

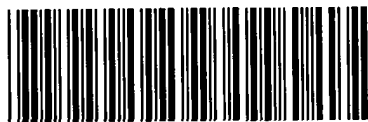
# **AME EAST AFRICA LIMITED**

Company No. 08655008

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**TUESDAY**



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FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report with the financial statements for the year ended 31 December 2021.

### **Principal Activities and incorporation**

The principal activity during the year was that of an intermediate holding company. The financial statements are presented for the year to 31 December 2021.

### **Directors**

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

Mr D S Archer (resigned on 12 July 2022)

Mr C M McGarty

On 31 August 2022 2022 Mr Dale John Ferguson was appointed as Director.

### **Statement as to Disclosure of Information to Auditors**

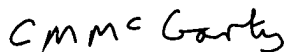
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant 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: 23 September 2022

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021**

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 year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. 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 UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 AUDITOR TO THE MEMBERS OF  
AME EAST AFRICA LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Opinion on the 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AME East Africa Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
AME EAST AFRICA LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Other Companies Act 2006 reporting**

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.

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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

**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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Holding discussions with management to understand the laws and regulations relevant to the Company. These included elements of financial reporting framework, Companies Act 2006, tax legislation and environmental regulations in the UK;
- Holding discussions with management and considering any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
AME EAST AFRICA LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021**

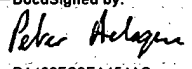
- In addressing the risk of fraud including the management override of controls, we tested the appropriateness of journal entries made through the year by applying specific criteria, such as unusual account combinations, to detect possible irregularities and fraud;
- Assessing whether the judgements made in accounting estimates were indicative of a potential bias;
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:  
  
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**Peter Acloque (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor

London, UK

23 September 2022

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020* £
Revenue		-	-
Administrative expenses		-	-
<b>OPERATING LOSS</b>		-	-
Finance costs		-	-
<b>LOSS FROM CONTINUING OPERATIONS BEFORE TAX</b>		-	-
<b>GAIN / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX</b>	2	<b>2,602,833</b>	<b>(146,052)</b>
Taxation	4	-	-
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b><u>2,602,833</u></b>	<b><u>(146,052)</u></b>

\* The disclosures as at 31 December 2020 have been re-presented so that the operations that are discontinued at the end of the 2021 financial year are classified as discontinued.

All recognised gains and losses are included in the statement of comprehensive income.

The notes on pages 10 to 16 form part of these financial statements.



**STATEMENT OF FINANCIAL POSITION**  
**AME EAST AFRICA LIMITED**  
**REGISTERED NUMBER: 08655008**  
**31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	5	-	3,583,149
<b>TOTAL NON-CURRENT ASSETS</b>		-	3,583,149
<b>CURRENT ASSETS</b>			
Trade and other receivables	6	559,171	30,160
Cash		1,068,862	50,488
<b>TOTAL CURRENT ASSETS</b>		1,628,033	80,648
<b>TOTAL ASSETS</b>		1,628,033	3,663,797
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	100	100
Retained earnings		1,480,594	(1,122,239)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		1,480,694	(1,122,139)
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	147,339	4,785,936
<b>TOTAL LIABILITIES</b>		147,339	4,785,936
<b>TOTAL EQUITY AND LIABILITIES</b>		1,628,033	3,663,797

The financial statements were approved and authorised for issue by the Directors on 23 September 2022 and were signed on its behalf by:

*C M McGarty*

.....  
**C M McGarty**

Director

Company number: 08655008

The notes on pages 10 to 16 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	100	(976,187)	(976,087)
Total comprehensive expense for the period	-	(146,052)	(146,052)
At 31 December 2020	100	(1,122,239)	(1,122,139)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,602,833</b>	<b>2,602,833</b>
<b>At 31 December 2021</b>	<b>100</b>	<b>1,480,594</b>	<b>1,480,694</b>

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

<b>Reserve</b>	<b>Description and purpose</b>
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 10 to 16 form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Cash flows used in operating activities</b>			
Gain / (Loss) for the year		2,602,833	(146,052)
Exchange losses / (gains)		17,143	-
Gain on relinquishment of the rights and obligations of discontinued operations		(2,882,938)	-
<b>Cash flow used in operating activities before changes in working capital</b>		<b>(262,962)</b>	<b>(146,052)</b>
(Increase) / Decrease in trade and other receivables		(29,532)	35,877
Increase in trade and other payables		25,826	207,899
<b>Net cash (used in) / from operating activities</b>		<b>(266,668)</b>	<b>97,724</b>
<b>Cash flow used in investing activities</b>			
Net cash outflow on investment in subsidiaries	5	(673,579)	(147,623)
Proceeds from relinquishment of the rights and obligations of discontinued operations		6,639,644	-
<b>Net cash from / (used in) investing activities</b>		<b>5,966,065</b>	<b>(147,623)</b>
<b>Cash flow from financing activities</b>			
Net cash inflow from parent Company		545,755	88,052
Repayment loan to parent company		(5,209,628)	-
<b>Net cash (used in) / from financing activities</b>		<b>(4,663,873)</b>	<b>88,052</b>
<b>Increase in cash and cash equivalents</b>		<b>1,035,524</b>	<b>38,153</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>50,488</b>	<b>12,335</b>
Exchange losses on cash and cash equivalents		(17,150)	-
<b>Cash and cash equivalents at end of the year</b>		<b>1,068,862</b>	<b>50,488</b>

The notes on pages 10 to 16 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **1. ACCOUNTING POLICIES**

#### **Basis of Preparation**

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

These financial statements have been prepared in accordance with UK adopted international accounting standards.

