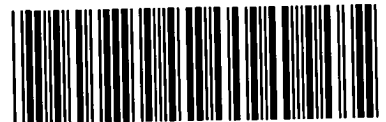


Metallon Corporation Limited

Group Report and Financial Statements for the
year ended 31 December 2016

Company Number 06223345

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Current directors

A Reve
M Khumalo
T Sikwila
K Mekani
Dr T A Salamao

Secretary and registered office

St James' Corporate Services Limited, Suite 31, 2nd Floor, 107 Cheapside, London, EC2V 6DN

Company number

06223345 (England and Wales)

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

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Chairman's Statement

Annual Report 2016

As Chairman it gives me great pleasure to provide an update on the business for 2016. I am honoured to have resumed the position of Non-Executive Chairman in March 2016. I previously held the role for many years, having founded the company in 2002. I would like to reiterate my gratitude to our former Chairman, Sir Nicholas Bonsor, for his significant contribution over the last 5 years and for steering the ship during some challenging times. I would also like to thank the rest of the Board and Management for their consistent efforts and commitment over the last 12 months.

The economic situation in Zimbabwe continued to seriously deteriorate in 2016 and this really impacted and put pressure on our business. Lack of third party finance, together with low levels of output, has caused a serious liquidity crunch and it is getting worse. The current economic climate is not sustainable and we have concerns that the mining industry may have to shutdown like it did in 2008. Our business suffered terribly during the years of hyperinflation and it took a long time to recover. There are still many legacy issues from that time and the current economic climate is further compounding these problems.

In November 2016, the Reserve Bank of Zimbabwe introduced a surrogate currency (bond notes). This currency is not traded outside Zimbabwe, therefore without being accompanied by widespread reform and macroeconomic stability, it will simply lead to a larger foreign exchange deficit and greater inflation. Gold production is one way the Reserve Bank of Zimbabwe will be able to obtain foreign exchange and gold mining should be seen as a priority sector by the Zimbabwean government.

This complex economic and political environment has meant that Zimbabwe is losing out on many opportunities. The Government of Zimbabwe has had an obsession with pursuing policies that have not brought any positive results in the country and have failed elsewhere in the world. Various laws and policies have prevented foreigners from investing much needed capital. Enormous levels of investment are required – not just in the mining sector but across the country. Even though many companies in Zimbabwe have significant borrowing capacity, currently they needed to be funded by equity. No economy in the world can function without debt.

Zimbabwe is rich in mineral resources, with a highly skilled and educated labour force - many of whom are now living all over the world. The Zimbabwe government needs to create fiscal and monetary policies that are attractive, not just to foreign investors, but also to the Zimbabwe diaspora. Metallon has tremendous potential that needs to be realised. The company has over 8.4 million ounces of resource, with the potential to increase it to 12 million ounces. In 2006 Metallon produced over 156,000 ounces with our current infrastructure. Therefore, it is very achievable for Metallon to increase production, from current production of 94,212 ounces, to over 500,000 ounces over the next five years. With the right policies, suitable reforms and the correct investment landscape, gold production could increase very quickly.

Gold mining companies in Zimbabwe are under pressure, with many struggling due to decreasing gold resources and aging infrastructure. Consolidation of the gold mining sector is therefore key for the industry to expand and bring greater revenues to the country. Economies of scale, the consolidation of facilities and large-scale production are critical for a sustained turnaround of the Zimbabwe economy.

It is understandable that the aim of some government policies is to protect local communities and to ensure these communities benefit from the resources around them. Metallon fully advocates this and we know that working closely with local communities is pivotal for our social licence to operate. Metallon continues to reinvest in our local schools, clinics and social clubs. In 2016 Metallon

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commenced building a brand-new classroom block at Mazowe High School and rebuilding the clinic at Shamva. We have spent noteworthy cashflows on local infrastructure such as roads, local social clubs and boreholes. I believe mining is one of the fundamental pillars for future economic growth in Zimbabwe. The business continues to support the economy, not only through employment, royalties and taxes, but the re-investment of our profits back into our assets such as the new plant at Mazowe. The new plant was constructed in 2016 and has created additional local jobs and required many local services.

Metallon is committed to investing in people and is one of the leading employers in Zimbabwe with over 4,000 employees. This is a significant contribution to the economy in these times when unemployment is rising in Zimbabwe. As technical skills and education are a backbone for our business, I am delighted that in 2016 Metallon commenced its two year Graduate Training Scheme in Zimbabwe. 15 university graduates, aged 18 – 28, were selected from over 1,000 applicants. These graduates will work closely alongside highly experienced colleagues and they will have the opportunity to be fast tracked to managerial positions. Investing in the future of our staff and rebuilding the country's skill base is essential to the longevity of the business and to driving forward the Zimbabwean economy.

Finally, I would like to thank Robbie Robertson, who stepped down from the Board of Directors in March 2016. He was pivotal in chairing the Safety, Health, Environment and Quality ('SHEQ') Committee and led the way in ensuring SHEQ improvements in all areas of our business and I would like to wish him well in his future endeavours.

Most importantly I would like to thank all our employees for all their commitment and hard work over the last 12 months. The company faced a challenging year but we hope that the future will be bright. Metallon is a first-rate business with fantastic assets and I am determined to drive it forward to achieve its potential. I look ahead to an exciting future where Metallon will continue to progress and expand its operations.

Mzi Khumalo

Non-Executive Chairman

21 June 2018

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CORPORATE GOVERNANCE REPORT

The Board of Directors is committed to the principles of good corporate governance and aims to achieve the highest standards and best practice in its overall performance. In this regard it has established a Corporate Governance Committee and has also established systems of accountability and control through its corporate governance framework.

The Board is conscious that the corporate governance environment is constantly evolving and, through the Corporate Governance Committee, the charters and policies under which it operates its business will continue to be monitored and amended as required.

The Company has in place appropriate guidance, training, policies and procedures to ensure compliance with the Bribery Act 2010.

Board of Directors and independence

Metallon supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving company policy and strategy, holds regular board meetings and is supplied with appropriate and timely information in order to discharge its duties. The Board and its committees are supplied with full and timely information, including detailed financial information, to enable the Directors to discharge their responsibilities. All Directors have access to the advice and services of the company secretary, who is responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Independent professional advice is also available to directors in appropriate circumstances.

During the year under review, the Board comprised of eight Directors, five of whom are executive and hold key operational positions. The remaining non-executive Directors complement the skills and experience of the executive Directors and bring independent judgement and challenge and contribute to the formulation of strategy, policy and decision making through their breadth of experience and knowledge. Of the three non-executive Directors, one is considered by the Board to be independent and two non-independent.

Board meetings and committees

The Board met on four occasions during the period under review.

The Board has established appropriately constituted Audit, Corporate Governance, Nominations, Remuneration and Safety, Health and Environment committees with formally designated responsibilities.

Audit Committee

The Audit Committee comprise of Mr K Akosah-Bempah and Dr T Salomao. In addition, Mr K Mekani, Mr T Sikwila and Mr S Nyazenga, Internal Audit Executive, are usually invited to attend the Committee's meetings.

The Audit Committee monitors the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements and any other formal announcement relating to its financial performance and reviews and reports to the board on significant financial reporting issues and judgements which they contain having regard to the matters communicated to it by the auditor. The external auditor has direct access to the members of the Audit Committee, without the presence of the executive Directors, for independent discussions.

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for the year ended 31 December 2016

Corporate Governance Committee

The Corporate Governance Committee is chaired by M Khumalo, Mr K Akosah-Bempah, Mr A Reve and Dr T Salomao as members.

The role of the Corporate Governance Committee is to:

- develop, recommend to the Board and administer such corporate governance guidelines and practices as required by laws or regulations or that the committee otherwise deems appropriate;
- oversee the development and maintenance of and approve policies of the Company requiring adherence to a code of ethics and business conduct by the Company's Directors, officers and employees;
- advise the Board periodically with respect to significant developments in the laws and practice of corporate governance;
- ensure that the Company, the Group as a whole and its management, officers and employees uphold ethical business practices and employ management systems which continually assess risks and identify mitigation strategies;
- be responsible for monitoring the Company's compliance with applicable codes and other requirements of corporate governance;
- keep the effectiveness of the corporate governance and system of internal non-financial controls of the Group under regular review, and make recommendations to the Board detailing items that should be published in the Company's annual report relating to the activities of the committee; with regard to the membership and chairmanship of the Audit Committee; on the corporate governance and system of internal controls of the Company and the Group as a whole;
- to ensure there is a training strategy developed for raising awareness and understanding of the responsibilities for corporate governance of managers, employees and the Board; to facilitate compliance with external organisational governance standards, good practice guidance and legislation;
- ensure that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies and, in particular, to monitor the implementation of the Group's plans to maintain high compliance with its own risk management standards;
- to receive reports on and establish a review for the investigation of serious incidents and provide recommendations to the Board on any action required to reduce or eliminate future incidents;
- to ensure the effectiveness of all committees/working groups with accountability to the Corporate Governance Committee, including the production of relevant minutes, plans, reports and other documentation, and review and approve any material information made public or made available to any public body by the Group relating to corporate governance.

All decisions and recommendations of the Corporate Governance Committee in respect of Directors' corporate governance shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted in accordance with the Company's articles of association, provided that the Board shall only have the power to approve or reject the decisions of the Corporate Governance Committee but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own corporate governance.

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Nominations Committee

The Nominations Committee, chaired by M Khumalo with Mr A Reve as a member, leads the process for Board appointments and makes recommendations to the Board.

Remuneration Committee

The Remuneration Committee was chaired by Mr A Reve and Dr T Salomao as member. In addition, Mr K Mekani is usually invited to attend the Committee's meetings.

The Committee is responsible for setting the remuneration policy for all executive Directors and the Company's chairman, including pension rights and any compensation payments and recommends and monitors the level and structure of remuneration for senior management.

Safety, Health and Environment Committee

The Safety, Health and Environment Committee is responsible for reviewing the development of the framework policies and guidelines for the management of safety, health and environment issues and reviews the policies and performance of the company, its divisions and its managed subsidiaries and the progressive implementation of its safety, health and environment policies. The Safety, Health and Environment Committee comprise of Mr K Akosah-Bempah, Dr I Matunhire, Mr M Tsomondo, Dr T Salomao, Mr K Mekani and Mr K Chiota as members.

Service Contracts

The Chief Executive Officer, Finance Director and other Executive Directors are on permanent employment contracts with 3 months' notice periods.

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STRATEGIC REPORT

The Strategic Report is intended to help the reader understand Metallon Corporation Limited ("Metallon", "we", "our" the "Company", or "the Group"), our operations, financial performance and present and future business environment. This report, which has been prepared as 21 June 2018 should be read in conjunction with our audited consolidated financial statements for the year ended 31 December 2016.

Our Business and Strategy

Metallon is a leading gold mining company in Zimbabwe with the largest gold reserves in the country. The Group has four mines in Zimbabwe and has secured exploration properties in the Maniema province near Bukavu in the Democratic Republic of Congo and is in the process of securing mineral rights located within the vicinity of the Lake Victoria gold fields in Tanzania.

2017 and beyond

Vision

To be a world class precious metals mining company with a footprint across Africa.

Mission

To become a major precious metals producer in Africa and create real value for all our stakeholders through the expansion and optimization of current operations and an ambitious exploration and acquisition strategy.

Strategy

Metallon's strategy is to maximise the value of our current operational assets and to increase our production through expansion projects and new opportunities. The Company is committed to operating safely and in an environmentally and culturally sensitive manner. This is of paramount importance in the execution and achievement of our strategic objectives.

Our strategic objectives are:

- Increase cash flows through more efficient capacity utilisation and the reduction of costs across all mining operations
- Increase gold production through expansion projects at current operations
 - Mining ramp up at Redwing Mine
 - Sands retreatment and additional underground production at Mazowe Mine
- Near Mine exploration in Zimbabwe
 - Conversion of Inferred & Indicated Resources to Measured Resources
 - High priority targets at Mazowe, Shamva and Redwing Mines
- Pursue additional growth through successful exploration projects and strategic acquisitions across Africa

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Group Operations

Summary

Production for 2016 at 94,212 ounces was 2% less than the 96,529 achieved in 2015, mainly as a result of the following stoppages;

- How Mine performance in 2016 was mainly affected by the following major process interruptions;
 - North Shaft sheave wheel groove which damaged the hoist rope.
 - North shaft gearbox failure.
 - Cracked primary mill feed end trunnion.
 - Major pillar collapse towards the end of the year resulting in loss of some of the mining stopes.
 - ZESA power outages.
- Shamva Mine performance improved in the last quarter of the year following the commencement of contract mining in August 2016. The contractor carried out major underground refurbishment and retooling to improve productivity. Production was mainly affected by;
 - Constrained crushing throughput as a result of an inefficient double deck screen.
 - 4¼ crusher breakdowns.
 - Major underground 9E4 loading level rehabilitation work for 26 days.
 - ZESA power outages.
- Mazowe Mine gold production for the year was mainly affected by;
 - Mill No.1 girth gear breakdown.
 - Compressor breakdowns.
 - Inadequate mining areas due to development lagging behind over time.
 - ZESA power outages.
- Redwing Mine gold production for the year 2016 was 10,107 ounces compared to 814oz in 2015 following resumption of operations in October 2015. Production for the year 2016 was affected mainly by;
 - Breakdown of the main hoist generator.
 - Breakdown of double deck vibrating screen.
 - ZESA power outages.
- Arcturus Mine produced 788oz in the first three months of the year and was thereafter placed under care and maintenance.

The Group C1 and AISC Costs/ounce in 2016 were marginally higher than those reported in 2015 mainly due to lower production which resulted from plant and equipment breakdowns across all the operations in the year, as well as stock-outs of critical consumables. The mine by mine performance in 2016 compared to 2015 is as shown in Table 1 below:

Mine	2016		2015	
	C1	AISC	C1	AISC
How	520	660	517	594
Shamva	1,085	1,244	878	1,054
Mazowe	1,116	1,272	1,204	1,324
Arcturus	2,261	6,029	1,921	2,004
Redwing	1,189	1,349	2,062	2,689
Group	809	1,023	807	1,019

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DIRECTORS' REPORT

The Directors present their report and the consolidated financial statements for the year ended 31 December 2016.

Metallon Corporation is a leading low-cost gold mining company with four underground gold mines in Zimbabwe and exploration properties in Zimbabwe;

- Orebodies and identifying new orebodies, alongside a targeted;
- Acquisition strategy across Africa.

Strategic report

The Strategic Report is presented on pages 7 to 8 of this report. These statements have been made by the Directors in good faith based on information available to them at the date of approval of the Report.

