zaaiplaats Mining Pty Limited "Zaaiplaats". The minority shareholder in Zaaiplaats is Tamiforce Pty Limited who owns 26%.

On 9 November 2017, GRL acquired the remaining 50.5% equity in Namibian subsidiary, Dawnmin Africa Investments Pty Limited "Dawnmin". Dawnmin owns an 85% equity interest in Guinea Fowl Investments Twenty Seven Pty Limited "Guinea Fowl". The minority shareholder in Guinea Fowl is The Small Miners of Uis who own 15%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

As at 28 February 2018, the AfriTin Group comprised:

| Company | Equity holding and voting rights | Country of incorporation | Nature of Activities |
|---|---|---|---|
| AfriTin Mining Limited | N/A | Guernsey | Ultimate Holding Company |
| Greenhills Resources Limited (1) | 100% | Guernsey | Holding Company |
| AfriTin Mining Pty Limited (1) | 100% | South Africa | Group support services |
| Dawnmin Africa Investments Pty Limited (2) | 100% | Namibia | Tin Exploration |
| Guinea Fowl Investments Twenty Seven Pty Limited (3) | 85% | Namibia | Tin Exploration |
| Mokopane Tin Company Pty Limited (2) | 100% | South Africa | Holding Company |
| Renetype Pty Limited (4) | 74% | South Africa | Tin Exploration |
| Jaxson 641 Pty Limited (4) | 50% | South Africa | Tin Exploration |
| Pamish Investments 71 Pty Limited (2) | 100% | South Africa | Holding Company |
| Zaaiplaats Mining Pty Limited (5) | 74% | South Africa | Property Owning |

1. Held directly by AfriTin Mining Limited
2. Held by Greenhills Resources Limited
3. Held by Dawnmin Africa Investments Pty Limited
4. Held by Mokopane Tin Company Pty Limited
5. Held by Pamish Investments 71 Pty Limited

These financial statements are presented in Pound Sterling (£) because that is the currency the Group has raised funding on the AIM market in the United Kingdom. Furthermore, Pound Sterling (£) is the functional currency of the ultimate holding company, AfriTin Mining Limited.

## 2. Significant accounting policies

### Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRS"). This is the first period of IFRS reporting.

The consolidated financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated financial statements are discussed in further in this note. The principal accounting policies are set out below.

### Going Concern

These financial statements have been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that the AfriTin Group has sufficient cash and other assets to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report. Furthermore, the Group's financial risk management objectives and policies are detailed in Note 18 and particulars of a gross placing of £6m that was done subsequent to the end of the period are detailed in Note 20.

### Basis of consolidation

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

*Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

*Non-controlling interests*

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that present ownership interests entitling their holders to a proportionate share of the net assets upon liquidation are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management steering committee that makes strategic decisions.

## Foreign Currencies

*Functional and presentational currency*

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which they operate (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pound Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within “finance income or costs”. All other foreign exchange gains and losses are presented in the income statement.

### Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a financial currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognised in other comprehensive income.

### Other income

Other income for the Group is measured at fair value of the consideration received or receivable. Although it is not a primary activity of the Group income on the sale of sand is recognised when the risk and rewards of ownership have been transformed from the seller to the buyer, the amount of income can be reliably measures and it is probable that economic benefits will flow to the entity.

### Finance income

Interest revenue is recognised when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Share-based payments

Share-based payments of the Group are shares granted to employees for £nil consideration for which the share price was used to determine the fair value at grant date. That fair value is charged as an expense in the consolidated statement of profit or loss, with a corresponding increase in equity.

### Taxation

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

The tax charge is based on taxable profit for the period. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the "balance sheet liability" method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

tax is charged or credited to profit or loss, except when it relates to items credited or charged to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

### Intangible exploration and evaluation assets

All costs associated with mineral exploration and evaluation including the costs of acquiring prospecting licenses; mineral production licenses and annual license fees; rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource; are capitalised as intangible exploration and evaluation assets and subsequently measured at cost.

If an exploration project is successful, the related expenditures will be transferred at cost to property, plant and equipment and amortised over the estimated life of the commercial ore reserves on a unit of production basis (with this charge being taken through profit or loss). Where a project does not lead to the discovery of commercially viable quantities of mineral resources and is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are recognised in profit or loss.

The recoverability of deferred exploration costs is dependent upon the discovery of economically viable ore reserves, the ability of the Group to obtain necessary financing to complete the development of ore reserves and future profitable production or proceeds from the extraction or disposal thereof.

### Impairment of exploration and evaluation assets

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the asset is reviewed for impairment. Assets are also reviewed for impairment at each balance sheet date in accordance with IFRS 6. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in profit or loss.

An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resource uneconomic; or
- title to the asset is compromised; or
- variations in mineral prices that render the project uneconomic; or
- variations in foreign currency rates; or
- the Group determines that it no longer wishes to continue to evaluate or develop the field.

### Warrants

The warrants issued by the Company are recorded at fair value on initial recognition net of transaction costs. The fair value of warrants granted is recognised as an expense or as share issue costs, with a corresponding increase in equity. The fair value of the warrants granted is measured using the Black Scholes valuation model, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of warrants that vest.

### Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Land is not depreciated. Depreciation is provided on all plant and equipment at rates calculated to write each asset down to its estimated residual value, using the straight-line method over their estimated useful life of the asset as follows:

- The mining assets amortised over the life of the mine or 20 years whichever is the lesser. Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle; and
- Computer equipment over three years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

The estimated useful lives, residual values and depreciation methods are reviewed at each period end and adjusted if necessary.

Gains or losses on disposal are included in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Impairment of property, plant and equipment

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where there has been a change in economic conditions that indicate a possible impairment in a cash-generating unit, the recoverability of the net book value relating to that mine is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future commodity prices and future costs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

## Provisions

### *General*

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement or comprehensive income, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as a finance cost.

### *Environmental rehabilitation liability*

Although not the case at balance sheet date, the group may be exposed to environmental liabilities relating to its operations. Full provision for the cost of environmental and other remedial work such as reclamation costs, close down and restoration costs and pollution control is made based on the estimated cost. Annual increases in the provisions relating to change in the net present value of the provision and inflationary increases are shown separately in the statement of comprehensive income as a finance cost. Changes in estimates of the provision are accounted for in the period the change in estimate occurs, and is charged to either the statement of comprehensive income or the decommissioning asset in property, plant and equipment, depending on the nature of the liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

## Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are classified into specified categories dependent upon the nature and purpose of the instruments and are determined at the time of initial recognition. All financial assets are recognised as loans and receivables or available for sale investments and all financial liabilities are recognised as other financial liabilities.

### *Trade and other receivables*

Trade and other receivables are initially recognised at the fair value of the consideration receivable less any impairment. Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Trade and other receivables are subsequently measured at amortised cost, less any impairment.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than three months.

### *Trade and other payables*

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

## Financial liabilities and equity

Financial liabilities (including loans and advances due to related parties) and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. When the terms of a financial liability are negotiated with the creditor and settlement occurs through the issue of the Company's equity instruments, the equity instruments are measured at fair value and treated as consideration for the extinguishment of the liability. Any difference between the carrying amount of the liability and the fair value of the equity instruments issued is recognised in profit or loss.

### Critical accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Key judgements made during the period were:

*Acquisition of Greenhills Resources Limited ("Greenhills")*

On 8 November 2017, the Group completed the acquisition of Greenhills which through its subsidiaries has interests in tin exploration projects in South Africa. The total cost of the acquisition was £3 328 813. Due to the lack of processes and outputs relating to Greenhills at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of Greenhills as an asset purchase. Further details are disclosed in Note 10.

*Acquisition of Dawnmin Africa Investments Pty Limited ("Dawnmin")*

On 9 November 2017, the Group completed the acquisition of Dawnmin which through its subsidiary has interests in tin exploration projects in Namibia. The total cost of the acquisition

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

was £2 749 349. Due to the lack of processes and outputs relating to Dawnmin at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of Dawnmin as an asset purchase. Further details are disclosed in Note 10.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

*Impairment of exploration & evaluation assets*

Determining whether an exploration and evaluation asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IFRS 6 Exploration for and Evaluation of Mineral Resources. If there is any indication of potential impairment, an impairment test is required based on value in use of the asset. The valuation of intangible exploration assets is dependent upon the discovery of economically recoverable deposits which, in turn, is dependent on future tin prices, future capital expenditures and environmental, regulatory restrictions and the successful renewal of licenses. The directors have concluded that there are no indications of impairment in respect of the carrying value of exploration and evaluation assets at 28 February 2018 based on planned future development of the projects and current and forecast tin prices. In making this assessment a tin price of USD20 000/tonne was used. Exploration and evaluation assets are disclosed fully in Note 10.