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 year to 31 December 2021.

The Company is domiciled in the UK and has its registered office at Salisbury House, London Wall, London, EC2M 5PS.

#### **Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for the following items:  
Financial assets

#### **Presentational and Functional Currency**

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

#### **Going Concern**

The Company had cash balance of £1.1m at 31 December 2021. The Directors have reviewed the cash-flow projection for the Company and concluded that it has sufficient finance in place to meet its financial commitments for at least 12 months from the date of approval of the financial statements. Therefore, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

#### **Investments**

Investments in subsidiaries are accounted for at cost. These investments are classified as non-current assets on the Statement of Financial Position.

#### **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**

##### *Trade and Other Receivables*

Trade and other 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.

Under IFRS 9, impairment provisions are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

### ***Cash and cash equivalents***

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.

### **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.

The key accounting estimates and assumptions required in the preparation of the financial information is the carrying value of investment in subsidiary. The Company assesses at each reporting period whether there is any indication that these investments may be impaired. If such indication exists, the Company estimates the recoverable amount of the investments. When the subsidiary is in the early stages of exploration an indication of impairment of the investment may arise from drilling and assay results or from management's decision to terminate the project in the subsidiary.

### **Accounting Developments During 2021**

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to IFRS effective as of 1 January 2021 have been reviewed by the Company and there has been no material impact on the Financial Statements as a result of these standards and amendments.

### **Accounting Developments Not Yet Adopted**

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to adopt early. The Directors do not expect these will have a material impact on the Financial Statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 2. DISCONTINUED OPERATIONS

In October 2016 Savannah, the Company and Rio Tinto entered into a Consortium Agreement ('CA'), whereby both Savannah Group and Rio Tinto combined their respective projects in Mozambique to form an unincorporated consortium. On the 1 December 2021 the Company signed a Deed of Termination relating to the CA.

Under the Deed of Termination the following was agreed:

- the relinquishment of the rights and obligations provided under the CA, including that AME EA will not have an interest in Mutamba Rio and Rio Tinto will not have an interest in Matilda Minerals Lda's Mining Concession 9735C;
- the transfer of the Company's in country team to Rio Tinto and that the Company will commence the process of divesting its residual interests in Mozambique and will not undertake exploration or development mining activities in its licence;
- Termination compensation amounting to \$9.5m cash.

The post-tax gain on relinquishment of the rights and obligations of Discontinued Operations was determined as follows:

	£
<b>Termination Compensation</b>	<b>7,139,666</b>
<b>Net assets relinquished</b>	
Investments in Mozambique subsidiaries	(4,256,728)
<b>Total Net assets relinquished</b>	<b>(4,256,728)</b>
<b>Pre-tax gain on relinquishment of the rights and obligations of discontinued operation</b>	<b>2,882,938</b>
Related tax	-
<b>Gain on relinquishment of the rights and obligations of discontinued operations</b>	<b><u>2,882,938</u></b>

This gain differs from the £627,078 reported in the parent company (Savannah Resources plc) Group Financial Statements for the year ended 31 December 2021 because the parent company itself had incurred costs directly in the Mozambique Operations.

The detail of the result of discontinued operations is as follows:

	2021	2020
	£	£
Expenses other than finance costs	(280,105)	(146,052)
Gain on relinquishment of the rights and obligations of discontinued operations after tax	<b><u>2,882,938</u></b>	-
<b>Profit / (loss) on discontinued operations for the year</b>	<b><u>2,602,833</u></b>	<b><u>(146,052)</u></b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The statement of cash flows includes the following amounts relating to discontinued operations:

	2021	2020
	£	£
Net cash (used in) / from operating activities	(266,668)	97,724
Net cash from / (used in) investing activities	4,897,203	(147,623)
Net cash (used in) / from financing activities	(4,663,873)	88,052
<b>Net cash (used in)/ from discontinued operations</b>	<b>(33,338)</b>	<b>38,153</b>

### 3. EMPLOYEES AND DIRECTORS

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

	2021 No	2020 No
Operational	-	-
Non-operational	1	1
	<u>1</u>	<u>1</u>

#### Staff Costs (excluding Directors)

	2021 £	2020 £
Salaries	116,482	103,601
Bonus	62,287	13,240
Social security	-	-
	<u>178,769</u>	<u>116,841</u>

No Directors received remuneration during the year.

The Directors are considered to be the key management of the Company.

### 4. INCOME TAX

#### Analysis of the Tax Charge

No UK corporation tax liability arose on ordinary activities for the year ended 31 December 2021 or 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 year are as follows:

	2021 £	2020 £
Gain / (Loss) on ordinary activities before tax	<u>2,602,833</u>	<u>(146,052)</u>
Gain / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	494,538	(27,750)
Effects of:		
Expenses not deductible for tax purposes	808,778	-
Effect of Group relief	(1,119,844)	-
Tax losses (used) / carried forward	<u>(183,472)</u>	<u>27,750</u>
Total income tax	<u>-</u>	<u>-</u>

### Deferred Tax

The Company does not has carried forward losses as at 31 December 2021 (2020: £965,644\*).

\* In the previous year the comparative figure was stated as £1,099,617 and following submission of definitive tax computation for the year ended 31 December 2020 has been updated.

## 5. INVESTMENTS

	Company undertakings £
At 1 January 2020	3,391,396
Additional investment in subsidiaries	<u>191,753</u>
<b>At 31 December 2020</b>	<u>3,583,149</u>
Additional investment in subsidiaries	673,579
Write-off on relinquishment of the rights and obligations of discontinued operations	<u>(4,256,728)</u>
<b>At 31 December 2021</b>	<u>-</u>

The additions in 2021 and 2020 represents the investment in Matilda Minerals Limitada and additional funds invested to fund exploration on the project in Mozambique.

As at 31 December 2021 the total investment has been written-off as consequence of the termination agreement signed with Rio Tinto (see Note 2).

As at 31 December 2020, the portion relating to pure investment in Matilda Minerals Limitada amounted to £2,239,341 and the portion related to funding of the exploration costs amounted to £1,343,808.

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2021, which have been included in the Financial Statements.

Subsidiary	Country of Incorporation	Nature of business	Class of share	% Holding
Matilda Minerals Limitada	Mozambique <sup>1</sup>	Mining & exploration	Ordinary	99.99%
Panda Recursos Limitada	Mozambique <sup>2</sup>	Mining & exploration	Ordinary	99.99%

<sup>1</sup> Damiao de Gois, no 438, Sommerschield, Maputo, Mozambique

<sup>2</sup> Rua 1301, Num 97, Sommerschield, Maputo, Mozambique



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. TRADE AND OTHER RECEIVABLES**

	2021 £	2020 £
Current:		
Other receivables	559,171	-
Amounts due from Group companies	-	30,160
	<u>559,171</u>	<u>30,160</u>

The amount registered in Other receivables are related to the termination agreement signed with Rio Tinto.

**7. SHARE CAPITAL**

	2021 £0.01 ordinary shares number	£	2020 £0.01 ordinary shares number	£
Allotted, issued and fully paid				
At beginning of year	10,000	100	10,000	100
Issued during year	-	-	-	-
At end of year	<u>10,000</u>	<u>100</u>	<u>10,000</u>	<u>100</u>

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

**8. TRADE AND OTHER PAYABLES**

	2021 £	2020 £
Current:		
Trade creditors	10,886	34,508
Accruals	64,598	15,700
Amounts due to parent undertaking	71,855	4,735,728
	<u>147,339</u>	<u>4,785,936</u>

**9. RELATED PARTY TRANSACTIONS**

	2021 £	2020 £
Payables to related parties:		
- Savannah Resources Plc (parent)	71,855	4,735,728

Balances with the parent arise due to recharges, payments made to suppliers on the Company's behalf by the parent company and funds received from the parent company to be invested in the Company's subsidiaries. The balances are repayable on demand.

	2021 £	2020 £
Receivable from related parties:		
- Savannah Lithium Lda (Group Company)	-	30,160

Balances receivable from Savannah Lithium Lda raised due to recharge of costs incurred by the Company on behalf of Savannah Lithium Lda. The balances were repayable on demand.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **10. 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:

- trade and other receivables
- 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. The Company's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. Current cash flow projections indicated that the Company expected to have sufficient liquid resources to meet its current obligations under all reasonably expected circumstances.

#### *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 the Company enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow its subsidiaries to settle liabilities denominated in their functional currency (MZN) with the cash remitted to those operations in their functional currency where practical or in USD. Larger contracts in Mozambique are denominated in USD.

### **11. ULTIMATE PARENT UNDERTAKING**

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

### **12. EVENTS SINCE THE REPORTING DATE**

There were no Events After the Reporting Date to report.

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>DIRECTORS:</b>	Mr Dale John Ferguson Mr Christopher Michael McGarty
<b>SECRETARY:</b>	Mr Dominic Traynor
<b>REGISTERED OFFICE:</b>	Salisbury House London Wall London EC2M 5PS
<b>REGISTERED NUMBER:</b>	08655008 (England and Wales)
<b>AUDITORS:</b>	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU