

KERAS RESOURCES PLC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 MARCH 2020**

KERAS RESOURCES PLC

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KERAS RESOURCES PLC

COMPANY INFORMATION

| | | |
|---|---|---|
| Directors: | B Moritz R Lamming D Reeves | Non-Executive Chairman Chief Executive Officer Non-Executive Director |
| Company secretary: | Cargil Management Services Limited | |
| Company number: | 07353748 | |
| Registered office: | 27/28 Eastcastle Street London W1W 8DH | |
| Nominated advisor & Joint Broker : | SP Angel Corporate Finance LLP 35-39 Maddox Street London W1S 2PP | |
| Joint broker: | Shard Capital Partners LLP 23rd Floor, 20 Fenchurch St, Bridge, London EC3M 3BY | |
| 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 2020**

The period under review has seen the completion of the demerger of the Company's shares in Calidus Resources Limited, which resulted in substantial value being transferred to shareholders. Shareholders who have retained both their Keras and Calidus share have therefore seen the total value of their holdings, calculated at 1 June 2020, more than double in the last 12 months.

Against this, the Company is still not in a position to commence commercial manganese production in Togo, despite the considerable progress made towards that end. Covid-19, in tandem with the presidential election held on 22 February 2020 where incumbent President Faure Gnassingbé was re-elected, have delayed this process. The Company continues to work with all stakeholders in Togo to complete the final documentation related to the Nayéga exploitation permit.

Manganese production / Togo

The primary focus of Keras remains the development of the Nayega manganese project in Togo into a profitable, cashflow generative mine. Following a meeting of the Council of Ministers of the Republic of Togo held on 18 October 2019, a decree permitting SGM to undertake large scale mining at the Nayega manganese project ('Nayega' or the 'Project') in northern Togo was promulgated. The exploitation licence itself required our 85% subsidiary in Togo, Societe General de Mine SARL, to be converted to a Societe Anonyme (SA). This process has taken longer than envisaged, as it also required the accumulated deficit to be eliminated. This was done by capitalising costs incurred previously, rather than by capitalising loans as previously envisaged, and the resulting balance sheet of SGM at 31 December 2019 has now been audited. Accounting rules in Togo differ from International Financial Reporting Standards, under which Keras reports, so that the capitalisation is not reflected in the consolidated financial statements of Keras. All the terms of the exploitation licence and the protocols associated with it have been agreed with the Government of Togo. When the licence is issued, the Government of Togo will be granted a carried interest of 10% in SGM, which will reduce our current 85% ownership to 76.5%.

The Directors are not aware of any further obstacles to the grant of the exploitation licence.

The plant as currently configured is capable of producing some 75,000 tonnes per annum without any further capital expenditure. However, on receipt of the exploitation licence we plan to expand the installed capacity of Nayega to 300,000 tonnes per annum. The design and testwork has been completed for the new plant but manufacturing of this plant has been put on hold until we have further clarity on the ability to safely return to work post the outbreak of the Covid-19 pandemic. Expanded production also requires dedicated storage and loading facilities at the port of Lome, which have been identified and costed into the expansion plan. The Company has been in discussions with several end-users and commodity traders in conjunction with an offtake agreement and associated pre-payment and stockpile loan facilities, to ensure that will equity funding required to complete the planned expansion is limited.

KERAS RESOURCES PLC

CHAIRMAN'S REVIEW FOR THE SIX MONTHS ENDED 31 MARCH 2020

Calidus Resources Limited

The demerger of the Company's holding of shares in Calidus Resources Limited ("Calidus") was completed on 19 November 2019. The demerger, by way of a capital reduction, was approved by Keras shareholders at a general meeting held on 16 October 2019, and took effect on 19 November 2019 following approval by the High Court and the registration of the Court Order at Companies House. Keras shareholders received 1 Calidus share for every 3.451963 Keras shares held at 6.30pm on 19 November 2019. Subsequently the Calidus shares were consolidated on a 1 for 10 basis. At 1 June 2020 the Calidus shares, in their consolidated form, were quoted on the ASX at A\$0.50 per share, so that the total value on 1 June 2020 of the Calidus shares transferred to Keras shareholders was in excess of £19million.

The Company's intention had been to cover the demerger costs by selling a small number of Calidus shares, but this proved inadvisable because of tax consequences in Australia. The costs have therefore been borne by the Company from its own resources. A further consequence of the demerger was that the subscription price under the Company's Share Appreciation Rights scheme was unable to be adjusted to allow for the demerger as the value of the Calidus shares being demerged exceeded the market capitalisation of the Company. Russell Lamming, at the request of the board, had not exercised his SARs immediately prior to the demerger, in order to facilitate the process. A decision was therefore taken to discontinue the SARs and to compensate Mr Lamming for his loss, calculated at £119,828, by the issue to him of 73,110,423 New Ordinary Shares at the 30-day value Volume Weighted Average Price at the close of business on 16 January 2020.

Financial review

The financial position of Keras as shown in the Consolidated Balance Sheet has been very substantially changed by the capital reduction undertaken to facilitate the demerger of the Calidus shares. The Company's Deferred shares and its Share Premium account at 14 October 2019, the date on which the demerger was approved by shareholders, were both cancelled, and the nominal value of each Ordinary Share was reduced from 0.1p to 0.01p. The amount due to be returned to shareholders, arising from the capital reduction, was settled by the transfer to them of the Calidus shares. The result of these changes is that past losses have been eliminated, and that profits made from mining in the future will be able to be distributed by way of dividend.

The consolidated loss for the half year is £809,000. This level of loss is substantially greater than the normal costs of the Company, as it includes costs of the demerger and exceptional costs in relation to the conversion of SGM to SA status and the mining licence application in Togo including the cost of legal advice from a leading international firm, relating to the licence application.

CHAIRMAN'S REVIEW
FOR THE SIX MONTHS ENDED 31 MARCH 2020

Outlook

Keras places the safety and wellbeing of its employees and contractors as the highest priority. Accordingly, in response to the outbreak of the Covid-19 pandemic, a business continuity programme has been put in place to protect employees while ensuring the safe operation of the Company. The Company is maintaining a cautious approach and has reduced its operating expenses to a minimum in these uncertain times. On the grant of the exploitation licence in Togo, lockdowns and travel restrictions effecting senior management resident elsewhere may hamper or delay the plans to move forward immediately to the production phase, and to rapidly expand such production.

In the longer term, the Company continues to focus on identifying near term, cashflow generative resource projects that have a low capital intensity and have a clear path to production. The recent demerger of the Calidus shares and the associated elimination of past losses place Keras in a favourable position to progress towards a dividend paying company once production commences at Nayega.

We understand the frustration of shareholders at the continued delay in the permitting process, however the Directors are in a position to view the future with considerable optimism.

Brian Moritz
Chairman
3 June 2020

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2020

| | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|---|-----------------------------------|-----------------------------------|---------------------------------|
| Continuing operations | | | |
| Revenue | - | - | - |
| Cost of production | - | 721 | - |
| Closing stock | - | (721) | - |
| Gross profit | - | - | - |
| Recovery of costs of bulk sample | - | - | 681 |
| Administrative and exploration expenses | (810) | (436) | (1,147) |
| Loss from operating activities | (810) | (436) | (466) |
| Finance income | 1 | - | - |
| Finance costs | - | (3) | (5) |
| Net finance costs | 1 | (3) | (5) |
| Loss before taxation | (809) | (439) | (471) |
| Taxation | - | - | - |
| Loss for the period | (809) | (439) | (471) |
| Other comprehensive income – items that may be subsequently reclassified to profit or loss | | | |
| Exchange translation on foreign operations | (3) | 4 | 32 |
| Change in fair value of available for sale financial assets | - | (1,665) | - |
| Items that will not be reclassified to profit or loss | | | |
| Change in fair value of equity investments at fair value through other comprehensive income | - | - | (1,604) |
| Total comprehensive (loss) for the period | (812) | (2,100) | (2,043) |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | (753) | (418) | (514) |
| Non-controlling interests | (56) | (21) | 43 |
| (Loss)/profit for the period | (809) | (439) | (471) |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | (756) | (2,080) | (2,091) |
| Non-controlling interests | (56) | (20) | 48 |
| Total comprehensive loss for the period | (812) | (2,100) | (2,043) |
| Earnings per share - continuing operations | | | |
| Basic and diluted (loss)/earnings per share (pence) | (0.029) | (0.019) | (0.022) |

The notes on pages 11 to 16 are an integral part of this condensed consolidated interim financial report.

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

| | Notes | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|---|-------|-----------------------------------|-----------------------------------|---------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 7 | 1,066 | 1,176 | 1,051 |
| Property, plant and equipment | 8 | 274 | 601 | 332 |
| | | <u>1,340</u> | <u>1,777</u> | <u>1,383</u> |
| Current assets | | | | |
| Inventory | 11 | - | 718 | - |
| Other investments | 10 | - | 9,862 | 9,923 |
| Trade and other receivables | 9 | 36 | 583 | 35 |
| Cash and cash equivalents | | 87 | 26 | 184 |
| | | <u>123</u> | <u>11,189</u> | <u>10,142</u> |
| Total assets | | <u>1,463</u> | <u>12,966</u> | <u>11,525</u> |
| Equity | | | | |
| Equity attributable to owners of the Company | | | | |
| Share capital | 12 | 279 | 7,064 | 7,266 |
| Share premium | 12 | 419 | 10,358 | 10,938 |
| Other reserves | | - | 3,540 | 3,426 |
| Retained deficit | | 428 | (10,449) | (10,310) |
| | | <u>1,126</u> | <u>10,513</u> | <u>11,320</u> |
| Non-controlling interests | | (132) | (144) | (76) |
| Total equity | | <u>994</u> | <u>10,369</u> | <u>11,244</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | 13 | 469 | 2,597 | 281 |
| | | <u>469</u> | <u>2,597</u> | <u>281</u> |
| Total liabilities | | <u>469</u> | <u>2,597</u> | <u>281</u> |
| Total equity and liabilities | | <u>1,463</u> | <u>12,966</u> | <u>11,525</u> |

The notes on pages 11 to 16 are an integral part of this condensed consolidated interim financial report.

KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
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 2019 (audited) | 7,064 | 10,358 | 108 | (36) | 5,063 | (10,006) | 12,551 | (124) | 12,427 |
| Loss for the period | - | - | - | - | - | (418) | (418) | (21) | (439) |
| 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) |
| Issue of ordinary shares | - | - | - | - | - | - | - | - | - |
| Issue costs | - | - | - | - | - | - | - | - | - |
| Share based payment transactions | - | - | 42 | - | - | - | 42 | - | 42 |
| | - | - | 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 16 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 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 April 2019 (unaudited) | 7,064 | 10,358 | 150 | (8) | 3,398 | (10,449) | 10,513 | (144) | 10,369 |
| Loss for the period | - | - | - | - | - | (96) | (96) | 64 | (32) |
| Other comprehensive income | - | - | - | (25) | 61 | 49 | 85 | 4 | 89 |
| Total comprehensive income for the period | - | - | - | (25) | 61 | (47) | (11) | 68 | 57 |
| Issue of ordinary shares | 202 | 607 | - | - | - | - | 809 | - | 809 |
| Share based payment transactions | - | (27) | 36 | - | - | - | 9 | - | 9 |
| Issue costs | - | - | - | - | - | - | - | - | - |
| Transfer reserve in respect of warrants lapsed | - | - | (186) | - | - | 186 | - | - | - |
| | 202 | 580 | (150) | - | - | 186 | 818 | - | 818 |
| Balance at 30 September 2019 (audited) | 7,266 | 10,938 | - | (33) | 3,459 | (10,310) | 11,320 | (76) | 11,244 |

The notes on pages 11 to 16 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 31 MARCH 2020

| | Total attributable to owners of the Company | | | | | | | | |
|--|---|------------------------|--|------------------------------|---|------------------------------|----------------|---|--------------------------|
| | Share capital £'000 | Share premium £'000 | Share option/ warrant reserve £'000 | Exchange reserve £'000 | Available for sale reserve £'000 | Retained deficit £'000 | Total £'000 | Non- controlling interests £'000 | Total equity £'000 |
| Balance at 1 October 2019 (audited) | 7,266 | 10,938 | - | (33) | 3,459 | (10,310) | 11,320 | (76) | 11,244 |
| Loss for the period | - | - | - | - | - | (753) | (753) | (56) | (809) |
| Total other comprehensive income | - | - | - | 3 | - | (6) | (3) | - | (3) |
| Total comprehensive loss for the period | - | - | - | 3 | - | (759) | (756) | (56) | (812) |
| Capital reduction | (7,023) | (10,938) | - | - | (3,459) | 11,497 | (9,923) | - | (9,923) |
| Issue of ordinary shares | 36 | 429 | - | - | - | - | 465 | - | 465 |
| Issue costs | - | (10) | - | - | - | - | (10) | - | (10) |
| Share based payment transactions | - | - | 30 | - | - | - | 30 | - | 30 |
| | (6,987) | (10,519) | 30 | - | (3,459) | 11,497 | (9,438) | - | (9,438) |
| Balance at 31 March 2020 (unaudited) | 279 | 419 | 30 | (30) | - | 428 | 1,126 | (132) | 994 |

The notes on pages 11 to 16 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 2020

| | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|---|-----------------------------------|-----------------------------------|---------------------------------|
| Cash flows from operating activities | | | |
| Loss from operating activities | (809) | (439) | (471) |
| Adjustments for: | | | |
| Depreciation and amortisation | 57 | 11 | 28 |
| Impairment | - | - | 155 |
| Loss on disposal of property, plant and equipment | - | - | - |
| Foreign exchange differences | (2) | 39 | 36 |
| Equity-settled SAR cancellation | 119 | - | - |
| Equity-settled share-based payment transactions | 30 | 42 | 78 |
| | <u>(605)</u> | <u>(347)</u> | <u>(174)</u> |
| Changes in: | | | |
| - inventories | - | (718) | - |
| - trade and other receivables | (1) | (567) | (19) |
| - trade and other payables | 188 | 1,839 | (18) |
| Cash used in operating activities | <u>(418)</u> | <u>207</u> | <u>(211)</u> |
| Finance costs | - | - | - |
| Net cash used in operating activities | <u>(418)</u> | <u>207</u> | <u>(211)</u> |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | - | (385) | (127) |
| Proceeds from sale of property, plant and equipment | - | - | - |
| Exploration and licence expenditure | (16) | (13) | (18) |
| Net cash used in investing activities | <u>(16)</u> | <u>(398)</u> | <u>(145)</u> |
| Cash flows from financing activities | | | |
| Net proceeds from issue of share capital | 337 | - | 323 |
| Proceeds from short term borrowings | - | - | - |
| Net cash flows from financing activities | <u>337</u> | <u>-</u> | <u>323</u> |
| Net (decrease)/increase in cash and cash equivalents | (97) | (191) | (33) |
| Cash and cash equivalents at beginning of period | 184 | 217 | 217 |
| Cash acquired with subsidiary | - | - | - |
| Effect of foreign exchange rate changes | - | - | - |
| Cash and cash equivalents at end of period | <u>87</u> | <u>26</u> | <u>184</u> |

The notes on pages 11 to 16 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 2020

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 2020 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 2019. 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 3 June 2020.

(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 2019.

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 2019.

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 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2020 (CONTINUED)

5. **Segment information**

The Group considers that it now operates in one distinct business area, manganese mining 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 2020 (unaudited)

| | Manganese | Other | Total |
|------------------|------------------|-----------------|--------------|
| | £'000 | Segments | £'000 |
| | £'000 | £'000 | £'000 |
| External revenue | - | - | - |
| Loss before tax | (373) | (436) | (809) |
| Segment assets | 993 | 470 | 1,463 |

For the six months ended 31 March 2019 (unaudited)

| | Manganese | Other | Total |
|------------------|------------------|-----------------|--------------|
| | £'000 | Segments | £'000 |
| | £'000 | £'000 | £'000 |
| External revenue | - | - | - |
| Loss before tax | (142) | (297) | (439) |
| Segment assets | 1,309 | 11,657 | 12,966 |

5. **Segment information (continued)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2020 (CONTINUED)

For the twelve months ended 30 September 2019 (audited)

| | Manganese/ cobalt £'000 | Other Segments £'000 | Total £'000 |
|--------------------------|-------------------------------|----------------------------|----------------|
| External revenue | - | - | - |
| Profit/(loss) before tax | 134 | (605) | (471) |
| Segment assets | 1,050 | 10,475 | 11,525 |

Information about geographical segments:

For the six months ended 31 March 2020 (unaudited)

| | West Africa £'000 | Other Segments £'000 | Total £'000 |
|------------------|-------------------------|----------------------------|----------------|
| External revenue | - | - | - |
| Loss before tax | (373) | (436) | (809) |
| Segment assets | 993 | 470 | 1,463 |

For the six months ended 31 March 2019 (unaudited)

| | West Africa £'000 | Other Segments £'000 | Total £'000 |
|------------------|-------------------------|----------------------------|----------------|
| External revenue | - | - | - |
| Loss before tax | (142) | (297) | (439) |
| Segment assets | 1,309 | 11,657 | 12,966 |

5. Segment information (continued)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2020 (CONTINUED)

Information about geographical segments (continued):

For the twelve months ended 30 September 2019 (audited)

| | West Africa £'000 | Other Segments £'000 | Total £'000 |
|--------------------------|-------------------------|----------------------------|----------------|
| External revenue | - | - | - |
| Profit/(loss) before tax | 134 | (605) | (471) |
| Segment assets | 1,050 | 10,475 | 11,525 |

6. Seasonality of operations

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

7. Intangible assets

| | 6 months 31 Mar 20 (unaudited) £'000 | 6 months 31 Mar 19 (unaudited) £'000 | 12 months 30 Sep 19 (audited) £'000 |
|--------------------------------------|---|---|--|
| Cost | | | |
| Balance at beginning of period | 1,206 | 1,193 | 1,193 |
| Additions | 16 | 13 | 18 |
| Disposals | - | - | - |
| Effect of movement in exchange rates | (1) | (30) | (5) |
| Balance at end of period | 1,221 | 1,176 | 1,206 |
| Impairment losses | | | |
| Balance at beginning of period | 155 | - | - |
| Impairment | - | - | 155 |
| Amortisation | - | - | - |
| Disposals | - | - | - |
| Effect of movement in exchange rates | - | - | - |
| Balance at end of period | 155 | - | 155 |
| Carrying amounts | | | |
| Balance at end of period | 1,066 | 1,176 | 1,051 |
| Balance at beginning of period | 1,051 | 1,193 | 1,193 |

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

8. Property, plant and equipment

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2020 (CONTINUED)

Acquisitions and disposals

During the six months ended 31 March 2020 the Group acquired assets with a cost of £nil (six months ended 31 March 2019: £385,000, twelve months ended 30 September 2019: £127,000).

Assets with a carrying amount of £nil were disposed of during the six months ended 31 March 2020 (six months ended 31 March 2019: £nil; twelve months ended 30 September 2019: £nil), resulting in a loss on disposal of £nil (six months ended 31 March 2019: £nil; twelve months ended 30 September 2019: £nil), which is included in 'administrative expenses' in the condensed consolidated statement of comprehensive income.

9. Trade and other receivables

| | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|-------------------|-----------------------------------|-----------------------------------|---------------------------------|
| Other receivables | 36 | 583 | 25 |
| Prepayments | - | - | 10 |
| | <u>36</u> | <u>583</u> | <u>35</u> |

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

10. Other investments

| | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|--|-----------------------------------|-----------------------------------|---------------------------------|
| Equity securities – available for sale | | | |
| Brought forward | 9,923 | 11,527 | 20,379 |
| Disposal via demerger | (9,923) | - | - |
| Gain/(deficit) recognised in equity | - | (1,665) | (1,604) |
| | <u>-</u> | <u>9,862</u> | <u>9,923</u> |

Equity securities represented 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 were held in escrow until 22 June 2019. Available for sale assets are denominated in Australian dollars.

These equity securities were demerged on 19 November 2019 by way of a capital reduction scheme.

11. Inventories

| | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|---------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| Processed manganese concentrate | - | 718 | - |
| | <u>-</u> | <u>718</u> | <u>-</u> |

12. Share capital and reserves

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2020 (CONTINUED)

Issue of ordinary shares

On 14 October 2019, the company cancelled its share premium account via a Court Order.

On 12 November 2019, 7,000,000 ordinary shares were issued for cash at £0.0036 per share.

On 19 November 2019 the company cancelled all issued Deferred Shares; and 0.09p of the capital paid up on each issued Ordinary Share via a Court Order.

On 17 January 2020, 73,110,423 ordinary shares were issued to R Lamming in recognition of his forfeiture of Share Appreciation rights vested to that date at £0.001639 per share.

On 28 January 2020 206,666,660 ordinary shares were issued for cash at £0.0015 per share, and 6,666,660 ordinary shares were issued at £0.0015 per share to settle creditors.

Dividends

No dividends were declared or paid in the six months ended 31 March 2020 (six months ended 31 March 2019: £nil, twelve months ended 30 September 2019: £nil).

13. Trade and other payables

| | 31-Mar-20 (unaudited) £'000 | 31-Mar-19 (unaudited) £'000 | 30-Sep-19 (audited) £'000 |
|----------------|-----------------------------------|-----------------------------------|---------------------------------|
| Trade payables | 220 | 102 | 108 |
| Accruals | 187 | 224 | 155 |
| Other payables | 62 | 2,271 | 18 |
| | <u>469</u> | <u>2,597</u> | <u>281</u> |

There is no material difference between the fair value of trade and other payables and their book value.

14. Related parties

During the previous period, D Reeves and B Moritz advanced £200,000 and £100,000 respectively to the Group. These amounts were settled via shares issues in August 2019. The total amount due to D Reeves at the period end was £19,000 in respect of unpaid remuneration (six months ended 31 March 2019: £225,900, twelve months ended 30 September 2019: £nil). The total amount due to B Moritz at the period end was £27,000 in respect of unpaid remuneration (six months ended 31 March 2019: £100,000, twelve months ended 30 September 2019: £14,000). The total amount due to Parallel Resources Limited, a company owned and controlled by R Lamming in respect of unpaid fees at the period end was £28,500 (six months ended 31 March 2019: £nil, twelve months ended 30 September 2019: £12,000).

On 17 January 2020, the Company cancelled its existing share appreciation rights (SAR) scheme and R Lamming was compensated for this as detailed in note 12 and below.

On 17 January the Company replaced the SAR scheme with an EMI option scheme. EMI options over 120,000,000 new ordinary shares of the company were granted to executive management. Of these, 90,000,000 were granted to R Lamming (of which 30,000,000 related to unvested SAR's).