

FBC MINING (BA) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2018



FBC MINING (BA) LIMITED
REGISTERED NUMBER:09090405

BALANCE SHEET
AS AT 28 FEBRUARY 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 4 | 3,081,915 | 3,041,908 |
| Tangible assets | 5 | 1,490 | 4,228 |
| Investments | 6 | 1,509,129 | 1,509,129 |
| | | <u>4,592,534</u> | <u>4,555,265</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 4,731,244 | 4,728,861 |
| Cash at bank and in hand | | 85,100 | 211,828 |
| | | <u>4,816,344</u> | <u>4,940,689</u> |
| Creditors: amounts falling due within one year | 8 | (340,224) | (312,593) |
| Net current assets | | <u>4,476,120</u> | <u>4,628,096</u> |
| Total assets less current liabilities | | <u>9,068,654</u> | <u>9,183,361</u> |
| Net assets | | <u>9,068,654</u> | <u>9,183,361</u> |
| Capital and reserves | | | |
| Called up share capital | | 11,819,197 | 11,518,516 |
| Profit and loss account | | (2,750,543) | (2,335,155) |
| | | <u>9,068,654</u> | <u>9,183,361</u> |

FBC MINING (BA) LIMITED
REGISTERED NUMBER:09090405

BALANCE SHEET (CONTINUED)
AS AT 28 FEBRUARY 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

..... J M Plant
J M Plant
Director

Date: 28th November 2018

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

1. General information

FBC Mining (BA) Limited is a private company, limited by shares, domiciled in England and Wales, registration number 09090405. The registered office is 2-4 Cork Street, 1st Floor, London, W1S 3LB.

The principal activity of the Company throughout the period was that of mining and exploration.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is United States Dollar (\$).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.3 Exploration and development costs

Expenditure on the acquisition cost, exploration and evaluation of interests in licences including related overheads is capitalised. Such costs are carried forward in the Balance Sheet under tangible and intangible fixed assets where such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale.

Expenditure on the acquisition cost, exploration and evaluation of interests in licences including related overheads is capitalised. Such costs are carried forward in the Balance Sheet under tangible and intangible fixed assets where such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale.

Project development costs include costs directly attributable to the construction of a mine and the related infrastructure, and are depreciated commencing when the assets are available for use over the estimated life of the reserves on a unit of production basis, as defined in the Bankable Feasibility Study. Development properties are tested for impairment as discussed below.

The assets are not considered available for use until the project reaches and sustains commercial production. Commercial production is calculated as 70% of the target production for the project once it is fully operational. Any sales revenue recognised during the period prior to commercial production is offset against expenditure during the same period.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|--------------------|-------------------------|
| Office equipment | - 33% on cost per annum |
| Computer equipment | - 33% on cost per annum |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price, net of transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FBC MINING (BA) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2017 - 3).

4. Intangible assets

| | Capitalised exploration and evaluation costs \$ | Exploration license \$ | Total \$ |
|-----------------------|--|---------------------------------------|---------------------|
| Cost | | | |
| At 1 March 2017 | 2,891,908 | 150,000 | 3,041,908 |
| Additions | 40,007 | - | 40,007 |
| At 28 February 2018 | <u>2,931,915</u> | <u>150,000</u> | <u>3,081,915</u> |
| Net book value | | | |
| At 28 February 2018 | <u>2,931,915</u> | <u>150,000</u> | <u>3,081,915</u> |
| At 28 February 2017 | <u>2,891,908</u> | <u>150,000</u> | <u>3,041,908</u> |

FBC MINING (BA) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

5. Tangible fixed assets

| | Office equipment \$ | Computer equipment \$ | Total \$ |
|-------------------------------------|---------------------------|-----------------------------|-------------|
| Cost or valuation | | | |
| At 1 March 2017 | 3,948 | 11,291 | 15,239 |
| At 28 February 2018 | 3,948 | 11,291 | 15,239 |
| Depreciation | | | |
| At 1 March 2017 | 3,417 | 7,594 | 11,011 |
| Charge for the year on owned assets | 490 | 2,248 | 2,738 |
| At 28 February 2018 | 3,907 | 9,842 | 13,749 |
| Net book value | | | |
| At 28 February 2018 | 41 | 1,449 | 1,490 |
| At 28 February 2017 | 531 | 3,697 | 4,228 |

FBC MINING (BA) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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6. Fixed asset investments

| | Investments in subsidiary companies \$ |
|--------------------------|--|
| Cost or valuation | |
| At 1 March 2017 | 8,479,953 |
| At 28 February 2018 | 8,479,953 |
| Impairment | |
| At 1 March 2017 | 6,970,824 |
| At 28 February 2018 | 6,970,824 |
| Net book value | |
| At 28 February 2018 | 1,509,129 |
| At 28 February 2017 | 1,509,129 |

7. Debtors

| | 2018 \$ | 2017 \$ |
|------------------------------------|------------|------------|
| Amounts owed by group undertakings | 2,465,157 | 2,463,646 |
| Other debtors | 1,881 | 21,276 |
| Called up share capital not paid | 2,226,638 | 2,226,638 |
| Prepayments and accrued income | 37,568 | 17,301 |
| | 4,731,244 | 4,728,861 |

FBC MINING (BA) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Creditors: Amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| Trade creditors | 13,642 | 72,604 |
| Amounts owed to group undertakings | 273,828 | 184,704 |
| Other taxation and social security | - | 2,015 |
| Other creditors | 111 | 3,763 |
| Accruals and deferred income | 52,643 | 49,507 |
| | <u>340,224</u> | <u>312,593</u> |

9. Parent company

The Company's immediate parent is FBC Mining (Holdings) Limited. The parent company preparing consolidated accounts for the smallest group of which the Company is a member is FBC Holdings SARL, a company incorporated in Luxembourg, the registered office for which is 46A, Avenue J.F. Kennedy L, Luxembourg, 1855, Luxembourg.

10. Auditors' information

The Auditor's Report on these financial statements was unqualified. The name of the auditor is MHA MacIntyre Hudson and the Senior Statutory Auditor is Alan Herbert FCA.