By nature, such forward-looking statements involve risk and uncertainties as they relate to events and depend on circumstances that may or will occur in the future. Actual results may differ from those expressed in such statements depending on a variety of factors such as, inter alia, increased costs, possible variations in mineral resources, grades or recovery rates, disruption of supplies, equipment failure, weaker gold prices and fluctuations in exchange rates.

Share capital

Details of the Company's share capital are set out in Note 23 to the financial statements.

Corporate information

Metallon Corporation Limited is a private company incorporated and domiciled in England and Wales. The Group is principally involved in the exploration for, development of and production of gold bullion and silver concentrate.

Employees

The Group recognises the importance of effective communication and employees are encouraged to develop their contribution. It is Group policy to give full and fair consideration to applications for employment made by disabled persons. In the event of an employee becoming disabled the Group offers, if appropriate, retraining or suitable alternative employment.

Directors

The Directors of the Company who held office during the year are as follows:

M G Khumalo
K Mekani
T Sikwila
Sir N Bonsor (resigned 31 March 2016)
M J Tsomondo (resigned 1 June 2017)
Dr I Matunhire (resigned 1 June 2017)
K Akosah-Bempah (resigned 5 October 2017)
A J Reve
Dr T A Salomão
R S Robertson (resigned 31 March 2016)

As at 31 December 2016 and the date of this report, the following Directors held beneficial interests in the shares of the Company:

M G Khumalo 84,000 shares
K Akosah-Bempah 8,000 shares
A Reve 8,000 shares

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Events after the reporting period

Subsequent to the balance sheet date, three directors resigned. Kwaku Akosah – Bempah (on 5 October 2017), Sir N Bonsor (on 31 March 2016), R S Robertson (on 31 March 2016) and Dr Isadore Matunhire (on 1 June 2017) and Mark Tsomondo (on 1 June 2017).

Metallon Gold Zimbabwe (Private) Limited, a wholly owned subsidiary of Metallon Corporation Limited disposed off its 100% equity ownership in Arcturus Mining Company (Private) Limited in November 2017. At year end Metallon Gold Zimbabwe (Private) Limited did not exercise control over Arcturus Mining Company (Private) Limited.

Directors' responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group and Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements meet with the requirements of the Companies Act 2006. 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.

Going concern

The Group has net assets of US\$365,000 (2015: US\$7,540,000) at 31 December 2016 and in addition the Group will meet its financial obligations as they fall due for a period of no less than 12 months from the date of these financial statements.

Cash flows are monitored on a weekly basis and efforts have been made to ensure lower costs and ultimately a lower cost per ounce through:

- lowering consumable costs by procuring from outside Zimbabwe;
- monitoring of costs on a weekly basis as well as efficient use of resources; and
- increase of capacity utilisation.

In managing the working capital:

- the Company has endeavored to keep payment arrangements with key creditors. The Group continues to have the support of creditors as the mining operations are supplied with consumables by creditors as and when required;
- The banking institutions have agreed to support the mining operations for the next year. It is envisaged that this support will continue into the foreseeable future; and

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The production and cost trends will continue as the Group expects to improve on capacity utilisation. In the financial year 2018 the net trading revenue is expected to be US\$129,100,000 with earnings before tax of US\$28,238,000. Total cash generated before capital expenditure will be US\$36,784,000. Production is being sold on the open market and prices reflect the market demand for gold.

Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Group on a going concern basis.

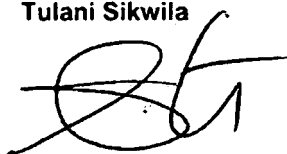
Auditor

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution for the reappointment of RSM UK Audit LLP will be proposed at the forthcoming Board Meeting of the Company.

The requirements of sections 414A to E of the Companies Act 2006 as regards the production of a strategic report are satisfied in the Strategic Report contained at pages 7 to 8 which is incorporated by reference in this section. The Strategic Report provides an overview of the development and performance of Metallon's business for the financial period ended 31 December 2016 and also provides information relevant to future developments in the business.

Approved by the Board of Directors on 21 June 2018 and signed on its behalf by:

Tulani Sikwila

A handwritten signature in black ink, appearing to be 'Tulani Sikwila', written over a horizontal line.

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLON CORPORATION LIMITED

Opinion

We have audited the financial statements of Metallon Corporation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, Company Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cashflows, Company Statement of Cashflows, 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such

material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
.....

Paul Watts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street, London, EC4A4AB
21 June 2018

Metallon Corporation Limited
Group statement of comprehensive income
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 \$'000	Year ended 31 December 2015 \$'000
Revenue	3	118,396	110,870
Cost of Sales		(86,296)	(85,992)
Gross profit		32,100	24,878
Other operating income		265	505
Administrative expenses		(13,845)	(18,855)
Management fees paid	4	(1,744)	(1,519)
Other operating expenses		(3,942)	(281)
Operating profit before interest and taxation	5	12,834	4,728
Finance costs	8	(5,167)	(6,587)
Finance income	8	511	937
Profit /(loss) before taxation		8,178	(922)
Income tax expense	9	(8,353)	(5,133)
Profit /(loss) after taxation		(175)	(6,055)
Other comprehensive Income			
Total comprehensive income for the year attributable to owners of the parent		(175)	(6,055)

All amounts relate to continuing activities.

The Notes on pages 23 to 43 are an integral part of these consolidated financial statements.

Metallon Corporation Limited
Company statement of comprehensive income
For the year ended 31 December 2016

		Year ended 31 December 2016 \$'000	Year ended 31 December 2015 \$'000
	Note		
Revenue	3	2,318	2,211
Management fee paid	4	(1,744)	(1,519)
Gross profit		<u>574</u>	<u>692</u>
Dividends received		5,000	10,500
Administrative expenses		(3,075)	(3,117)
Operating profit before interest and taxation	5	<u>2,499</u>	<u>8,075</u>
Finance expense	8	(21)	(9)
Profit before taxation		<u>2,478</u>	<u>8,066</u>
Income tax expense	9	(261)	(781)
Other Comprehensive Income			
Total comprehensive income for the year		<u>2,217</u>	<u>7,285</u>

All amounts relate to continuing activities.

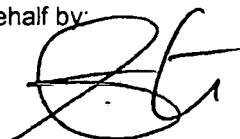
The Notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Consolidated statement of financial position
as at 31 December 2016

Company number 06223345

	Note	31 December 2016 \$'000	31 December 2016 \$'000	31 December 2015 \$'000	31 December 2015 \$'000
ASSETS					
Non – current assets					
Plant, Property and Equipment	10	54,356		44,382	
Intangible assets	11	12,231		12,519	
			66,587		56,901
Current assets					
Inventories	12	5,868		6,354	
Held to maturity investments	14	10,000		10,235	
Trade and other receivables	13	58,416		64,177	
Cash and cash equivalents		5,691		2,232	
			79,975		82,998
Total assets			146,562		139,899
LIABILITIES					
Non – current liabilities					
Provision for rehabilitation cost	16		11,249		10,227
Loan from related party & Other	17		5,747		5,725
Finance lease liability	20		935		0
Deferred tax	18		12,420		9,743
Current liabilities					
Trade and other payables	15		76,660		78,272
Taxation	21		10,772		8,271
Finance Lease Liability	20		594		0
Short term loans	19		27,820		20,121
Total liabilities			146,197		132,359
Total net assets			365		7,540
Equity attributable to owners of the parent					
Share capital	23	84		84	
Retained earnings		(83)		7,092	
Other reserves		364		364	
			365		7,540
Total equity			365		7,540

The financial statements were approved and authorised by the Board of Directors on 21 June, 2018 and signed on its behalf by:



Tulani Sikwila

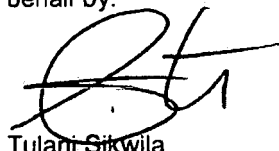
The Notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Company statement of financial position
as at 31 December 2016

Company number 06223345

	Note	31 December 2016 \$'000	31 December 2016 \$'000	31 December 2015 \$'000	31 December 2015 \$'000
ASSETS					
Non – current assets					
Plant, property and equipment		9		12	
Investment in subsidiary	27	11,954		11,954	
			11,963		11,966
Current assets					
Trade and other receivables	13	48,357		46,237	
Cash and cash equivalents		322		297	
			48,679		46,534
Total assets			60,642		58,500
LIABILITIES					
Non – current liabilities					
Loan from related party	17		5,035		5,035
Current liabilities					
Trade and other payables	15		48,368		41,443
Total liabilities			53,403		46,478
Total net assets			7,239		12,022
CAPITAL AND RESERVES					
Share capital	23	84		84	
Retained earnings		7,155		11,938	
			7,239		12,022
Total equity			7,239		12,022

The financial statements were approved and authorised by the Board of Directors on 21 June 2018 and signed on its behalf by:


Tulani Sikwila
Director

The Notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Consolidated statement of changes in equity
for the year ended 31 December 2016

Attributable to owners of the parent	Share capital \$000	Other reserves \$000	Retained earnings \$000	Total \$000
Balance as at 31 December 2014	84	364	13,147	13,595
Total comprehensive income for the year	-	-	(6,055)	(6,055)
Balance as at 31 December 2015	84	364	7,092	7,540
Total comprehensive income for the year	-	-	(175)	(175)
Dividend	-	-	(7,000)	(7,000)
Balance as at 31 December 2016	84	364	(83)	365

The Notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Company statement of changes in equity
For the year ended 31 December 2016

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 31 December 2014	84	4,653	4,737
Total comprehensive income for the year	-	(3,215)	(3,215)
Dividend	-	10,500	10,500
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2015	84	11,938	12,022
Total comprehensive income for the year	-	2,217	2,217
Dividend	-	(7,000)	(7,000)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2016	84	7,155	7,239
	<hr/>	<hr/>	<hr/>

The Notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Consolidated statement of cash flow
for the year ended 31 December 2016

	Year ended 31 December 2016 \$'000	Year ended 31 December 2015 \$'000
Cash flows from operating activities		
Profit before tax	12,834	4,728
Adjustments for:		
- Depreciation	2,921	2,669
- Increase in rehabilitation provision	1,023	718
- Other non-cash	(159)	3,931
Cash flows from operating activities before changes in working capital	<u>16,619</u>	<u>12,046</u>
Decrease / (increase) in inventories	487	1,051
Decrease in receivables	33,037	18,256
(Decrease) in payables	(36,449)	(18,485)
	<u>13,694</u>	<u>12,868</u>
Interest Paid	(4,635)	(5,642)
Taxes paid		
Zimbabwean income tax & withholding tax paid	(261)	(1,013)
	<u>8,798</u>	<u>6,213</u>
Net cash flow from investing activities		
Purchases of property, plant and equipment	(12,895)	(15,097)
Intangibles	-	(6,674)
Capital Issued	-	-
Movement on Held to Maturity Investments	-	15,424
	<u>(4,097)</u>	<u>(134)</u>
Net cash flow from financing activities		
Increase/ (decrease) in Short-term Loan	7,555	877
Increase in cash and cash equivalents	<u>3,458</u>	<u>743</u>
Cash and cash equivalents at the beginning of the period/year	2,233	1,490
	<u>5,691</u>	<u>2,233</u>
Cash and cash equivalents at the end of the period/year	<u>5,691</u>	<u>2,233</u>

The notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Company statement of cash flows
for the year ended to 31 December 2016

	Year ended 31 December 2016 \$'000	Year ended 31 December 2015 \$'000
Cash flows from operating activities		
Profit before taxation	2,499	8,075
Adjustments for:		
Depreciation	4	2
	<hr/>	<hr/>
Cash flows from operating activities before changes in working capital	2,503	8,077
(Increase) / decrease in receivables	(7,414)	(8,302)
Increase / (decrease) in payables	5,196	1,317
	<hr/>	<hr/>
	285	1,092
Withholding tax paid	(260)	(781)
Capital issued	-	-
	<hr/>	<hr/>
	25	311
Net cash flow from investing activities		
Purchases of property, plant and equipment	-	(14)
	<hr/>	<hr/>
Increase in cash and cash equivalents	25	297
Cash and cash equivalents at the beginning of the period/year	297	-
	<hr/>	<hr/>
	322	297
Cash and cash equivalents at the end of the period	<hr/>	<hr/>

The notes on page 23 to 45 form part of these financial statements.

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

1. Corporate information and Accounting policies

The consolidated financial statements of the Group, which comprise Metallon Corporation Limited and its subsidiaries for the year ended 31 December 2016, were authorised for issue in accordance with a resolution of the directors on 21 June 2018. Metallon Corporation Limited is a private company incorporated and domiciled in England and Wales. The Group is principally engaged in the exploration for, development of and production of gold bullion and silver concentrate. Information on the Group's parent and other related party relationships is presented in Note 24.

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

Basis of preparation

The consolidated financial statements of Metallon Corporation Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and interpretations of the IFRS Interpretations committee (formerly IFRIC). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.13.

The financial statements are presented in US dollars (\$) being the most applicable reporting currency for the sector in which the Company and Group operates.

Going concern

The Group has net assets of US\$365,000 (2015: US\$7,540,000) at 31 December, 2016 and in addition the Group will meet its financial obligations as they fall due for a period of no less than twelve months from the date of these financial statements.

Cash flows are monitored on a weekly basis and efforts have been made to ensure lower costs and ultimately a lower cost per ounce through;

- lowering consumable costs by procuring from outside Zimbabwe
- monitoring of costs on a daily basis as well as efficient use of resources
- increase of capacity utilisation.

In managing the working capital;

- the Company has endeavored to keep payment arrangements with key creditors. The Group continues to have the support of creditors as the mining operations are supplied with consumables by creditors as and when required;
- The banking institutions have agreed to support the mining operations for the next year. It is envisaged that this support will continue into the foreseeable future; and
- Production for the mines is sold on the open market and prices reflect the market demand for gold.

Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Group on a going concern basis.

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

Accounting standards adopted during the year:

Standard description	Date of adoption	Impact on initial application
IFRIC 21 Levies	17 June 2014	This is an Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
Annual Improvements to IFRSs 2011-2013 Cycle	1 January 2015	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards.
IAS 1 Presentation of financial statements	1 January 2016	The amendment clarifies that aggregation or disaggregation should not obscure useful information.

(b) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard description	Date of adoption	Impact on initial application
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017	Recognition of Deferred Tax Assets for Unrealised Losses: Clarifies deferred tax on unrealised losses generated by debt instruments carried at fair value.
Amendments to IAS 7: Disclosure Initiative *	1 January 2017	To improve information provided to users of financial statements about an entity's financing activities.
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.
IFRS 15 Revenue from Contracts with Customers*	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.

*not yet endorsed in 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.

1.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

1.2 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets into a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of the vehicles and equipment are recognised in the income statement as incurred.

Subsequent to initial recognition property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Plant & Equipment	5 – 20 years
Buildings	5 – 20 years
Mining assets	5 – 20 years
Motor vehicles	5 years
Furniture and fittings	5 – 10 years

Depreciation methods, useful lives and residual values are re-assessed for appropriateness at each reporting date and adjusted if necessary.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised directly through the income statement when the carrying amounts of the assets exceed the fair values of the respective assets.

Derecognition of property, plant and equipment

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from use or disposal. The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognised in other income in the income statement.

1.3 Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated life of mine.

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. 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 (or cash-generating unit) 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 an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4 Inventories

Inventories are initially recognised at cost. Subsequently they are measured at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any costs of disposal.

1.5 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.6 Exploration expenditure

Exploration expenditure which meets the asset recognition criteria is capitalised and amortised over the life of the mine. All other exploration expenditure is recognised through the income statement as an expense in the period in which it is incurred. In the event that in subsequent periods exploration activities whose expenditure was previously expensed results in bankable ore reserves, such costs are reversed and capitalised less the amortisation costs that would have been recognised if the costs had not been expensed.

Exploration expenditure for each exploration licence are carried forward, until the existence (or otherwise) of commercial reserves are determined. If commercial reserves have been discovered, the related exploration assets are assessed for impairment on an individual licence or cost pool basis, as appropriate, and the carrying value, after any impairment loss, is then reclassified to property plant and equipment.

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

1.7 Revenue recognition

1.7.1 Gold and silver sales

Revenue is derived from gold and silver sales and is recognised when the ownership has transferred to the buyer at the price ruling on the date of the transaction, stated gross of royalties.

1.7.2 Interest income

Interest is recognised on a time proportionate basis, by reference to the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company.

1.7.3 Dividend paid

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

1.8 Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees.

1.9 Environmental rehabilitation provision

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and when 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. Provision for rehabilitation costs is recognised when the Group has a present obligation under current environmental laws and its social responsibility programme to remedy environmental disturbances that have occurred as a result of the development or ongoing production of the mine. The amount recognized as a provision is the best estimate of the consideration required to discharge the rehabilitation obligations at the statement of financial position date, as determined by the directors.

These estimates are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in estimates (fair value) are recognized in profit or loss and accumulated in the rehabilitation reserve except to the extent that any decrease in value in excess of the credit balance on the rehabilitation reserve, or reversal of such a transaction, is recognized in profit or loss, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.10 Cost of sales

Cost of sales includes mine working costs, bullion transportation costs, concentrates and bullion refinery charges and depreciation of property, plant and equipment involved in the extraction of gold.

1.11 Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

(i) Held to maturity assets

These assets are financial assets with a fixed or determinable payment and fixed maturity and the company has the intent and ability to hold to maturity. These include gold backed bonds. Financial assets classified as held to maturity by the company are carried at amortised cost using the effective interest method less any provision for impairment.

(ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

at amortised cost using the effective interest rate method, less provision for impairment.

De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

1.9.2 Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements.

1.9.3 Impairment of non – financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment i.e. intangible assets. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash-generating units). 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. Impairment losses are recognised in the profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years.

1.9.4 A reversal of the impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve.

Other financial liabilities include bank borrowings and trade and other payables. Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and other payable on maturity, as well as any interest or coupon payable while the liability is outstanding.

1.9.5 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the date of the initial transactions.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

1.12 Income tax

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered

Metallon Corporation Limited
Notes forming part of the financial statements
for the year ended 31 December 2016

from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except: "where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures". Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each reporting date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority. Deferred capital gains tax arises on the revalued property, plant and equipment. The capital gains tax liability is computed on the revaluation adjustment based on rates ruling on the reporting date, except when it relates to items charged or credited directly to equity.

1.13 Critical Judgements in applying the Group's accounting policies

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

- (a) **Impairment of financial assets**
The company assesses its financial assets for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit and loss, the company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.
- (b) **Impairment of property, plant and equipment**
Property, plant and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'. In determining value in use, future cash flows are based on estimates of the quantities of economically

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recoverable ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, future production levels, future commodity prices and future cash costs of production. Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

(c) Life of mines

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and could impact on depreciation and amortisation rates, asset carrying values and provision for rehabilitation costs.

(d) Provision for rehabilitation costs

The company records the present value of the estimated cost of restoring operating locations in the period in which the obligation arises, which is typically at the commencement of production. The nature of restoration activities includes the removal of facilities, abandonment of mine sites and rehabilitation of the affected areas. The application of this policy necessarily requires judgmental estimates and assumptions regarding the date of abandonment, future environmental legislation, the engineering methodology adopted, future technologies to be used and the asset specific discount rates used to determine the present values of these cash flows.

1.14 Interest expense on loan from related party

The loan from related party (note 17) does not bear any fixed repayment terms. The loan bears interest at 1 month US Dollar LIBOR. Should the interest rate increase significantly or the terms of the loan be re-negotiated, the related change in interest expense may impact the profit and loss and net asset position of the Group significantly.

1.15 Pension contributions

All permanent employees of the subsidiary company are members of defined contribution plans administered by either the Mining Industry Pension Fund of Zimbabwe or the Old Mutual Staff Pension Fund. Contributions are at the rate of 12% and 16% of pensionable emoluments of which employees pay 5% and 6.5% respectively.

1.16 Sterling exchange rate

The Group's functional currency is US Dollars. The US\$ - Sterling exchange rate as at 31 December 2016 was US\$1.2302/£ (2015: US\$1.4742/£)

2 Operating segments

In the opinion of the directors, the Group currently operates in one business segment based in Zimbabwe. The financial information presented reflects all the activities of this single reportable segment.

Operating results 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 and making strategic decisions, has been identified as the board of Directors.

Revenues from Fidelity Printers and Refiners (Pvt) Limited of Zimbabwe represent 100% of the Group's total revenue.

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3	Revenue	Group Year ended 31 December 2016 \$'000	Group Year ended 31 December 2015 \$'000	Company Year ended 31 December 2016 \$'000	Company Year ended 31 December 2015 \$'000
	Gold sales	117,960	110,543	-	-
	Silver sales	436	327	-	-
	Management fees	-	-	2,318	2,211
		118,396	110,870	2,318	2,211

4	Management fees paid	Group & Company year ended 31 December 2016 \$'000	Group & Company Year ended 31 December 2015 \$'000
	Management fees paid	1,744	1,519

On 1 October 2012, Metallon Corporation Limited entered into an agreement with Gold and General Limited (formerly Redwing Mining Limited) incorporated in Jersey.

In this agreement Gold and General Limited undertakes to provide Metallon Corporation Limited with technical and management services needed in order for Metallon Corporation Limited to fulfil its obligations under the agreement signed with Metallon Gold Zimbabwe (Private) Limited.

As compensation for these management and technical services, Gold and General Limited is entitled to charge a fee which is 75% of the annual revenue of Metallon Corporation Limited from management fees. The management fee transactions in 2016 in terms of this agreement was US\$ 1,744,000 (2015: US\$1,519,000). See related party disclosures in Note 24 for the balances receivable from Gold and General Limited.

5	Profit from operations is stated after charging:	Group Year ended 31 December 2016 \$'000	Group Year ended 31 December 2015 \$'000	Company Year ended 31 December 2016 \$'000	Company Year ended 31 December 2015 \$'000
	Audit fees	136	220	-	84
	Staff costs (see note 7)	38,340	37,315	730	735
	Depreciation charge	2,075	2,669	4	2
	Movement in rehabilitation provision	1,023	718	-	-
	Exploration costs expensed	302	579	-	-
	Audit services	Group 2016 \$'000	Group 2015 \$'000	Company 2016 \$'000	Company 2015 \$'000
	Statutory audit fees paid to RSM UK Audit LLP for the audit of the parent and consolidated financial statements	69	84	69	84
	Other auditors fees	165	136	-	-

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6	Directors emoluments	Group & Company year ended 31 December 2016 \$'000	Group & Company Year ended 31 December 2015 \$'000
	Emoluments	1,315	1,224
	Pension costs	-	-
		<u>1,315</u>	<u>1,224</u>

The highest paid director in the year received remuneration totalling US\$698,000 (2015: US\$3,671,000). There were no directors for whom pension contributions were made.

7	Staff costs	Group Year ended 31 December 2016 \$'000	Group Year ended 31 December 2015 \$'000	Company Year ended 31 December 2016 \$'000	Company Year ended 31 December 2015 \$'000
	Staff costs (including directors emoluments) comprise				
	Wages and salaries	38,340	37,315	694	735
	Pension costs	1,481	658	36	-
		<u>39,821</u>	<u>37,973</u>	<u>730</u>	<u>735</u>
8	Net finance expense	Group year ended 31 December 2016 \$'000	Group Year ended 31 December 2015 \$'000	Company Year ended 31 December 2016 \$'000	Company Year ended 31 December 2015 \$'000
	<i>Finance income</i>				
	Interest received on held to maturity investments	(511)	(937)	-	-
	<i>Finance expense</i>				
	Interest on loan from related party	21	9	21	9
	Bank interest payable	5,146	6,578	-	-
		<u>4,656</u>	<u>5,650</u>	<u>21</u>	<u>9</u>

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9 Taxation expense	Group Year ended 31 December 2016 \$'000	Group Year ended 31 December 2015 \$'000	Company Year ended 31 December 2016 \$'000	Company Year ended 31 December 2015 \$'000
Current tax	5,415	-	-	-
Deferred tax	2,677	4,352	-	-
Withholding tax	261	781	261	781
	<u>8,353</u>	<u>5,133</u>	<u>261</u>	<u>781</u>

10 Property, Plant and Equipment

	Mining Assets US\$'000	Land & Buildings US\$'000	Plant & Equipment US\$'000	Fittings & Motor vehicles US\$'000	Capital work in progress US\$'000	Total US\$'000
Net carrying amount at 31 December 2014	7,180	729	17,270	1,227	5,543	31,949
Gross carrying amount-cost	23,134	4,972	45,992	5,569	5,974	85,641
Accumulated depreciation and impairment	(15,954)	(4,243)	(28,722)	(4,342)	(431)	(53,692)
Additions	585	30	1,572	500	12,447	15,134
Depreciation charge	(462)	(57)	(1,621)	(529)	-	(2,669)
Disposals	-	-	-	(32)	-	(32)
Cost/valuation	-	-	-	(44)	-	(44)
Accumulated depreciation	-	-	-	12	-	12
Net carrying amount at 31 December 2015	7,303	702	17,221	1,166	17,990	44,382
Gross carrying amount-cost	23,719	5,002	47,564	6,025	18,421	100,731
Accumulated depreciation and impairment	(16,416)	(4,300)	(30,343)	(4,859)	(431)	(56,349)
Additions	365	6	772	1,905	9,847	12,895
Depreciation charge	(483)	(41)	(1,704)	(693)	-	(2,921)
Net carrying amount at 31 December 2016	7,185	667	16,289	2,378	27,837	54,356
Gross carrying amount-cost	24,084	5,008	48,336	7,930	28,268	113,626
Accumulated depreciation and impairment	(16,899)	(4,341)	(32,047)	(5,552)	(431)	(59,270)

Movable assets with a carrying amount of \$5 million were pledged as security over the ZB Bank Limited facility.

The net carrying amount of property, plant and equipment includes motor vehicles with a balance of US\$1,6 million that are held under finance lease.

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11 Intangible Assets	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
Carrying amount at 31 December 2015	12,519	5,845
Additions	-	6,674
Amortisation	(288)	-
At 31 December 2016	<u>12,231</u>	<u>12,519</u>

The Intangible assets comprise of Mineral Rights amounting to \$1 000 000 (2015: \$1 000 000) and Mineral Exploration and evaluation asset amounting to \$11 231 000 (2015: \$11 519 000).

Motapa mineral rights:

The mineral rights were purchased from Oleastar Investments (Private) Limited In 2003. No amortisation was being charged since mining had not started on the claim.

Mineral exploration and evaluation asset:

The mineral exploration and evaluation asset relates to the dewatering work that was being done at King's Daughter Mining Company (formerly Redwing Mine) to expose the mineral resources that were under water. The expenditure related to the procurement of materials and services that were used to support dewatering, pumping of water, repair of pumps and pipe lines, rehabilitation of pump stations and power sub stations and shaft maintenance to sustain human and material movement. The water levels that were considered at that time were not water in the ordinary course of mining operations but water which had accumulated over 7 years after operations had been suspended. The dewatering activity was the key determinant to any resumption of operations at the mine and access to any future economic benefits. Previously declared reserves had been flooded in water below level 6 and were consequently downgraded to mineral resources due to their inaccessibility. After dewatering, the mineral resources were evaluated to determine their mineability and development programmes were designed and implemented, after which profiling was done. Operations at the mine resumed in November 2015.

12 Inventories	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
Finished goods	3,646	4,909
Gold in progress	2,222	1,445
	<u>5,868</u>	<u>6,354</u>

- Inventory is comprised of gold in circuit and consumable stores utilised by the mines.
- The amount of inventories recognised as an expense in the period amount to US\$17,744,000 (2015: US\$19,877,000).
- The company does not hold inventories in 2016 (2015:nil)

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13	Trade and other receivable	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000	Company 31 December 2016 \$'000	Company 31 December 2015 \$'000
	Trade receivables	-	-	-	-
	Other receivables	16,461	20,379	-	-
	Due from related party	41,955	43,798	48,357	46,237
		<u>58,416</u>	<u>64,177</u>	<u>48,357</u>	<u>46,237</u>

There is no interest receivable on trade and other receivables

14	Held to maturity investments	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
	Opening balance	10,235	25,659
	Interest accrued	507	681
	Interest Received and Disposals	(742)	(16,105)
	Closing balance	<u>10,000</u>	<u>10,235</u>

Held to Maturity Investments represents Treasury Bills issued by the Reserve Bank of Zimbabwe as a replacement of gold bonds. This exercise was undertaken by the Reserve Bank as a means to reduce part of its debt owed to corporates (including gold bonds that it issued). The Treasury Bills were initially issued at an interest rate of 2% with the coupon payable semi-annually with the first payment due on 31/03/2015. These Treasury Bills were to mature in 3 tranches with the following due dates 2 October 2017, 1 October 2018 and the last due on 1 October 2019. The group has disposed-off \$16,105,000 of these Treasury Bills to ZB Bank at a discounted rate of 15%. The net discounted proceeds received less interest receivable was \$10 million giving an effective discount rate of 22%.

The Treasury Bills (previously held as bonds) were carried at amortised cost and accrued an interest of 8% per annum until 30 September when they were converted into Treasury Bills. Treasury Bills amounting to US\$10,000,000 were pledged as security over a BancABC Limited facility as explained in Note 19.

15	Trade and other Payables	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000	Company 31 December 2016 \$'000	Company 31 December 2015 \$'000
	Trade payables	25,089	26,237	-	-
	Other payables	51,571	52,035	3,699	1,581
	Accruals	-	-	-	-
	Due to related parties	-	-	44,669	39,862
		<u>76,660</u>	<u>78,272</u>	<u>48,368</u>	<u>41,443</u>

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16 Provision for Rehabilitation costs	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
Opening Balance	10,227	9,508
Movement in provision	1,022	719
	<hr/>	<hr/>
Closing Balance	11,249	10,227
	<hr/>	<hr/>

This is a provision for costs which are going to be incurred on decommissioning plant and equipment as well as restoring the environment.

17 Non – current payables	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
Loan from related party	5,035	5,035
Other	712	690
	<hr/>	<hr/>
	5,747	5,725
	<hr/>	<hr/>

The amount now due to the related party bears interest at 1 month US LIBOR. The loan has no fixed terms of repayment and is not secured against any of the Group's assets. During the year US\$ NIL (2015: US\$ Nil) was repaid to Cableair Limited.

18 Deferred tax	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
Provision for rehabilitation cost	(2,897)	(2,633)
Accelerated capital allowances	17,803	15,492
Leave pay provision	(1,147)	(1,122)
Assessed Tax Losses	(1,551)	(2,486)
GIT Prepayment	212	492
	<hr/>	<hr/>
Deferred tax liabilities	12,420	9,743
Reconciliation		
At 1 January 2016	9,743	5,391
Income statement charge at 31 December 2016	2,677	4,352
	<hr/>	<hr/>
	12,420	9,743
	<hr/>	<hr/>

The company does not have any deferred tax liabilities or assets for 2016 and 2015.

Metallon Corporation Limited
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19 Short term borrowings

	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
BancABC Limited	10,124	10,000
Old Mutual	6,570	-
ZB Bank Limited	2,823	2,137
Ecobank	3,221	2,984
Reserve Bank of Zimbabwe	5,082	5,000
	<u>27,820</u>	<u>20,121</u>

BancABC Limited

These are short term loans which can be rolled over upon expiry. The facility is secured by an unregistered pledge over Treasury Bills amounting to US\$10,000,000 and accrues interest at 9.5% per annum compounded monthly.

ZB Bank Limited

These are bankers' acceptances with a tenor of 90 days with option to roll over and accrue interest at 17.5% per annum. The facility is secured by a Notarial General Covering Bond for US\$5,000,000 over the company's movable assets and a Deed of Hypothecation for US\$16,000,000 over How Mine mining claims.

Ecobank

This loan carries an interest at 13% per annum and is repayable over 24 months beginning April 2015 in equal monthly instalments. The loan is secured by a Notarial General Covering Bond for \$7,000,000 over the company's movable assets.

Reserve Bank of Zimbabwe

This loan carries interest at 9.25% per annum and is to be paid over 24 months beginning July 2016. The Company pledged the receivables from gold sales to Fidelity Printers and Refiners and a First Ranked Notarial General Covering Bond over plant and equipment.

Old Mutual

This loan carries interest at 7.0% per annum and is to be repaid over 24 months beginning July 2016. The loan was offered at deep discount and has an effective interest rate of 42% per annum.

20 Finance Lease Liability

	Group		
	Not Later than one year 2016 \$000	Later than one year but not later than five years 2016 \$000	Total 2016 \$000
Total Future Lease Payments	743	1,208	1,951
Finance Costs	(149)	(273)	(422)
Present Value	<u>594</u>	<u>935</u>	<u>1,529</u>

Metallon Gold Zimbabwe, a subsidiary of Metallon Corporation Limited entered into a finance lease arrangement with African Century Limited on 1 November 2016 for the purchase of motor vehicles. The lease term is 36 months and the lease has been classified as a Finance lease.

Metallon Corporation Limited
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21 Taxation

	Group 31 December 2016 \$'000	Group 31 December 2015 \$'000
Opening balance	8,271	-
Accrued during the year	5,415	-
Paid during the year	(2,914)	-
	<hr/>	<hr/>
	10,772	8,271
	<hr/>	<hr/>

22 Financial instruments

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks.

Principal financial instruments

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

- Trade and other receivables
- Trade and other payables

All financial assets are designated as loans and receivables and all financial liabilities are measured at amortised cost.

	Loans and Receivables 31 December 2016 \$'000	Loans and Receivables 31 December 2015 \$'000	Financial liabilities measured at Amortised cost 31 December 2016 \$'000	Financial liabilities measured at Amortised cost 31 December 2015 \$'000
<i>Current financial assets</i>				
Trade receivables	-	-	-	-
Receivables from related party	39,058	43,798	-	-
Held to maturity investments	10,000	10,236	-	-
Other	16,357	20,379	-	-
<i>Current financial liabilities</i>				
Trade payables	-	-	25,089	26,237
Accruals	-	-	-	-
Other payables	-	-	46,760	52,035
<i>Non – Current liabilities</i>				
Loan from related party	-	-	-	-
Short term borrowings	-	-	27,820	20,121
	<hr/>	<hr/>	<hr/>	<hr/>
	65,415	74,413	99,669	98,393
	<hr/>	<hr/>	<hr/>	<hr/>

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General objectives, policies and procedures

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The group's management also review the risk management policies and processes and report their findings to the board.

Market risk

The revenues of the Group are primarily derived from the sale of gold and, to a lesser extent, silver. The Company's current policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond the company's control. For example, the market price of gold may change for a variety of reasons, including:

- speculative positions taken by investors or traders in gold;
- monetary policies announced or implemented by central banks, including the US Federal Reserve;
- changes in the demand for gold as an investment or as a result of leasing arrangements;
- changes in the demand for gold used in jewellery and for other industrial uses, including as a result of prevailing economic conditions;

Interest rate risk

The Group manages the interest rate risk associated with the group's cash assets by ensuring that interest rates are as favourable as possible. The interest bearing liability in the group is the loan from banking institutions. The average interest rate on the loan during the year was 10% (2015 – 13%).

Currency risk

Foreign exchange risk arises because the Group carries out transactions with its subsidiary and uses the services of other companies that do not operate in US dollars.

The table below shows the Group's currency exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the financial assets and financial liabilities of the Group that are not denominated in the operating ('functional') currency of the operating unit involved.

	Financial Assets 31 December 2016 \$'000	Financial Assets 31 December 2015 \$'000	Financial Liabilities 31 December 2016 \$'000	Financial Liabilities 31 December 2015 \$'000
British Pounds	-	-	-	-
US Dollars	65,415	74,413	100,604	98,393
	65,415	74,413	100,604	98,393

The foreign currency exposures disclosed above arise in the UK only. The Group's overseas subsidiary's functional currency is US dollars. It has no significant exposure to other currencies.

If the exchange rate on uncovered exposures were to move significantly between the year-end and date of payment or receipt there could be an impact on the Group's gross loss. At year end a 10% increase in the value of the British pound against the US dollar would have decreased the profit for the year and decreased net assets by US\$. (2015 \$15,535).

Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Adequate banking facilities are maintained. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. The table below summarises the maturity profile of the group's financial liabilities at 31 December 2016.

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General objectives, policies and procedures (continued)

	Up to 3 months 31 December 2016 US\$'000	Between 3 and 12 months 31 December 2016 US\$'000	Up to 3 months 31 December 2015 US\$'000	Between 3 and 12 months 31 December 2015 US\$'000
Trade and other payable	71,849	-	78,272	-
Short term borrowings	27,820	-	20,121	-
	<u>99,669</u>	<u>-</u>	<u>98,393</u>	<u>-</u>

Credit risk

Credit risk arises from the Group's receivables from related parties. There are no fixed terms for the receivables. The Group's maximum exposure to credit risk is the carrying value of the receivables. The Group only deposits cash with reputable banks with high credit ratings.

None of the Group's receivables were neither past due nor individually impaired (2015: nil).

The credit quality of receivables that are neither past due nor individually impaired is satisfactory. It is expected that the assets will be recovered in full.

Capital

The Group considers its capital to comprise its ordinary share capital and retained deficit. In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs

23 Share capital

	2016		2015	
	Number	\$	Number	\$
<i>Authorised</i> Ordinary shares of £0.50 each	100,000	84,000	100,000	84,000

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	The nominal value of shares issued
Retained earnings/deficit	Cumulative net gains and losses recognised in the comprehensive income statement
Other reserves	Non-distributable reserve recognised in the statement of financial statement.

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24 Related party transactions

Entity	Relationship	Receivables		Payables	
		31	31	31	31
		December 2016 \$'000	December 2015 \$'000	December 2016 \$'000	December 2015 \$'000
Hurricane Ivan	1	2,517	2,517	-	-
Gold and General Limited	2	35,774	40,171	-	-
Cableair Limited (Detailed Below)	3	-	-	(5,725)	(5,725)
Payable to related party				2016	2015
				\$'000	\$'000
Cableair Limited					
Loan				5,725	5,035
Interest payable on loan				-	690
Other payable				-	-
				<u>5,725</u>	<u>5,725</u>

- 1 Hurricane Ivan is a Company under common control and is therefore a related party. The receivable relates to advances made to Hurricane Ivan to meet its expenses totalling US\$NIL (2015: Nil). The balances outstanding at the year-end is US\$2,517,000 (2015: US\$2,517,000).
- 2 Gold and General Limited formerly (Redwing Mining Limited) is a Company under common control and is therefore a related party. The receivable relates to advances made to / from Gold and General Limited to meet its expenses, the transactions during the period. During the year, a dividend of US\$ NIL (2015: Nil) was declared. The balances receivable at the year-end is US\$35,774 000 (2015: US\$40,171,000).
- 3 Cableair Limited is a company under common control and is therefore a related party. The loan bears interest at 1 month US Dollar LIBOR and has no fixed terms of repayment. The loan is denominated in US dollars. The other payable relates to management fees received by Metallon Corporation Limited on behalf of Cableair Limited. Details of transactions and balances are noted above.

25 Post reporting date events

Metallon Gold Zimbabwe (Private) Limited, a wholly owned subsidiary of Metallon Corporation Limited disposed off its 100% equity ownership in Arcturus Mining Company (Private) Limited in November 2017. At year end Metallon Gold Zimbabwe (Private) Limited did not exercise control over Arcturus Mining Company (Private) Limited. There were no other significant events which occurred from the reporting date to the date of approval of these financial statements.

26 Ultimate parent company

At 31 December 2016 the Company's immediate and controlling parent Company was Gold and General Limited formerly Redwing Mining Limited, a company incorporated in Jersey. Gold and General Limited is not required to produce annual accounts.

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27 Investment in Subsidiaries

Name of subsidiary	Place of incorporation	Ownership interest %	Proportion of voting power held %	Principal activity
Metallon Gold Zimbabwe (Private) Limited	Zimbabwe	100	100	Gold mining
Independence Gold Mining Zimbabwe (Private) Limited	Zimbabwe	100	100	Dormant
Metallon Exploration Zimbabwe (Private) Limited	Zimbabwe	100	100	Dormant
Midwinter Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Real Enterprise (Private) Limited	Zimbabwe	100	100	Dormant
Kilvo Investments (Private) Limited	Zimbabwe	100	100	Dormant
W. Spenser (Private) Limited	Zimbabwe	100	100	Dormant
Arcturus Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
How Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Jumbo consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Redwing Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Cymric Consolidated Mines (Private) Limited	Zimbabwe	100	100	Dormant
Metallon Management Services (Private Limited)	Zimbabwe	100	100	Managemen Services
Bulawayo Mining Company (Private) Limited	Zimbabwe	100	100	Gold mining
Goldfields of Mazowe (Private) Limited	Zimbabwe	100	100	Gold mining
Goldfields of Shamva (Private) Limited	Zimbabwe	100	100	Gold mining
The King's Daughter Mining Company (Private) Limited	Zimbabwe	100	100	Gold mining

The Metallon Gold Zimbabwe carrying amount is as follows;

	\$,000
Investment in subsidiaries	
At 31 December 2016 and 2015	11,954

Investments in subsidiaries are accounted for at historical cost less provision for impairment, which is the fair value of consideration paid.

28 Capital commitments

The following were capital commitments contracted for as at the reporting date

	Authorised		Authorised	
	Contracted 31 December 2016 US\$'000	Not Contracted 31 December 2016 US\$'000	Contracted 31 December 2015 US\$'000	Not Contracted 31 December 2015 US\$'000
Mazowe Mine	-	3,115	6,000	-
How Mine	-	52,584	-	78,315

The capital commitments will be financed from borrowings and internally generated resources.

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29 Post-Employment Benefits

The Group does not provide extra post-employment benefit.

29.1 Defined contribution plan

All permanent employees of Metallon Gold Zimbabwe (Private) Limited are members of defined contribution plans administered by either the National Industrial Council for the Mining industry of Zimbabwe or the Old Mutual Staff pension Fund. Contributions are at the rate of 15% and 16% of pensionable emoluments of which employees pay 7.5% and 6.5% respectively. The cost of pension contributions during the year is made up as follows:

	Group Year ended 31 December 2016 US\$'000	Group Year ended 31 December 2015 US\$'000
	<hr/>	<hr/>
Contributions for the period	1,482	1,652
	<hr/>	<hr/>

29.2 National Social Security Scheme

Metallon Gold Zimbabwe (Private) Limited makes contributions to the National Social Security Scheme, a defined benefit pension scheme promulgated under the National Social Security Act of 1989. The company's obligation under the scheme is limited to specific contributions legislated from time to time:

	Group Year ended 31 December 2016 US\$'000	Group Year ended 31 December 2015 US\$'000
	<hr/>	<hr/>
Contributions for the period	502	432
	<hr/>	<hr/>

30 Contingent liability

Zimbabwe Revenue Authority tax assessments

The Zimbabwe Revenue Authority (ZIMRA) issued assessments in 2013 in the names of the then separate mines, namely; How Mine, Shamva, Arcturus, Mazowe and Redwing (former names of the new subsidiary companies) for the tax years ended 31 December 2009, 31 December 2010, 31 December 2011 and 31 December 2012. Assessments for some of the mines have tax losses whereas assessments for other mines have taxes payable which add up to a principal amount of US\$34,514,322. The amount of US\$34,514,322 represents a contingent liability to the company depending on the outcome of the appeal at the High Court of Zimbabwe.