

AME EAST AFRICA LIMITED
Company No. 08655008

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD
19 AUGUST 2013 TO 31 DECEMBER 2014**

TUESDAY



L47PIGXF

LD3

19/05/2015

#103

COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Page
Report of the Directors	1
Statement of Directors' Responsibilities	2
Report of the Independent Auditors	3
FINANCIAL STATEMENTS	
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
COMPANY INFORMATION	15

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2014

The Directors present their report with the financial statements for the period ended 31 December 2014.

Principal Activities and incorporation

The principal activity during the period was that of an intermediate holding company. The company was incorporated on 19 August 2013. The financial statements are presented for the period 19 August 2013 (date of incorporation) to 31 December 2014.

Director

The Directors who held office during the period was as follows:

Mr D S Archer (appointed 19 August 2013)

Mr C M McGarty (appointed 19 August 2013)

Statement as to Disclosure of Information to Auditors

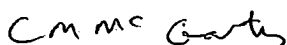
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting:

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board:



C M McGarty
Director

Date: 19 May 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 DECEMBER 2014

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the director has 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 for that period.

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.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AME EAST AFRICA LIMITED
FOR THE PERIOD ENDED 31 DECEMBER 2014**

We have audited the financial statements of AME East Africa Limited for the period ended 31 December 2014 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. 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 applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

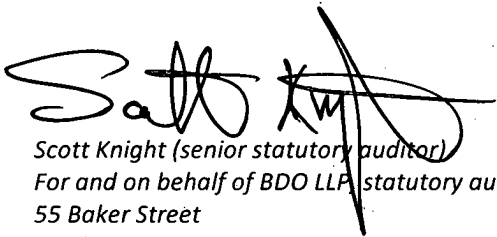
In our opinion the information given in the director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AME EAST AFRICA LIMITED
FOR THE PERIOD ENDED 31 DECEMBER 2014**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, 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.



*Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom*

[Date] 19 May 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Notes	2014 £
Revenue		-
Administrative expenses		<u>(76,248)</u>
OPERATING LOSS		(76,248)
Finance costs		<u>(69)</u>
LOSS BEFORE TAX		(76,317)
Taxation	3	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(76,317)</u>

The notes on pages 9 to 14 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AME EAST AFRICA LIMITED
REGISTERED NUMBER: 08655008
31 DECEMBER 2014

	Notes	2014 £
ASSETS		
NON-CURRENT ASSETS		
Investments in subsidiaries	4	<u>735,918</u>
TOTAL NON-CURRENT ASSETS		<u>735,918</u>
CURRENT ASSETS		
Cash		<u>10,190</u>
TOTAL CURRENT ASSETS		<u>10,190</u>
TOTAL ASSETS		<u>746,108</u>
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	5	100
Retained earnings		<u>(76,317)</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>(76,217)</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	6	<u>822,325</u>
TOTAL LIABILITIES		<u>822,325</u>
TOTAL EQUITY AND LIABILITIES		<u>746,108</u>

The financial statements were approved and authorised for issue by the Directors on 19 May 2015 and were signed on its behalf by:

C M McGarty

.....

C M McGarty
Director

The notes on pages 9 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Share capital £	Retained earnings £	Total equity £
Total comprehensive expense for the period	-	(76,317)	(76,317)
Issue of share capital	100	-	100
At 31 December 2014	<u>100</u>	<u>(76,317)</u>	<u>(76,217)</u>

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

Reserve	Description and purpose
Share capital	Amounts subscribed for share capital at nominal value
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income.

The notes on pages 9 to 14 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	2014 £
Cash flows used in operating activities	
Loss for the period	(76,317)
Finance expense	69
	<hr/>
Cash flow from operating activities before changes in working capital	(76,248)
Increase in trade and other payables	<hr/> 76,248
Net cash inflow from operating activities	<hr/> -
 Cash flow used in investing activities	
Net cash outflow on investment in subsidiaries	(176,931)
	<hr/>
Net cash used in investing activities	(176,931)
 Cash flow from financing activities	
Net cash inflow from parent Company	187,090
Net cash inflow from the Issue of shares	100
Net cash outflow from Interest paid	(69)
	<hr/>
Net cash from financing activities	187,121
 Movement in cash and cash equivalents	 10,190
	<hr/>
Cash and cash equivalents at end of the period	10,190
	<hr/>

The notes on pages 9 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of Preparation

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts as the ultimate parent of the company issues consolidated financial statements available for public use that comply with IFRSs. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements are presented for the period 19 August 2013 (date of incorporation) to 31 December 2014.

The company is domiciled in the UK and has its registered office at Third Floor, 55 Gower Street, London, WC1E 6HQ.

Presentational and Functional Currency

The functional currency of the Company is Pound Sterling and the presentational currency of the Company is Pound Sterling.

Going Concern

During the period the Company incurred a total comprehensive loss of £76,317 and had a net asset deficiency of £76,217 as at 31 December 2014. The Financial Statements have been prepared on a going concern basis on the basis that the Company's parent entity Savannah Resources Plc will provide ongoing financial support to enable the Company to meet its financial obligations as and when they become due and payable and not call upon repayment of the amounts owing to them for at least twelve months from the date of signing the financial statements.

