COMPANY REGISTRATION NUMBER 07224618

PAN AFRICAN MINERALS SERVICES LIMITED

United Kingdom

FINANCIAL STATEMENTS

31 DECEMBER 2017

PAN AFRICAN MINERALS LTD

PAN AFRICAN MINERALS SERVICES LIMITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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OFFICERS AND PROFESSIONAL ADVISORS
FOR THE YEAR ENDED 31 DECEMBER 2017

Company registration number	07224618
The board of directors	VF Timis (Appointed 24 September 2018)
Company secretary	Clyde Secretaries Limited The St Botolph Building 138 Houndsditch London EC3A 7AR
Registered office	The St Botolph Building 138 Houndsditch London EC3A 7AR
Auditor	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of Pan African Minerals (Services) Limited ('the Company') during the year was the provision of management services to the Pan African Minerals Limited ("the Group").

REVIEW OF THE BUSINESS

During the year the Company acted as a services company for the Group.

DIRECTORS

Directors holding office during the year and subsequently were:

M L R Ashurst
M Senecaut
V F Timis

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Company and of the profit or loss of the Company for that year.

In preparing these 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 IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of directors' responsibilities (continued)

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

Dividends

The directors do not recommend the payment of a dividend (2016: $nil).

Statement as to disclosure of information to auditors

Each of the Directors at the date of approval of this report confirms that:

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

Auditors

Shipleys were appointed as auditors during the year and will continue in office in accordance with Companies Act 2006, s 487(2).

The directors have prepared this report in accordance with the special provisions of Companies Act 2006 relating to Small Companies.

Approved by the board on 20 November 2018 and signed on its behalf by

V F TIMIS
Director

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Pan African Minerals Services Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in note 3 indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The material uncertainties include the ability of the parent company to raise additional finance and to secure the necessary licences and permits for the group's mining activities. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

JOSEPH KINTON (Senior Statutory Auditor)

for and on behalf of
SHIPLEYS LLP
Chartered Accountants & Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

20 November 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**31-Dec 2017 US$ 000**	*31-Dec 2016 US$ 000*
Continuing Operations			
Revenue		**419**	*381*
Other operating expenses		**(494)**	*(408)*
PROFIT (LOSS) FROM OPERATIONS	4	**(75)**	*(27)*
Finance income	6	-	*0*
Finance costs	7	**(2)**	-
PROFIT (LOSS) BEFORE TAX		**(77)**	*(26)*
Income tax expense	8	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**(77)**	*(26)*
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(77)**	*(26)*

The notes on pages 13-27 form part of these financial statement.

PAN AFRICAN MINERALS SERVICES LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	**31-Dec 2017 US$ 000**	*31-Dec 2016 US$ 000*
FIXED ASSETS			
Tangible fixed assets	11	**2**	*11*
CURRENT ASSETS			
Receivables	12	**11,928**	*11,790*
Cash and cash equivalents	13	**0**	*0*
Total current assets		**11,928**	*11,790*
TOTAL ASSETS		**11,930**	*11,800*
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued capital	14	**-**	*-*
Retained losses	18	**(11,408)**	*(11,331)*
		(11,408)	*(11,331)*
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**535**	*473*
Borrowings	16	**22,803**	*22,658*
Total current liabilities		**23,338**	*23,131*
TOTAL EQUITY AND LIABILITIES		**11,930**	*11,800*

The financial statements were approved by the board of directors and authorized for issue on 20 November 2018 and were signed on its behalf by

V F TIMIS
Director

The notes on pages 13-27 form part of these financial statement.

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017

	Share capital US$ 000	Retained earnings US$ 000	Attributable to the owners of the Parent US$ 000
Balance at 1 January 2016	-	**(11,304)**	**(11,304)**
Profit (loss) for the year	-	(26)	(26)
Other comprehensive income (loss), net of income tax	-	-	-
Total comprehensive income (loss) for the year	-	**(11,331)**	**(11,331)**
Balance at 31 December 2016	-	**(11,331)**	**(11,331)**
Balance at 1 January 2017	-	**(11,331)**	**(11,331)**
Profit (loss) for the year	-	(77)	(77)
Other comprehensive income (loss), net of income tax	-	-	-
Total comprehensive income (loss) for the year	-	**(11,408)**	**(11,408)**
Balance at 31 December 2017	-	**(11,408)**	**(11,408)**

The notes on pages 13-27 form part of these financial statement.

PAN AFRICAN MINERALS SERVICES LIMITED
FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31-Dec 2017 US$ 000	*31-Dec 2016 US$ 000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**(77)**	*(26)*
NON-CASH ADJUSTMENTS			
Depreciation	11	**8**	*7*
Finance income	6	**0**	*0*
Finance costs	7	**2**	*0*
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		**(67)**	*(19)*
CHANGES IN WORKING CAPITAL			
(Increase) in receivables		**282**	*2*
(Decrease)/increase in trade and other payables		**60**	*39*
CASH FLOWS USED IN OPERATING ACTIVITIES		**341**	*41*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**0**	*(2)*
(Increase) in loans to entities with joint control		**(419)**	*(340)*
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(419)**	*(342)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in loans from parent undertaking		**145**	*319*
NET CASH FLOWS FROM FINANCING ACTIVITIES		**145**	*319*
Net (decrease)/increase in cash and cash equivalents		**0**	*(0)*
Cash and cash equivalents at the beginning of the financial period		**0**	*0*
CASH AND CASH EQUIVALENTS	13	**0**	*0*

The notes on pages 13-27 form part of these financial statements.

1. CORPORATE INFORMATION

Pan African Minerals Services Limited is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is at The St Botolph Building, 138 Houndsditch, London, EC3A 7AR. The principal activity of the Company during the year was the provision of management services to related parties of the Group. The parent of the Company is Pan African Minerals Limited, a company limited by shares incorporated in the Cayman Islands.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) as they apply to the financial statements for the year ended 31 December 2017.

2.2 Going concern

The Directors have prepared these financial statements on the assumption that the Company is able to continue as a going concern.(please refer to Note 3 for further details).

2.3 Accounting convention

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements are presented in US dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.4 Significant judgements and major sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The only significant judgement having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is considered to be the recoverability of balances due from fellow group companies.

2.5 Other significant accounting policies

(a) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate of the last day of the previous month at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the balance sheet date. All differences are taken to the profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Company is the US dollar.

(b) Expenses recognition

Expenses are recognised on the accruals basis unless otherwise stated.

(c) Finance income

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

(d) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, the accumulation of interest on provisions and foreign exchange losses.

(e) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Revenue comprises the rendering of services to other Pan African Mineral subsidiaries. Revenue from the rendering of services is recognised by reference to the costs incurred by the Company for services provided to other Pan African Mineral subsidiaries, plus a mark-up. These services include, but are not limited to, the provision of general company secretarial services, maintenance of company records, treasury services, financing, insurance, sale and purchase of assets, marketing and sales services, and general administrative services.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

(g) Trade and other receivables

Trade and other receivables are recognised by the Company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

(h) Property, plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that his directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment on a straight line basis over their expected useful lives on the following basis:

Equipment – 3 years

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

(i) Borrowings

Interest-bearing bank borrowings are recorded at the proceeds received, net of direct transaction costs. Interest is accounted for on an accruals basis using the effective interest method.

(j) Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value or amortised cost.

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of an economic benefit will occur. Provisions are measured at the managements best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(l) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Income tax

Current tax

The current tax expense is based on taxable results for the period. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax value of assets and liabilities and their carrying value in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that future taxable results will be available against which the temporary differences can be utilised.

(n) Financial risk management objectives and policies

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide a return for shareholders benefit for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. Management considers as part of its capital, the financial sources of funding from shareholders and third parties.

(o) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.6 Changes in accounting policy

Standards, amendments to standards, and interpretations adopted in the 2017 financial statements or that have previously been early-adopted in the financial statements

Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses. Amendments made to IAS 12 will aim to clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment did not have a significant impact on the Company's financial statements.

Amendments to IAS 7 – Disclosure initiative. Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. The amendment did not have a significant impact on the Company's financial statements.

Future standards, amendments to standards, and interpretations not early-adopted in the 2017 financial statements

Effective for periods beginning on or after 1 January 2018:

IFRS 9 – Financial instruments. IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

IFRS 15 – Revenue from contracts with customers. This standard is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or service transfers to a customer.

3. GOING CONCERN

The directors are of the opinion that sufficient funding will be available for the Company to meet its working capital obligations, and the Parent Company has confirmed that it will continue to support the Company for the foreseeable future. The Parent Company directors rely on the following facts in coming to this opinion:

- the holding of the mining license in Burkina Faso for the Tambao manganese concession in April 2014 for 20 years;
- the ongoing proceedings to export its current stockpile of 45,000 tons, with an estimated revenue in excess of USD 10m;
- the proceedings in the International Chamber of Commerce to recover damages for losses caused by the suspension of mining operations in February 2015, claiming the full value of the mine, where a ruling is expected in December 2018, will enable the Group to either recommence activities with guarantee of continuity or will be indemnified for losses and damages for the unjust suspension of the mining activities, either case providing the necessary funds to continue operating on a going concern basis.

4. PROFIT (LOSS) FROM OPERATIONS

Operating profit/(loss) is stated after charging the following:

	31-Dec 2017 US$ 000	*31-Dec 2016 US$ 000*
Employee benefit expenses (note 5)	67	*67*
Legal Fees	29	*6*
Fees payable to the Company's auditor for audit services	6	*3.5*

5. EMPLOYEES

Employee benefits expenses

	31-Dec 2017 US$ 000	*31-Dec 2016 US$ 000*
Wages and salaries	46	*62*
Social security costs	0	*3*
Employee benefits-Pension	2	*3*
	48	*67*

The average monthly number of employees for the year ended 31 December 2017, including executive directors was made up as follows:

	31 December 2017 No.	*31 December 2016 No.*
Administration	1	*1*
Key management	0	*1*
Directors	2	*2*
	3	*4*

5. EMPLOYEES (Continued)

Directors' remuneration

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Aggregate remuneration	0	*0*
Value of Company pension contributions to money purchase schemes	0	*0*

Remuneration of highest paid director

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Total remuneration (excluding pension contributions)	0	*0*
Value of Company pension contributions to money purchase schemes	0	*0*

6. FINANCE INCOME

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Bank interest receivable	0	0
Interest income from loans receivable	0	0
	0	0

7. FINANCE COSTS

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Exchange losses	0	0
Interest and other finance expenses	2	0
	2	0

8. TAXATION

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Components of income tax expenses:		
Current income tax expense	-	-
Deferred tax	-	-
Total income tax expense	-	-
Reconciliation of the total tax charge:		
Profit (Loss) before tax	**(77)**	(26)
Tax at the rate of UK corporation tax of 19.25% (2016: 20%)	**(15)**	(5)
Losses carried forward to future periods	**15**	5
Utilisation of brought forward losses	-	-
Tax expense using effective rate	-	-

No deferred tax asset has been recognised in respect of losses incurred, as there is insufficient evidence that the Company will make taxable profits in the foreseeable future.

Total carried forward gross losses at 31 December 2017 are approximately $5.1 million (2016: $5.0 million).

9. FINANCIAL INSTRUMENTS

Credit risk

The Company currently has sales only to fellow group companies. The amount that best represents the maximum credit exposure of the Company's financial assets is the carrying value of the financial assets at the balance sheet date.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 31 DECEMBER 2017

9. **FINANCIAL INSTRUMENTS (Continued)**

The Company manages liquidity risk by ensuring adequate cash resources are available from its parent undertaking and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

31 December 2017

	6 months or less	6-12 months	1-5 years	>than 5 years	Total
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Trade and other payables	140	(79)	473	-	535

31 December 2016

	6 months or less	6-12 months	1-5 years	>than 5 years	Total
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Trade and other payables	76	(36)	434	-	473

Interest rate risk

The Company's exposure to the risk of changes in market interest rate risks relates primarily to the Company's cash and cash equivalents.

As at 31 December 2017 the interest rate profile of the Company's interest-bearing financial instruments is as follows:

9. FINANCIAL INSTRUMENTS (Continued)

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Finance assets		
Cash and cash equivalents	0	*0*

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss, therefore a change in interest rates at reporting date would not affect profit or loss.

Foreign currency risk
The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than its functional currency, which is the United States Dollar (US$). The Company manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

At the balance sheet date, the Company has $ nil assets denominated in foreign currencies (2016: nil). Accordingly the impact on the Company's results from a change in foreign exchange rates would be minimal.

Fair values of financial assets and financial liabilities
The net fair value of the financial assets and liabilities approximates their carrying values.

Capital management
The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide a return for shareholders benefit for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. Management considers as part of its capital, the financial sources of funding from shareholders and third parties.

10. RELATED PARTY TRANSACTIONS

Ultimate controlling party
The ultimate controlling party at 31 December 2017 is Sarella Investments Limited, a company registered in the British Virgin Islands. Sarella Investments Limited is not required to prepare consolidated accounts and its accounts are not publicly available.

10. RELATED PARTY TRANSACTIONS (continued)

Sarella Investments Limited is a subsidiary of The Timis Trust, of which V F Timis is a beneficiary.

For the period ended 31 December 2017

	Sale of services to related party	Purchase of services from related party	Amounts owed by entities with joint control	Amounts owed to related party
	$ 000	$ 000	$ 000	$ 000
Parent entity				
Pan African Minerals Limited	129	-	1,104	18,327
Fellow subsidiaries of Pan African Minerals Limited	290	-	11,445	4,476
	419	0	12,549	22,803

Amounts due from entities with joint control comprise of intercompany receivables from several companies across the Group.

Loans owed to the parent entity, Pan African Minerals Limited, and to fellow subsidiaries are non-interest bearing and payable on demand.

Key management personnel
During the year ended 31 December 2017 $0k (2016: $0k) was paid to M L R Advisory Limited, a company controlled by M L R Ashurst, in respect of services provided by M L R Ashurst to Pan African Minerals Services Limited during the year.

During the year ended 31 December 2017 no charges were levied by V F Timis in respect of services provided to the Company (2016: $0k).

10. RELATED PARTY TRANSACTIONS (continued)

During the year ended 31 December 2017 no balance was outstanding to Timis Corporation Ltd (2016: $23k), a company registered in the British Virgin Islands. Timis Corporation Ltd is not required to prepare consolidated accounts and its accounts are not publicly available.

11. PROPERTY, PLANT AND EQUIPMENT

	Equipment US$ 000
Cost:	
At 1 January 2017	67
Additions	0
At 31 December 2016	67
Depreciation:	
At 1 January 2017	(56)
Depreciation charge for the period	(8)
At 31 December 2017	(64)
Net book value	
At 31 December 2017	2

	Equipment US$ 000
Cost:	
At 1 January 2016	65
Additions	2
At 31 December 2016	67
Depreciation:	
At 1 January 2016	(49)
Depreciation charge for the period	(7)
At 31 December 2016	(56)
Net book value	
At 31 December 2016	11

NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 31 DECEMBER 2017

12. RECEIVABLES

	31-Dec 2017 US$ 000	*31-Dec 2016 US$ 000*
Entities with joint control	11,911	*11,492*
Related party undertakings		
Other receivables	16	*298*
	11,927	*11,790*

13. CASH AND CASH EQUIVALENTS

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Cash at bank	0	0

For the purposes of the statement of cash flows, cash and cash equivalents comprise the above amounts at 31 December 2017.

14. SHARE CAPITAL

	No.	**31 December 2017 US$ 000**	*No.*	*31 December 2016 US$ 000*
Issued and fully paid				
Ordinary share capital of US$ 1 each	1	0	1	0

NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 31 DECEMBER 2017

15. TRADE AND OTHER PAYABLES

	31 December 2017 US$ 000	*31 December 2016 US$ 000*
Payable to trade suppliers	**366**	367
Accrued liabilities	**169**	83
Related party undertakings	**0**	23
	535	473

16. BORROWINGS

	31-Dec 2017 US$ 000	*31-Dec 2016 US$ 000*
Unsecured – At amortised cost		
Loans from the parent entity	**22,803**	22,658

Amounts owed to the parent entity represent intercompany loans payable to the Pan African Minerals Limited. These loans are non-interest bearing and guaranteed by the ultimate controlling party.

17. DEFERRED TAX

No deferred tax asset has been recognised in respect of retained losses as there is not yet sufficient certainty of future profits.

18. RETAINED LOSSES

Retained losses – This reserve records retained earnings and accumulated losses.

19. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.