## 3. Adoption of new and revised standards

### Accounting standards and interpretations not applied

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

| | | |
|---|---|---|
| **Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*** | 1 January 2018 | Amendments to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. |
| **IFRIC 22 Foreign Currency Transactions and Advance Consideration*** | 1 January 2018 | Provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. |
| **IFRS 9 Financial Instruments** | 1 January 2018 | Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so called 'own credit' issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. It is a change from incurred to expected loss model. |
| **IFRS 15 Revenue from Contracts with Customers (IFRS 15 clarifications not EU-endorsed)** | 1 January 2018 | Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple element arrangements. |
| **IFRS 16 Leases** | 1 January 2019 | The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease. |
| **IFRIC 23 Uncertainty over Income Tax Treatments*** | 1 January 2019 | The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. |

** not yet endorsed by the EU*

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, subject to any future business combinations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

## 4. Segmental reporting

The reporting segments are identified by the management steering committee (who are considered to be the chief operating decision-makers) by the way that the Group's operations are organised. As at 28 February 2018, the Group operated within two operating segments, tin exploration activities in Namibia and South Africa.

### Segment results

The following is an analysis of the Group's results by reportable segment.

| | South Africa | Namibia | Total |
|---|---|---|---|
| | £ | £ | £ |
| **As at 28 February 2018** | | | |
| Operating segments loss | (33 828) | (36 574) | (70 402) |
| Segmental loss | (33 828) | (36 574) | (70 402) |

*The reconciliation of segmental gross loss to the Group's loss before tax is as follows:*

| | Period ended 28 February 2018 |
|---|---|
| | £ |
| Segmental loss | (70 402) |
| Unallocated costs | (1 463 434) |
| Finance income | 2 |
| Loss before tax | (1 533 834) |

Unallocated costs mainly comprise one-off professional fees in relation to the incorporation and listing of the Company as well as a one-off cost of issuing shares to staff at £nil consideration.

## Other segmental information

| | South Africa £ | Namibia £ | Total £ |
|---|---|---|---|
| **As at 28 February 2018** | | | |
| Intangible assets - exploration and evaluation | 3 359 388 | 2 941 476 | 6 300 864 |
| Other reportable segmental assets | 109 903 | 538 209 | 648 112 |
| Other reportable segmental liabilities | (116 087) | (171 039) | (287 126) |
| Unallocated net assets | - | - | 2 687 730 |
| **Total consolidated net assets** | **3 353 204** | **3 308 646** | **9 349 580** |

Unallocated net assets are mainly comprised of cash and cash equivalents which are managed at a corporate level.

## 5. Expenses by nature

*The loss for the period has been arrived at after charging:*

| | Period ended 28 February 2018 £ |
|---|---|
| Staff costs (see Note 6) | 855 621 |
| Depreciation of property, plant & equipment | 378 |
| Professional fees | 479 753 |
| Travelling expenses | 74 252 |
| Other costs | 121 262 |
| Auditor’s remuneration | 50 000 |
| Currency translation differences | (29 604) |
| | 1 551 662 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

## 6. Staff costs

Key management personnel have been identified as the Board of Directors and Frans van Daalen, Chief Operating Officer of the Group. Details of key management remuneration are shown in Note 21.

The average number of staff during the period was 12 with an average total cost for the period of £16 309. This calculation excludes the one-off cost of £552 520 of issuing ordinary shares at £nil consideration to staff on admission.

Emoluments of £124 050 were paid in respect of the highest paid Director during the period.

No pension fund contributions were made on behalf of the Directors and other staff members.

## 7. Finance income

| | Period ended 28 February 2018 |
|---|---|
| | £ |
| Bank Interest | 2 |

## 8. Income tax expense

| **Factors affecting tax for the period:** | Period ended 28 February 2018<br>£ |
|---|---|
| The tax assessed for the period at the Guernsey corporation tax charge rate of 0%, as explained below: | |
| Loss before taxation | (1 533 834) |
| Loss before taxation multiplied by the Guernsey corporation tax charge rate of 0% | - |
| Effects of: | |
| Non-deductible expenses | - |
| Tax for the period | - |

Accumulated losses in the subsidiary undertakings for which there is an unrecognised deferred tax asset are £322 353.

## 9. Loss per share

### From continuing operations

The calculation of a basic loss per share of 0.83 pence, is calculated using the total loss for the period attributable to the owners of the Company of £1 533 464 and the weighted average number of shares in issue during the period of 184 033 537. There are no potentially dilutive shares in issue.

223 555 101 ordinary shares with no par value were issued on 14 June 2018. At the same time, the General Meeting approved the granting of 17 500 000 director share options and the share authorities were increased by a further 22 500 000 shares to give the Directors the authority to set up an employee option scheme.

## 10. Asset acquisitions

### Acquisition of Greenhills Resources Limited ("Greenhills")

On 8 November 2017, the Group completed the acquisition of Greenhills which through its subsidiaries has interests in tin exploration projects in South Africa. The consideration of £3 328 313 was satisfied by the issue of 85 341 358 ordinary shares of the company which were issued partially to Bushveld Minerals Limited, a company listed on the AIM market in London, the previous owner of Greenhills and partially to Bushveld Minerals shareholders. Due to the lack of processes and outputs relating to Greenhills at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of Greenhills as an asset purchase.

*The relative fair values of the identifiable assets and liabilities acquired and included in the consolidation are:*

| | £ |
|---|---|
| Intangible assets - exploration and evaluation | 3 349 614 |
| Property, plant and equipment | 15 366 |
| Receivables | 21 537 |
| Cash | 17 512 |
| Other liabilities | (75 716) |
| | 3 328 313 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

### Acquisition of Dawnmin Africa Investments Pty Limited ("Dawnmin")

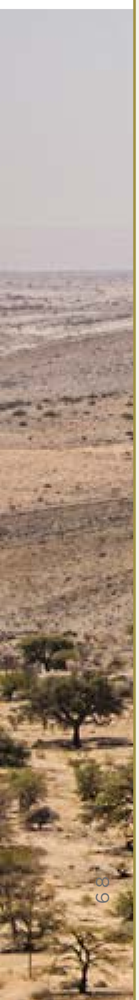
On 9 November 2017, the Group completed the acquisition of Dawnmin which through its subsidiary has interests in tin exploration projects in Namibia. The consideration of £2 749 349 was satisfied by the issue of 70 336 290 ordinary shares of the Company which were issued to Naminco Limited, the previous owner of Dawnmin as well as stamp duty costs. Due to the lack of processes and outputs relating to Dawnmin at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of Dawnmin as an asset purchase.

*The relative fair values of the identifiable assets and liabilities acquired and included in the consolidation are:*

| | £ |
|---|---|
| Intangible assets - exploration and evaluation | 2 773 503 |
| Property, plant & equipment | 7 538 |
| Other tax and social security costs | 1 335 |
| Cash | 43 287 |
| Other liabilities | (76 314) |
| | 2 749 349 |

## 11. Intangible exploration and evaluation assets

| **Cost and carrying value** | £ |
|---|---|
| As at 1 September 2017 | - |
| Additions for the period - acquisition of Greenhills Resources Limited | 3 349 614 |
| Additions for the period - acquisition of Dawnmin Africa Investments Pty Limited | 2 773 503 |
| Additions for the period - other expenditure | 177 747 |
| **As at 28 February 2018** | **6 300 864** |



The directors have concluded that there are no indications of impairment in respect of the carrying value of exploration and evaluation assets at 28 February 2018 based on planned future development of the projects and current and forecast tin prices. In making this assessment a tin price of USD20 000/tonne was used.

*The Company's subsidiary, Greenhills Resources Limited has the following:*

i) a 74% interest in Renetype Pty Limited ("Renetype") which holds an interest in Prospecting Right 2205.

ii) an 85% interest in Guinea Fowl Investments 27 Pty Limited ("Guinea Fowl") which holds an interest in mining rights, ML129, ML133 and ML134.

iii) a 50% interest in Jaxson 641 Pty Limited ("Jaxson") which holds an interest in Prospecting Right 428.

iv) a 74% interest in Zaaiplaats Mining Pty Limited ("Zaaiplaats") which holds an interest in Prospecting Right 183.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

## 12. Property, plant and equipment

| | Land | Mining Assets | Computer equipment | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost** | | | | |
| As at 1 September 2017 | - | - | - | - |
| Additions for the period - acquisition of Greenhills | 15 366 | - | - | 15 366 |
| Additions for the period - acquisition of Dawnmin | - | 7 538 | - | 7 538 |
| Additions for the period - other expenditure | - | 511 303 | 4 540 | 515 843 |
| **As at 28 February 2018** | **15 366** | **518 841** | **4 540** | **538 747** |
| **Accumulated depreciation** | | | | |
| As at 1 September 2017 | - | - | - | - |
| Charge for the period | - | - | 378 | 378 |
| **As at 28 February 2018** | **-** | **-** | **378** | **378** |
| Net Book Value | | | | |
| **At 28 February 2018** | **15 366** | **518 841** | **4 162** | **538 369** |
| **As at 1 September 2017** | **-** | **-** | **-** | **-** |

## 13. Trade and other receivables

| | Period ended 28 February 2018 |
|---|---|
| | £ |
| Trade receivables | 35 065 |
| Other receivables | 13 828 |
| Other tax and social security costs | 72 794 |
| | **121 687** |

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature. No allowance for doubtful receivables is provided. The total trade and other receivables denominated in South African Rand amount to £55 102 and denominated in Namibian Dollars amount to £57 335.

## 14. Cash and cash equivalents

| | Period ended 28 February 2018 |
|---|---|
| | £ |
| **Cash on hand and in bank** | **121 687** |

Cash and cash equivalents (which are presented as a single class of assets on the face of the Statement of Financial Position) comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less. The Directors consider that the carrying amount of cash and cash equivalents approximates their fair value. The total cash and cash equivalents denominated in South African Rand amount to £151 514, the total cash and cash equivalents denominated in Namibia Dollars amount to £56 275 and the total cash and cash equivalents denominated in US Dollars amount to £132.

## 15. Trade and other payables

| | Period ended 28 February 2018 |
|---|---|
| | £ |
| Trade payables | 308 699 |
| Other payables | 145 962 |
| Accruals | 61 446 |
| | **516 107** |

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 30 days.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-arranged credit terms. No interest has been charged by any suppliers as a result of late payment of invoices during the period.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. The total trade and other payables denominated in South African Rand amount to £214 352 and £171 039 is denominated in Namibian Dollars.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

## 16. Share capital

| | Number of shares issued and fully paid £ | Share capital £ |
|---|---|---|
| **Balance at 1 September 2017** | - | - |
| "Greenhills" acquisition (Note 10) | 85 341 358 | 2 743 115 |
| "Dawnmin" acquisition (Note 10) | 70 336 290 | 2 829 066 |
| Initial public offering | 89 743 584 | 499 247 |
| Convertible loan notes converted into shares | 36 629 947 | 1 000 000 |
| Shares issued to staff and service provider for nil consideration | 15 413 613 | 601 131 |
| Warrants exercised 16 January 2018 | 1 348 | - |
| Warrants exercised 2 February 2018 | 15 789 | - |
| Share issue costs – excluding warrants | - | (289 145) |
| Share issue costs – fair value of warrants (Note 17) | - | (29 783) |
| **Balance at 28 February 2018** | **297 481 929** | **10 853 631** |

Authorised: 386 721 484 ordinary shares of no par value

Allotted, issued and fully paid: 297 481 929 ordinary shares of no par value

A placing and subscription for existing and new institutional and sophisticated private investors raised gross proceeds of £3.5m with a further £1m raised from convertible loan notes that converted on admission. Furthermore, 15 413 613 ordinary shares were issued to directors, employees and a service provider for £nil consideration on admission. These transactions were recorded at 3.9p per share, being the placing price of the shares.

In accordance with the terms of a Demerger Agreement between Bushveld Minerals Limited and AfriTin Mining Limited (see Note 10), Bushveld warrant holders are entitled to exercise the same amount of warrants in AfriTin for £nil consideration subject to the demerger ratio of 0.08999. This agreement effectively gave rise to 43 120 AfriTin warrants on admission. 1 348 and 15 789 of these warrants were exercised on 16 January 2018 and 2 February 2018 respectively.

### 17. Warrants

*The following warrants were granted during the period ended 28 February 2018:*

| | |
|---|---|
| Date of grant | 9 November 2017 |
| Number granted | 1 871 939 |
| Contractual life | 3 years |
| Estimated fair value per warrant (£) | 0.01591 |

*The estimated fair values were calculated by applying the Black Scholes pricing model. The model inputs were:*

| | |
|---|---|
| Date of grant | 9 November 2017 |
| Share price at grant date | 3.9p |
| Exercise price | 3.9p |
| Expected life | 3 years |
| Expected volatility | 60% |
| Expected dividends | Nil |
| Risk-free interest rate | 1.24% |

In accordance with the terms of a Demerger Agreement between Bushveld Minerals Limited and AfriTin Mining Limited (see Note 10), Bushveld warrant holders are entitled to exercise the same amount of warrants in AfriTin for £nil consideration.

*The warrants in issue during the period are as follows:*

| | |
|---|---|
| Outstanding at 1 September 2017 | - |
| Granted during the period | 1 871 939 |
| Exercised during the period | (17 137) |
| Outstanding at 28 February 2018 | 1 854 802 |
| Exercisable at 28 February 2018 | 1 854 802 |

The warrants outstanding at the period-end have an exercise price of £0.039, with a weighted average remaining contractual life of 2.67 years. The Group has recognised a charge amounting to £29 783 during the period which has been deducted from share capital as the warrants were issued as consideration for professional fees in relation to the issue of shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

**18. Financial instruments**

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

### Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing returns to shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares or arrange debt financing.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital and retained losses.

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

### Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

### Principal financial instruments

*The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:*

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

## Categories of financial instruments

*The Group holds the following financial assets:*

| | Period ended 28 February 2018 £ |
|---|---|
| Measured as loans and receivables: | |
| Trade and other receivables | 121 687 |
| Cash and cash equivalents | 2 904 767 |
| Total financial assets | **3 026 454** |

*The Group holds the following financial liabilities:*

| | Period ended 28 February 2018 £ |
|---|---|
| Measured at amortised cost: | |
| Trade and other payables | 516 108 |
| Total financial liabilities | **516 108** |

## General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Board receives reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it set.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

## Credit risk

The Group's principal financial assets are bank balances and trade and other receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

Credit risk arises principally from the Group's cash balances with further risk arising due to its trade receivables. Credit risk is the risk that the counterparty fails to repay its obligation to the Group in respect of amounts owed. The Group gives careful consideration to which organisations it uses for its banking services in order to minimize credit risk. Other than a limited amount of sales of sand, the Group has no sales hence credit risk relating to other receivables is minimal. There are no formal procedures in place for monitoring and collecting amounts owed to the Group. A risk management framework will be developed over time, as appropriate to the size and complexity of the business.

The concentration of the Group's credit risk is considered by counterparty, geography and by currency. The Group has a significant concentration of cash held on deposit with large banks in South Africa, Namibia and Mauritius with A ratings and above (Standard & Poor's).

*The concentration of credit risk was as follows:*

| | Period ended 28 February 2018 |
|---|---|
| **Currency:** | £ |
| Sterling | 2 696 846 |
| USD | 132 |
| South African Rand | 151 514 |
| Namibian Dollars | 56 275 |
| **TOTAL** | **2 904 767** |

There are no other significant concentrations of credit risk as at the balance sheet date.

At 28 February 2018, the Group held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At 28 February 2018, no financial assets were past their due date. As a result, there has been no impairment of financial assets during the period. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Management considers the above measures to be sufficient to control the credit risk exposure.

## Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board manages liquidity risk by regularly reviewing the Group's gearing levels, cash-flow projections and associated headroom and ensuring that excess banking facilities are available for future use.

The Group maintains good relationships with its banks, which have high credit ratings and its cash requirements are anticipated via the budgetary process. At 28 February 2018, the Group had £2 904 767 of cash reserves.

## Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates.

## Interest rate risk

The Group was exposed to minimal interest rate risk during the period. For this reason, no sensitivity analysis has been performed regarding interest rate risk.

## Foreign exchange risk

The Group has foreign currency denominated assets and liabilities. Exposure to exchange rate fluctuations therefore arise. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities, all in Pound Sterling, are shown below:

| | Period ended 28 February 2018 |
|---|---|
| | £ |
| Cash and cash equivalents | 207 921 |
| Other receivables | 112 437 |
| Trade and other payables | (385 391) |
| | **(65 033)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

The Group is exposed to a level of foreign currency risk. Due to the minimal level of foreign exchange transactions, the Directors currently believe the foreign currency risk is at an acceptable level.

The Group does not enter into any derivative financial instruments to manage its exposure to foreign currency risk.

The following table details the Group's sensitivity to a 10% increase and decrease in the Pound Sterling against the Rand and the Namibian Dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rates.

| | Rand denominated monetary items | Rand currency impact strengthening | Rand currency impact Weakening |
|---|---|---|---|
| | £ | £ | £ |
| Assets | 206 616 | 227 277 | 185 954 |
| Liabilities | (214 352) | (235 788) | (192 917) |
| | **(7 736)** | **(8 511)** | **(6 963)** |

| | Namibian Dollar denominated monetary items | Namibian Dollar currency impact strengthening | Namibian Dollar currency impact Weakening |
|---|---|---|---|
| | £ | £ | £ |
| Assets | 113 610 | 124 971 | 102 249 |
| Liabilities | (171 039) | (188 143) | (153 935) |
| | **(57 429)** | **(63 172)** | **(51 686)** |

## 19. Operating Lease Commitments

The Group had no operating lease commitments at the reporting date.

## 20. Events after Balance Sheet Date

On 23 May 2018, an accelerated book-build and subscription process was undertaken and gross proceeds of £6m (net proceeds estimated at £5.7m) was raised. The Placing of 223 555 101 shares was done at a price of 2.7p per share. A resolution to issue the new ordinary shares was passed at a General Meeting on 14 June 2018. Subsequent to the issue of these new ordinary shares, the issued share capital of the company will be 521 037 126 shares of no par value.

*The net proceeds of the Placing will be used as follows:*

- to commence with an exploration drilling programme and geo-scientific work with the goal of declaring a JORC-compliant resource in due course. It is anticipated that the programme will confirm the historical mineral resources as published by SRK Consulting in 1987, although there can be no guarantee that this will occur. This programme will require the procurement of geological equipment, drilling into the V1/V2 pegmatite and other pegmatites (with a view to expand the resource base), sample analysis, geological modelling and reporting;
- to initiate and progress with a bankable feasibility study (BFS) for the final mine configuration (Phase 2). Approximately 50 per cent. of this amount is planned for a geo-metallurgical characterization, metallurgical test work and process flow design, with the balance reserved for mine planning, infrastructure design and financial modelling;
- to incorporate upgrades to the process design of the Phase 1 plant to improve the planned beneficiation performance. The intention is that these upgrades will involve the addition of a fourth crushing stage, a second stage in the dense medium separation circuit, as well as the dewatering equipment to improve the planned process water recovery; and
- for general corporate and working capital costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

The General Meeting also approved the granting of 17 500 000 Director Share Options and the share authorities were increased by a further 22 500 000 shares to give the Directors the authority to set up an employee option scheme.

**21. Related party transactions**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

VM Investments Pty Ltd ("VM Investments") is a related party due to Anthony Viljoen, CEO of AfriTin Mining Limited being a 50% shareholder of VM Investments. During the period, VM Investments charged the Group £57 361 for management services. At the end of the period, the Group did not owe VM Investments any funds. At period-end, VM Investments held 733 621 ordinary shares in AfriTin Mining Limited.

Goldiblox Pty Ltd ("Goldiblox") is a related party due to Frans van Daalen, key management personnel of AfriTin Mining Limited being a 50% shareholder of Goldiblox. During the period, Goldiblox charged the Group £119 973 for management services and re-imbursables. At the end of the period, the Group did not owe Goldiblox any funds.

The remuneration of the Directors, who including Frans van Daalen are the key management personnel of the Group, is set out alongside.

Directors and key management personnel were given shares for £nil consideration when the Company was admitted to the AIM market in London. The value of these shares is also included in the totals alongside.

| | 28 February 2018 | 28 February 2018 | 28 February 2018 | 28 February 2018 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| | Shares | Director Fees/ Salary | Other Fees | Total |
| ***Non-executive directors*** | | | | |
| Glen Parsons (Chairman) | 40 000 | - | - | 40 000 |
| Laurence Robb | 12 500 | 4 000 | - | 16 500 |
| Roger Williams | 25 000 | - | 2 809 | 27 809 |
| ***Executive director*** | | | | |
| Anthony Viljoen (Chief Executive Officer)* | 78 000 | 46 050 | - | 124 050 |
| ***Other Key Management Personnel*** | | | | |
| Frans van Daalen (Chief Operating Officer)** | 78 000 | 41 445 | - | 119 445 |
| | **233 500** | **91 495** | **2 809** | **327 804** |

** The salary cost of £46 050 was paid to Anthony Viljoen via VM Investments.*
*** The salary cost of £41 445 was paid to Frans van Daalen via Goldiblox.*

Naminco Limited ("Naminco") is a related party due to Naminco owning 24% of AfriTin Mining Limited during the period under review. During the period, AfriTin entered into an agreement with Naminco to purchase property, plant and equipment to the value of £94 242. At the period end, the Group owed Naminco £39 855.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 28 February 2018

**22. Comparative Figures**

The financial statements as presented are for the period from incorporation, 1 September 2017, to 28 February 2018. As these are the first financial statements of the Group, no comparative figures are reflected.

**23. Reserves within equity**

Share capital

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

Warrant reserve

The warrant reserve represents the cumulative charge to date in respect of unexercised share warrants at the balance sheet date.

Retained earnings/Accumulated deficit

The retained earnings/accumulated deficit represent the cumulative profit and loss net of distribution to owners.

# NOTICE OF ANNUAL GENERAL MEETING

AfriTin Mining Limited (Incorporated in Guernsey under registered number 63974)

**Registered office:**

18-20 Le Pollet, St Peter Port Guernsey, GY1 1WH

19 July 2018

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial advisor who specialises in advising on shares or other securities and who is, in the case of UK shareholders, authorised under the Financial Services and Market Act 2000.

If you have sold or transferred your shares in AfriTin Mining Limited, please forward this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred part of your registered holding of shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Notice of an Annual General Meeting of AfriTin Mining Limited to be held at 11:00 am on 15 August 2018 at 18-20 Le Pollet, St Peter Port, Guernsey, GY1 1WH. Members of the Company are requested to return the enclosed Form of Proxy which, to be valid, must be completed and returned in accordance with the instructions printed thereon so as to be received as soon as possible by the Company's Registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, but in any event so as to be received by the company Secretary at the registered office in accordance with the provisions of the Company's Articles of Incorporation not less than 48 hours before the time appointed for the Annual General Meeting. Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person at the Annual General Meeting should they so wish.

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## ORDINARY RESOLUTIONS

1. To receive and adopt the Annual Financial Statements of the Company and the Directors' report and the report of the Auditors for the period ended 28 February 2018.
2. To re-elect Glen William Parsons as a director of the Company.
3. To re-elect Anthony Richard Viljoen as a director of the Company.
4. To re-elect Terence Philip Goodlace as a director of the Company.
5. To re-elect Laurence John Robb as a director of the Company.
6. To re-elect Roger Alyn Williams as a director of the Company.
7. That Messrs RSM UK Audit LLP be reappointed as Auditors to the Company.
8. That the Directors be authorised to approve the remuneration of the Company's Auditors.
9. In substitution for any and all previous authorisations, the Directors of the Company be and are hereby authorised to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, up to 155,399,166 shares (together "Equity Securities") in the capital of the Company in accordance with Article 4.2 of the Articles of Incorporation of the Company such authority to expire, unless previously renewed, revoked or varied by the Company by ordinary resolution, at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on the date falling 15 months from the date of the passing of this Resolution, but in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require Equity Securities to be issued or granted after the authority given to the Directors of the Company pursuant to this Resolution ends and the Directors of the Company may issue or grant Equity Securities under any such offer or agreement as if the authority given to the Directors of the Company pursuant to this Resolution had not ended. This Resolution is in substitution for all unexercised authorities previously granted to the Directors of the Company to issue or grant Equity Securities.

**EXTRAORDINARY RESOLUTION**

10. If Resolution 9 is passed, the Directors of the Company be and they are hereby authorised to exercise all powers of the Company to issue or grant Equity Securities in the capital of the Company pursuant to the issue or grant referred to in Resolution 4 as if the pre-emption rights contained in Article 5.2 of the Articles of Incorporation of the Company did not apply to such issue or grant provided that the authority hereby conferred, unless previously renewed, revoked or varied by the Company by special resolution, shall expire at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on the date falling 15 months from the date of the passing of this Resolution, save that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be issued or granted after such expiry and the Directors may issue or grant Equity Securities in pursuance of such an offer or agreement as if the authority conferred by the above resolution had not expired. This Resolution is in substitution for all unexercised authorities previously granted to the Directors of the Company to issue or grant Equity Securities in the capital of the Company as if the pre-emption rights contained in Article 5.2 of the Articles of Incorporation of the Company did not apply to such issue or grant.

**SPECIAL RESOLUTION**

11. That article 40.1 of the articles of incorporation of the Company be deleted and replaced with the following:

"40.1 A notice may be given by the Company to any Member either personally or by sending it by post in a pre-paid envelope addressed to the Member at his registered address or by Electronic Means in accordance with this Article. Unless the Law shall specify otherwise a notice shall, unless the contrary is shown, be deemed to have been received:

40.1.1 in the case of a notice sent by post to an address in the United Kingdom, Channel Islands or the Isle of Man, on the second day after the day of posting

40.1.2 in the case of a notice sent by post elsewhere by airmail, on the third day after posting;

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

40.1.3 in the case of a notice sent by Electronic Means, immediately after it was transmitted in accordance with Article 40.10,

excluding, in the first two cases, any day which is a Saturday, Sunday, Good Friday, Christmas Day, a bank holiday in Guernsey or a day appointed as a day of public thanksgiving or public mourning in Guernsey."

By order of the Board

**AR VILJOEN**

Director

19 July 2018

## COMPANY INFORMATION

### Company Secretary

Registered Office & Head Office
18 - 20 Le Pollet
St Peter Port
Guernsey

### Representative Office

2nd Floor, Building 3
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### Nominated Advisor & Broker

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EC4R 0DR
United Kingdom

### Joint Broker

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8-10 Grosvenor Gardens London
SW1W 0DH

### Legal Counsel – UK

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SE1 2AU
United Kingdom

### Legal Counsel – SA

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Sandton Johannesburg 2196 South Africa

### Independent Auditor

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### Investor Relations – UK

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### Investor Relations – SA

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