Investments

Investments held as non-current assets are shown at cost less provision for impairment.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Financial Assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the differences between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

Financial Assets (*continued*)

administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's loan and receivables comprise other receivables and cash and cash equivalents in the Statement of Financial Position. Cash and cash equivalents comprise cash in hand and balances held with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash.

There is no significant difference between carrying value and fair value of loans and receivables.

Financial Liabilities

Other liabilities

Other liabilities consist of trade and other payables, which are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

There is no significant difference between the carrying value and fair value of other liabilities.

Taxation

Current taxes are based on the results shown in the Financial Statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which timing differences can be utilised.

Key Accounting Estimates and Judgements

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

Accounting Developments Not Yet Adopted

Various new standards and amendments have been issued by the IASB up to the date of this report which are not applicable until future periods and some have not yet been endorsed by the European Union. The Directors do not expect these will have a material impact on the Financial Statements of the Company or Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

2. EMPLOYEES AND DIRECTORS

The average monthly number of employees during the year was as follows:

	2014 No
Operational	2
Non-operational	1
	<u>3</u>
Staff Costs (excluding Directors)	2014 £
Salaries	154,605
Social security	-
	<u>154,605</u>

The numbers in the above table includes £121,575 which was paid as an additional investment in subsidiaries.

No Directors received remuneration during the period.

3. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the period ended 31 December 2014.

Factors Affecting the Tax Charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the period are as follows:

	2014 £
Loss on ordinary activities before tax	<u>(76,317)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21%	(16,027)
Effects of:	
Expenses not deductible for tax purposes	-
Tax losses carried forward	<u>16,027</u>
Total income tax	<u>-</u>

Deferred Tax

The Group has carried forward losses amounting to £16,027 as at 31 December 2014. As the timing and extent of taxable profits are uncertain, the deferred tax asset arising on these losses has not been recognised in the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

4. INVESTMENTS

	Company undertakings £
Acquisitions of subsidiaries	477,887
Additional investment in subsidiaries	<u>258,031</u>
At 31 December 2014	<u>735,918</u>

The addition in the period represents the investment in Matilda Minerals and Panda Recursos and additional funds invested to fund exploration on the subsidiaries licenses in Mozambique.

In September 2013 the Company entered into an agreement to acquire 80% of the share capital of Matilda Minerals Lda ("Matilda"), the owner of a mineral sands exploration project in a world class mineral sands province in Mozambique. In respect of the remaining 20% shareholding in Matilda Minerals Plc, this will be free carried at the Company's cost until the point of decision to carry out a Definitive Feasibility Study. When this point is reached the 20% shareholder can either: (a) contribute in proportion to its shareholding at that time; (b) become diluted in accordance with a pre-determined methodology; or (c) sell its shareholding pro rata to the Project value.

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2014, which have been included in the Financial Statements.

Subsidiary	Country of Incorporation	Nature of business	Class of share	% Holding
Matilda Minerals Limitada	Mozambique	Mining & exploration	Ordinary	80%
Panda Recursos Limitada	Mozambique	Mining & exploration	Ordinary	99.99%

5. SHARE CAPITAL

	2014
	£0.01 ordinary shares number
Allotted, issued and fully paid	£
Issued during period:	
Other issue	<u>10,000</u>
At end of period	<u>10,000</u>

On incorporation, 10,000 ordinary shares of £0.01 were issued for £100.

6. TRADE AND OTHER PAYABLES

	2014 £
Current:	
Trade creditors	10,091
Amounts due to parent undertaking	<u>812,234</u>
	<u>822,325</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

7. RELATED PARTY TRANSACTIONS

	2014 £
Payables to related parties	
- Savannah Resources Plc (parent)	<u>812,234</u>

Balances with the parent arise due to recharges and payments made to suppliers on the company's behalf by the parent company. The balances are repayable on demand.

8. FINANCIAL INSTRUMENTS

Financial Instruments - Risk Management

In common with all other businesses, the Company 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 and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal Financial Instruments

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

- loan receivables
- trade and other receivables
- derivatives – equity conversion option in receivables / payables convertible to share capital
- cash at bank
- trade and other payables

Trade and other payables fall due for payment within 3 months from the reporting date.

Liquidity Risk

The Company has sufficient funding in place to meet its operational commitments and is not exposed to any liquidity risk but in common with many exploration companies, the Company is likely to need to raise funds for its exploration activities. The Company's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the reporting date, these projections indicated that the Company expected to have sufficient liquid resources to meet its current obligations under all reasonably expected circumstances, through the support of its parent entity Savannah Resources.

Foreign Exchange Risk

The Company is exposed through its operations to foreign exchange risk which arises because the Company has overseas operations located in Mozambique whose functional currency is MZN. The Company's net assets arising from overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Pound Sterling.

Foreign exchange risk also arises when individual Company entities enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to settle liabilities denominated in their functional currency (MZN or Pound Sterling) with the cash remitted to their own operations in that currency.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

9. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Savannah Resources plc, company no. 07307107 registered in England and Wales.

**COMPANY INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2014**

DIRECTOR:	Mr David Stuart Archer Mr Christopher Michael McGarty
SECRETARY:	Mr Dominic Traynor
REGISTERED OFFICE:	Third Floor 55 Gower Street London WC1E 6HQ
REGISTERED NUMBER:	08655008 (England and Wales)
AUDITORS:	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU