

KERAS RESOURCES PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 MARCH 2019**

KERAS RESOURCES PLC

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KERAS RESOURCES PLC

COMPANY INFORMATION

Directors: B Moritz Non-Executive Chairman
R Lamming Chief Executive Officer
D Reeves Non-Executive Director

Company secretary: Cargil Management Services Limited

Company number: 07353748

Registered office: 27/28 Eastcastle Street
London W1W 8DH

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35-39 Maddox Street
London W1S 2PP

Joint broker: SVS Securities Plc
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London EC2Y 9AR

Solicitors: Memery Crystal
165 Fleet Street
London EC4A 2DY

Group auditors: PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

CHAIRMAN'S REVIEW
FOR THE SIX MONTHS ENDED 31 MARCH 2019

Once more I am pleased to be able to report on the progress Keras has made towards becoming a profitable producer of manganese in Africa.

Manganese production / Togo

The primary focus of Keras is the development of the Nayega manganese project in Togo into a profitable mine. The period under review saw the construction of the mine and processing plant, the production of some 10,000 tons of +35% manganese concentrate, the successful trucking of the material to Lome and loading onto a vessel for shipment to the end user. The concept of profitable production at Nayega and efficient shipment to market has been conclusively proved. Much credit for this success is due to our mining contractor Carriere Mines Travaux Public, with whom we have established an excellent relationship.

The plant as currently configured is capable of producing some 75,000 tons per annum, which would result in a substantial profit for Keras. However, on receipt of the exploitation licence we would expect to expand and improve the plant to add more value as well as increasing production. We intend this to be financed in conjunction with an offtake agreement, and do not expect to require further equity funding.

The key to this expansion is to obtain the exploitation licence. All the terms of the licence and the protocols associated with it have been agreed with the Government of Togo, and all that remains is the confirmation of the Council of Ministers. As part of the process we will convert our 85% owned Societe General de Mine SARL to a public company, Societe General de Mine SA, in which the Government of Togo will have a carried interest of 10%. This will reduce our current 85% ownership to 76.5%. Our extra capital requirement will be satisfied by the capitalisation of existing loans, but our minority partners will need to provide further capital, either by paying cash or by forgoing income.

The bulk sample has now been delivered to the end user, and testing has commenced. Assays have demonstrated that the manganese content in the sample substantially exceeds the minimum requirement.

As part of our commitment to mining in Togo, in 2017 we also obtained five exploration licences, covering 854.3 square kilometres of ground in Togo that cover previously discovered cobalt and nickel mineralisation. Initial exploration on the licences has been undertaken, and, when the exploitation licence for Nayega is finalised. We will seek ways to take these licences forward.

KERAS RESOURCES PLC

CHAIRMAN'S REVIEW FOR THE SIX MONTHS ENDED 31 MARCH 2019

Calidus Resources Limited

Keras intends to distribute its holding of shares in Calidus Resources Limited ("Calidus") to Keras shareholders when the ASX escrow period ends, which is on 22 June 2019, and all Calidus performance shares have been converted to ordinary shares, which is expected in July 2019 following the completion of Calidus' Pre-Feasibility-Study at its Warrawoona Gold Project. Keras will own 723,750,000 Calidus Shares at that time.

Having sought advice from our lawyers and our tax advisers, the Directors are currently of the opinion that the distribution is likely to be best achieved by a Capital Reduction Scheme. Before a final decision is made we will be seeking Counsel's opinion on the taxation issues, as no tax clearance procedure is available. Such a scheme will require the approval of the Court as well as a resolution of shareholders. While the directors expect to proceed as soon as the Performance share conversion is complete, they have recently been made aware of certain tax issues in Australia resulting from the mining tenements owned by Calidus potentially being treated as real estate property in Australia rather than business assets, and which require clearance from the Australian tax authorities before the Capital Reduction scheme can be proposed.

The Calidus Shares are included in the financial statements at fair value, which comprises the closing mid market price on the ASX at 31 March 2019, converted to sterling at the prevailing exchange rate, less a discount for uncertainty on the Performance Shares.

Management changes

Since the end of the period Mr. Graham Stacey has been appointed Chief Operating Officer (Non-Board) to ensure a seamless transition into commercial production at Nayega. Graham was Project Manager at Nayega during the successful production of the bulk sample. He previously worked with Russell Lamming and me at Chromex Mining PLC, where he was COO and a main board director.

Financial review

The total amount receivable from the end user to cover the cost of the bulk sample was \$1.95 million (£1.5 million) which covered all costs including capital expenditure, production, logistics and management costs of the project. As the ownership of the bulk sample was only transferred on the 25 April when the vessel departed Port Lomé and post period end, the financial effects are not reflected in the Interim Statements, but will be recognised in the second half year. The period shows a loss before and after tax of £439,000 (2018 -£177,000). The increase reflects the increased activity in Togo, including management and overhead costs not recognised in inventories. It should be noted that the value of stock recognised at 31 March 2019 was only £718,000, and a surplus from the bulk sample will be recognised in the second half year. To cover the mismatch between the date of payments and receipts, Dave Reeves and I advanced a total of £300,000 to Keras as a short term, interest free, unsecured loan. Repayment was initially due by the end of March 2019, but has been deferred.

KERAS RESOURCES PLC

CHAIRMAN'S REVIEW FOR THE SIX MONTHS ENDED 31 MARCH 2019

Cash conservation remains a priority until commercial mining produces positive cash flow, and the non-executive directors are continuing to be remunerated at some 50% of their entitlements. Should future developments require new cash, Keras is in a position to obtain this by borrowing against the security of its holding of Calidus shares or disposing of a small proportion of such shares rather than seeking new equity.

Outlook

The key to moving forward as a producer of manganese in Africa is the grant of the Nayega exploitation licence. As and when that is approved by the Togo Council of Ministers, Keras will be able to move forward rapidly without the requirement for further equity finance in the near term. Further projects are in a late stage of negotiation, but the Board is taking the conservative view that it should not enter into new commitments without certainty as to how they will be financed.

The position in which Keras currently finds itself gives me and my colleagues on the Board cause for considerable optimism.

Brian Moritz

Chairman

28 May 2019

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2019

	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Continuing operations			
Revenue	-	-	-
Cost of production	721	-	-
Closing stock	(721)	-	-
Gross profit	-	-	-
Administrative and exploration expenses	(436)	(177)	(411)
Loss from operating activities	(436)	(177)	(411)
Finance income	-	-	-
Finance costs	(3)	-	-
Net finance costs	(3)	-	-
Impairment of assets	-	-	-
Loss before taxation	(439)	(177)	(411)
Taxation	-	-	-
Loss from continuing operations	(439)	(177)	(411)
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	-	-	(173)
(Loss)/profit	(439)	(177)	(584)
Other comprehensive income – items that may be subsequently reclassified to profit or loss			
Exchange translation on foreign operations	4	(5)	10
Change in fair value of available for sale financial assets	(1,665)	(4,534)	(8,852)
Other comprehensive (loss)/income for the period, net of tax	(1,661)	(4,539)	(8,842)
Total comprehensive (loss)/income for the period	(2,100)	(4,716)	(9,426)
(Loss)/profit attributable to:			
Owners of the Company	(418)	(174)	(576)
Non-controlling interests	(21)	(3)	(8)
(Loss)/profit for the period	(439)	(177)	(584)
Total comprehensive income/(loss) attributable to:			
Owners of the Company	(2,080)	(4,712)	(9,419)
Non-controlling interests	(20)	(4)	(7)
Total comprehensive loss for the period	(2,100)	(4,716)	(9,426)
Earnings per share - continuing and discontinued operations			
Basic and diluted (loss)/earnings per share (pence)	(0.019)	(0.008)	(0.025)
From continuing operations			
Basic and diluted loss per share (pence)	(0.019)	(0.008)	(0.018)
From discontinued operations			
Basic and diluted earnings/(loss) per share (pence)	0.00	0.00	(0.007)

The notes on pages 11 to 17 are an integral part of this condensed consolidated interim financial report.

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Assets				
Non-current assets				
Intangible assets	8	1,176	1,168	1,193
Property, plant and equipment	9	601	5	232
Trade and other receivables	10	-	-	-
Other investments	11	-	15,846	-
		<u>1,777</u>	<u>17,019</u>	<u>1,425</u>
Current assets				
Inventory	12	718	-	-
Other investments	11	9,862	-	11,527
Trade and other receivables	10	583	15	16
Cash and cash equivalents		26	122	217
		<u>11,189</u>	<u>137</u>	<u>11,760</u>
Total assets		<u>12,966</u>	<u>17,156</u>	<u>13,185</u>
Equity				
Equity attributable to owners of the Company				
Share capital	13	7,064	7,037	7,064
Share premium	13	10,358	10,283	10,358
Other reserves		3,540	8,959	5,135
Retained deficit		(10,449)	(9,338)	(10,006)
		<u>10,513</u>	<u>16,941</u>	<u>12,551</u>
Non-controlling interests		(144)	(121)	(124)
Total equity		<u>10,369</u>	<u>16,820</u>	<u>12,427</u>
Liabilities				
Current liabilities				
Trade and other payables	14	1,451	336	187
Amounts receivable in advance	14	1,146	-	571
		<u>2,597</u>	<u>336</u>	<u>758</u>
Total liabilities		<u>2,597</u>	<u>336</u>	<u>758</u>
Total equity and liabilities		<u>12,966</u>	<u>17,156</u>	<u>13,185</u>

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KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2018

	Total attributable to owners of the Company							Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Available for sale reserve £'000	Retained deficit £'000	Total £'000		
Balance at 1 October 2017 (audited)	6,970	10,107	66	(202)	13,915	(9,446)	21,410	(117)	21,293
Loss for the period	-	-	-	(288)	-	114	(174)	(3)	(177)
Other comprehensive income	-	-	-	(968)	(3,564)	(6)	(4,538)	(1)	(4,539)
Total comprehensive loss for the period		-	-	(1,256)	(3,564)	108	(4,712)	(4)	(4,716)
Issue of ordinary shares	67	183	-	-	-	-	250	-	250
Issue costs	-	(7)	-	-	-	-	(7)	-	(7)
	67	176	-	-	-	-	243	-	243
Balance at 31 March 2018 (unaudited)	7,037	10,283	66	(1,458)	10,351	(9,338)	16,941	(121)	16,820

The notes on pages 11 to 17 are an integral part of this condensed consolidated interim financial report.

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Total attributable to owners of the Company							Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Available for sale reserve £'000	Retained deficit £'000	Total £'000		
Balance at 1 April 2018 (unaudited)	7,037	10,283	66	(1,458)	10,351	(9,338)	16,941	(121)	16,820
Loss for the period	-	-	-	288	-	(690)	(402)	(5)	(407)
Other comprehensive income	-	-	-	961	(5,288)	22	(4,305)	2	(4,303)
Total comprehensive income for the period	-	-	-	1,249	(5,288)	(668)	(4,707)	(3)	(4,710)
Issue of ordinary shares	27	75	-	-	-	-	102	-	102
Share based payment transactions	-	-	42	-	-	-	42	-	42
Transfer regarding discontinued activities	-	-	-	173	-	-	173	-	173
	27	75	42	173	-	-	317	-	317
Balance at 30 September 2018 (audited)	7,064	10,358	108	(36)	5,063	(10,006)	12,551	(124)	12,427

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KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 31 MARCH 2019

	Total attributable to owners of the Company							Non- controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Available for sale reserve £'000	Retained deficit £'000	Total £'000		
Balance at 1 October 2018 (audited)	7,064	10,358	108	(36)	5,063	(10,006)	12,551	(124)	12,427
Loss for the period	-	-	-	-	-	(418)	(418)	(21)	(439)
Total other comprehensive income	-	-	-	28	(1,665)	(25)	(1,662)	1	(1,661)
Total comprehensive loss for the period	-	-	-	28	(1,665)	(443)	(2,080)	(20)	(2,100)
Share based payment transactions	-	-	42	-	-	-	42	-	42
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Issue costs	-	-	-	-	-	-	-	-	-
	-	-	42	-	-	-	42	-	42
Balance at 31 March 2019 (unaudited)	7,064	10,358	150	(8)	3,398	(10,449)	10,513	(144)	10,369

The notes on pages 11 to 17 are an integral part of this condensed consolidated interim financial report.

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2019

	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Cash flows from operating activities			
Loss from operating activities	(436)	(177)	(411)
Loss from discontinued operating activities	-	-	(173)
Adjustments for:			
Depreciation and amortisation	11	4	4
Impairment	-	-	-
Loss on disposal of property, plant and equipment	-	-	-
Foreign exchange differences	39	(3)	174
Equity-settled share-based payment transactions	42	-	42
	<u>(344)</u>	<u>(176)</u>	<u>(364)</u>
Changes in:			
- inventories	(718)	-	-
- trade and other receivables	(567)	16	15
- amounts receivable in advance	575	-	571
- trade and other payables	1,264	(11)	(57)
Cash used in operating activities	210	(171)	165
Finance income	-	-	-
Finance cost	(3)	-	-
Taxes paid	-	-	-
Net cash used in operating activities	<u>207</u>	<u>(171)</u>	<u>165</u>
Cash flows from investing activities			
Cash disposed of with subsidiary	-	-	-
Acquisition of property, plant and equipment	(385)	(3)	(230)
Proceeds from sale of property, plant and equipment	-	-	-
Exploration and licence expenditure	(13)	(7)	(20)
Net cash used in investing activities	<u>(398)</u>	<u>(10)</u>	<u>(250)</u>
Cash flows from financing activities			
Net proceeds from issue of share capital	-	243	242
Proceeds from short term borrowings	-	-	-
Net cash flows from financing activities	<u>-</u>	<u>243</u>	<u>242</u>
Net (decrease)/increase in cash and cash equivalents	(191)	62	157
Cash and cash equivalents at beginning of period	217	60	60
Cash acquired with subsidiary	-	-	-
Effect of foreign exchange rate changes	-	-	-
Cash and cash equivalents at end of period	<u>26</u>	<u>122</u>	<u>217</u>

The notes on pages 11 to 17 are an integral part of this condensed consolidated interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019

1. Reporting entity

Keras Resources plc (the "Company") is a company domiciled in England and Wales. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The Group currently operates as an explorer and developer.

2. Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements as at and for the year ended 30 September 2018. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report was approved by the Board of Directors on 28 May 2019.

(b) Judgements and estimates

Preparing the interim financial report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2018.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2018.

4. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019 (CONTINUED)

5. **Segment information**

The Group considers that it now operates in one distinct business areas, being that of manganese and cobalt exploration in West Africa. This business areas form the basis of the Group's operating segments. For each segment, the Group's Managing Director (the chief operating decision maker) reviews internal management reports on at least a quarterly basis.

Other operations relate to the group's administrative functions conducted at its head office and by its intermediate holding company together with consolidation adjustments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment results are used to measure performance as Management believes such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within the exploration industry.

For the six months ended 31 March 2019 (unaudited)

	Discontinued Gold £'000	Discontinued Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
External revenue	-	-	-	-	-
Loss before tax	-	-	(142)	(297)	(439)
Segment assets	-	-	1,308	10,550	11,858

For the six months ended 31 March 2018 (unaudited)

	Discontinued Gold £'000	Discontinued Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
External revenue	-	-	-	-	-
Loss before tax	-	-	(22)	(155)	(177)
Segment assets	-	-	851	16,305	17,156

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019 (CONTINUED)

5. Segment information (continued)
For the twelve months ended 30 September 2018 (audited)

	Discontinued Gold £'000	Discontinued Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
External revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before tax	<u>(72)</u>	<u>(101)</u>	<u>(52)</u>	<u>(359)</u>	<u>(584)</u>
Segment assets	<u>-</u>	<u>-</u>	<u>870</u>	<u>12,315</u>	<u>13,185</u>

Information about geographical segments:

For the six months ended 31 March 2019 (unaudited)

	Discontinued Australia £'000	Discontinued South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
External revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before tax	<u>-</u>	<u>-</u>	<u>(142)</u>	<u>(297)</u>	<u>(439)</u>
Segment assets	<u>-</u>	<u>-</u>	<u>1,308</u>	<u>10,550</u>	<u>11,858</u>

For the six months ended 31 March 2018 (unaudited)

	Discontinued Australia £'000	Discontinued South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
External revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before tax	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>(155)</u>	<u>(177)</u>
Segment assets	<u>-</u>	<u>-</u>	<u>851</u>	<u>16,305</u>	<u>17,156</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019 (CONTINUED)

5. Segment information (continued)

Information about geographical segments (continued):

For the twelve months ended 30 September 2018 (audited)

	Discontinued Australia £'000	Discontinued South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
External revenue	-	-	-	-	-
Loss before tax	(72)	(101)	(52)	(359)	(584)
Segment assets	-	-	870	12,315	13,185

6. Seasonality of operations

The Group is not considered to be subject to seasonal fluctuations.

7. Discontinued operations

In 2018 the discontinued activities relate to the recycling of the exchange reserve in respect of the subsidiary undertakings disposed of during the year. Analysis of the result of discontinued operations is as follows:

Results of discontinued operations

	6 months 31-Mar-19 (unaudited) £'000	6 months 31-Mar-18 (unaudited) £'000	12 months 30-Sep-18 (audited) £'000
Revenue (external)	-	-	-
Expenses	-	-	(173)
Results from operating activities	-	-	(173)
Income tax	-	-	-
Results from operating activities, net of tax	-	-	(173)
Gain on sale of discontinued operation	-	-	-
(Loss)/profit from discontinued operations, net of tax	-	-	(173)

The discontinued operations did not have a tax impact.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019 (CONTINUED)

8. Intangible assets

	6 months 31 Mar 19 (unaudited) £'000	6 months 31 Mar 18 (unaudited) £'000	12 months 30 Sep 18 (audited) £'000
Cost			
Balance at beginning of period	1,193	1,551	1,551
Additions	13	7	20
Disposals	-	-	(387)
Effect of movement in exchange rates	(30)	(3)	9
Balance at end of period	<u>1,176</u>	<u>1,555</u>	<u>1,193</u>
Impairment losses			
Balance at beginning of period	-	387	387
Impairment	-	-	-
Amortisation	-	-	-
Disposals	-	-	(387)
Effect of movement in exchange rates	-	-	-
Balance at end of period	<u>-</u>	<u>387</u>	<u>-</u>
Carrying amounts			
Balance at end of period	<u>1,176</u>	<u>1,168</u>	<u>1,193</u>
Balance at beginning of period	<u>1,193</u>	<u>1,164</u>	<u>1,164</u>

Intangible assets comprise the fair value of prospecting and exploration rights.

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 March 2019 the Group acquired assets with a cost of £385,000 (six months ended 31 March 2018: £3,000, twelve months ended 30 September 2018: £230,000).

Assets with a carrying amount of £nil were disposed of during the six months ended 31 March 2019 (six months ended 31 March 2018: £nil; twelve months ended 30 September 2018: £nil), resulting in a loss on disposal of £nil (six months ended 31 March 2018: £nil; twelve months ended 30 September 2018: £nil), which is included in 'administrative expenses' in the condensed consolidated statement of comprehensive income.

10. Trade and other receivables

	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Other receivables	583	15	16
Prepayments	-	-	-
	<u>583</u>	<u>15</u>	<u>16</u>

Trade receivables and other receivables are stated at their nominal values less allowances for non recoverability.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019 (CONTINUED)

11. Other investments

	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Equity securities – available for sale			
Brought forward	11,527	20,379	20,379
Shares acquired on disposal of subsidiary	-	-	-
Gain/(deficit) recognised in equity	(1,665)	(4,533)	(8,852)
	<u>9,862</u>	<u>15,846</u>	<u>11,527</u>

Equity securities represent ordinary and performance shares in Calidus Resources Limited (“Calidus”), a company listed on the Australian Securities Exchange (“ASX”). These shares have been re-measured to fair value through other comprehensive income. Fair value is the mid-market price of Calidus ordinary shares on the ASX, discounted in the case of performance shares to reflect the possibility that the milestones for conversion to ordinary shares will not be achieved. Under ASX rules, these shares are held in escrow until 22 June 2019. Available for sale assets are denominated in Australian dollars.

12. Inventories

	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Processed manganese concentrate	718	-	-
	<u>718</u>	<u>-</u>	<u>-</u>

13. Share capital and reserves

Issue of ordinary shares

No shares were issued during this interim period.

Dividends

No dividends were declared or paid in the six months ended 31 March 2019 (six months ended 31 March 2018: £nil, twelve months ended 30 September 2018: £nil).

14. Trade and other payables

	31-Mar-19 (unaudited) £'000	31-Mar-18 (unaudited) £'000	30-Sep-18 (audited) £'000
Trade payables	102	-	66
Accruals	224	104	40
Other payables	1,125	232	81
	<u>1,451</u>	<u>336</u>	<u>187</u>
Amounts receivable in advance	1,146	-	571
	<u>2,597</u>	<u>336</u>	<u>758</u>

There is no material difference between the fair value of trade and other payables and their book value. Amounts receivable in advance comprise part payment for a bulk sample of manganese concentrate awaiting shipment at 31 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019 (CONTINUED)

15. Related parties

During the period, D Reeves and B Moritz advanced £200,000 and £100,000 respectively to the Group. The total amount due to D Reeves at the period end was £225,900 (six months ended 31 March 2018: £nil, twelve months ended 30 September 2018: £25,900). The total amount due to B Moritz at the period end was £100,000 (six months ended 31 March 2018: £nil, twelve months ended 30 September 2018: £nil).