Registered number: 07353748

KERAS RESOURCES PLC
ANNUAL REPORT 2019

Contents

Throughout this document 'Keras', 'Keras Resources' or 'the Company' means Keras Resources PLC and 'the Group' means the Company and its subsidiaries.

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
Nominated advisor and joint broker:	SP Angel Corporate Finance LLP 35-39 Maddox Street London W1S 2PP
Joint broker:	Shard Capital Partners LLP 23rd Floor 20 Fenchurch Street London EC3M 3BY
Solicitor:	Memery Crystal LLP 165 Fleet Street London EC2A 2DY
Auditor:	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Registrars:	Share Registrars Limited The Courtyard, 17 West Street Farnham, Surrey, GU9 7DR

Chairman's Statement

It gives me great pleasure to report on the substantial progress made since my last report to transform the Company into a cash generative mining company.

Manganese production/Togo

The primary focus of Keras during the year has once again been to progress the Nayega manganese project in Togo. Keras has held an 85% shareholding in the company owning the exploration licence, Société Générale de Mine SARL ("SGM"). As required for the grant of an exploitation licence, SGM has been converted from a SARL to a SA. Additionally, the Republic of Togo is entitled to a carried interest of 10% in SGM after the issue of the exploitation licence, which will have the effect of diluting Keras' 85% interest.

The bulk sampling metallurgical testwork programme at Nayega, announced in July 2018, was completed during the year. Approximately 10,000 tonnes of manganese ore ('Mn') was mined, beneficiated and shipped to a major producer of manganese-based alloys, for large scale metallurgical testwork, to assess the suitability of the ore in their Mn smelting facilities. The results of the testwork were very encouraging, as they not only demonstrated the suitability of the concentrate for sale in international markets, but also showed a higher manganese percentage than had been predicted. The work programme was fully funded by the end-user, including capital costs and management fees to Keras, with the result that a surplus over direct costs is shown in the Income Statement. The plant remains on site at Nayega, so that the Group is in a position to continue producing beneficiated manganese ore at a rate of up to some 75,000 tonnes per annum without requiring further capital expenditure. However, the intention is to upgrade the plant to increase production shortly after the exploitation licence has been signed. It is intended that this plant upgrade will be funded primarily through offtake finance rather than new equity.

On the exploitation licence itself, a decree was published from a meeting of the Council of Ministers of the Republic of Togo held on 18 October 2019, permitting SGM to undertake large scale mining at the Nayega manganese project. In preparation for the issue of the licence, as set out above, SGM has been converted to a Societe Anonyme, and the formal grant of the licence is expected in time to commence production in the current quarter, to 31 March 2020.

In order to be committed wholly to the mining of manganese at Nayega, we have decided to relinquish our five cobalt and nickel exploration licences, and the costs previously incurred have been written off.

Calidus Resources Limited

During the year Calidus Resources Limited ("Calidus") successfully completed and published a positive pre-feasibility study, which demonstrated that the Klondyke Project is commercially viable. As a result, the final tranche of Performance Shares in Calidus was converted to Ordinary Shares. The escrow period expired in June 2019 so that, at 30 September 2019, Keras owned 723,750,000 Calidus Shares.

The stated intention of the Directors had always been to demerge those Calidus Shares to Keras shareholders when they were out of escrow, and to do so in the most tax efficient way available. This required the Company to apply for tax clearances in both Australia and the United Kingdom. The timescales for obtaining such clearances meant that it was not possible to complete the demerger before 30 September 2019, but it has been completed subsequently by way of a capital reduction scheme which required approval by the High Court as well as shareholder approval. The circular to shareholders was posted on 27 September 2019 and the demerger was approved by shareholders on 14 October 2019. Following the second High Court hearing, the Calidus shares were transferred to Keras shareholders on the register at 6.00pm on 19 November 2019. Previous statements had indicated that some Calidus shares might be realised by Keras to provide working capital, and, in particular, the costs associated with the demerger. In the event, tax implications in Australia meant that this option was not pursued, and all of the Calidus shares were transferred to Keras shareholders. All of the costs of the demerger have been borne by Keras.

The Calidus Shares are included with current assets in the financial statements at fair value, as further set out in Note 18.

Management changes

While there have been no changes in the membership of the main board during the year, management at the subsidiary level has been strengthened by the appointment of Graham Stacey as Chief Operating Officer. Graham will take operational control of the Nayega mine when commercial production commences.

Financial review

The Income Statement for the year shows a loss of £471,000 (2018 – loss £584,000). This result includes the positive surplus from the bulk sample, but also reflects the build up of costs in anticipation of commercial production, the legal and other costs in connection with the application for the exploitation licence, and substantial costs in relation to the capital reduction and demerger. There was no revenue from trading in the year, but income from the production of manganese in Togo is expected to commence in the current year.

Cash conservation remains a priority until commercial mining commences. While it has been agreed that the fees payable to the non-executive directors will increase to more commercial amounts from 1 April 2019, cash payments to me are continuing to be restricted to some 50% of my previously contracted entitlements, and Dave Reeves has capitalised the whole of his entitlement.

Outlook

Keras is now in a position to operate Nayega as a producing mine as soon as the exploitation licence is finalised, and the decree promulgated by the Council of Ministers of the Republic of Togo means that commercial production should be achieved shortly.

Finally, I would like to take this opportunity to thank the rest of the board and our management team for their hard work, and shareholders for their continuing support.

Brian Moritz
Chairman

21 February 2020

Strategic Report

Strategy and Business Plan

The Group's strategy is to target projects that increase shareholder value by taking projects through the life cycle from feasibility to development.

The Group's business model has established the Company as an efficient and low cost explorer/developer.

During the reporting period the Group was focussed on two main areas:

1. Demerging its shares in Calidus Resources Limited to shareholders by way of a capital reduction scheme. This was finalised after the end of the financial year, in November 2019.

2. Progressing the Nayega manganese project in Togo and preparing for commercial production. In this context the Group extracted and shipped for testing a 10,000 tonne sample of beneficiated manganese ore. The Council of Ministers of the Republic of Togo has issued a decree granting the Group the right to mine manganese at Nayega and, as and when an exploitation licence is obtained, the Group intends to mine commercially at Nayega with the minimum of delay, initially using the facilities built for the bulk sample. A definitive feasibility study previously completed for Nayega indicates that the project represents significant value potential for the Group.

In exploring and developing mineral deposits, the Group accepts that not all its exploration will be successful but also that the rewards for success can be high. It therefore expects that its shareholders will be invested for potential capital growth, taking a long-term view of management's good track record in mineral discovery and development. The Directors have further increased their holdings in the Company and currently hold approximately 26% of the issued shares in Keras. We believe this stake provides further evidence of the Board's belief in and commitment to its strategy.

To date, the Group has financed its activities through equity raisings. As the Group's projects become more advanced, the Board will seek mining and/or offtake finance, and may also investigate strategic opportunities to obtain funding for projects from future customers via production sharing, royalty and other marketing arrangements.

Financial and Performance Review

There was no turnover in the year under review, but commercial sales are expected to commence in the current year.

The results of the Group are set out in detail in the financial statements. The Group reports a loss for the year of £471,000 (2018: loss £584,000).

The financial statements show that, at 30 September 2019, the Group had total assets of £11.5 million (2018: £13.2 million), and net assets of £11.2 million (2018: £12.4 million). The reduction is primarily due to the reduction in the quoted price of Calidus shares. The basis of valuation is set out in note 18 to the financial statements. The capital reduction and demerger of Calidus shares, which became effective after the year end, results in a reduction in both gross and net assets of £9.9 million, as well as eliminating the deficit on distributable reserves.

Fixed assets total £1.4 million (2018: £1.4 million) which now includes plant at the Nayega mine totalling £331,000 (2018: £230,000) as well as exploration, evaluation and development expenditure on the Group's projects in Togo.

Expenditure such as pre-licence and reconnaissance costs is expensed in profit or loss as incurred.

The Directors have assessed the carrying value of the Nayega manganese project and no impairment has been deemed necessary.

Key Performance Indicators (KPIs)

During the year the Board monitored the following KPIs:

- Cash flow and working capital:
  - Short (<3 months) and long term cashflow models are prepared to monitor and forecast the Group's funding needs;
  - Management accounts prepared on a monthly basis for the Group's key subsidiaries and quarterly on a consolidated basis; and
  - Weekly reporting of the Group's working capital position.

When the Group receives a mining permit for the Nayega Manganese project, activities at this project will increase substantially from the current reporting period, to include production forecasts and mine plans.

Togo – Nayega Manganese Project (85% owned)

Keras currently holds an 85% interest in the Nayega manganese project, which covers 92,390 hectares in northern Togo, held through Societe Generale des Mines SARL. As part of the process to convert the exploration licence to an exploitation licence, the Government of Togo will be granted a carried equity interest of 10%, so diluting the interest of Keras. The project is 30km from a main road, which has direct access to the regionally important deep-water port of Lome 600km away that has >800,000t per annum back loading capabilities.

Having defined a JORC (2012) Code compliant Indicated and Measured Resource of 11.0Mt @ 13.1% manganese, the Group has completed the majority of the Phase 1 Definitive Feasibility Study ("DFS") to develop an initial open-pit, 250,000tpa manganese operation. To support commercial mining at Nayega, we have applied for an Exploitation Licence. The Council of Ministers of the Republic of Togo has decreed that the Group has the right to mine manganese at Nayega, but the Group continues to await the award of the licence itself, and consequently we have been unable to undertake commercial mining activities during the year. Progress on this is described above and in the Chairman's Statement. Test sampling of the material produced as part of the bulk sample process has indicated a manganese content in excess of 40% rather than the 35% envisaged in the DFS referred to above. As soon as the Exploitation Permit is granted, therefore, the directors intend to commence commercial production at the rate of approximately 75,000tpa without the requirement for further capital expenditure, and to increase production capacity using offtake finance.

The Group had previously discontinued and disposed of all its other African projects.

Risk Management

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development are:

Exploration Risk

The Group's business has been primarily mineral exploration and evaluation which are speculative activities and whilst the Directors are satisfied that good progress is being made, there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available.

Resource Risk

All mineral projects have risk associated with defined grade and continuity. Mineral reserves and resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions.

The Group reports mineral resources and reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code'). The JORC Code is a professional code of practice that sets minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves. Further information on the JORC Code can be found at www.jorc.org.

Development Risk

Delays in permitting, financing and commissioning a project may result in delays to the Group meeting production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

Mining and Processing Technical Risk

Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.

The Group has a small team of mining professionals experienced in geological evaluation, exploration, financing and development of mining projects. To mitigate development risk, the Group supplements this from time to time with engagement of external expert consultants and contractors.

Environmental Risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

The Group is currently in the exploration stage. Any disturbance to the environment during this phase is minimal and is rehabilitated in accordance with the prevailing regulations of the countries in which we operate.

Financing & Liquidity Risk

The Group has an ongoing requirement to fund its activities through the equity markets and in future to obtain finance for project development. There is no certainty such funds will be available when needed. To date, Keras has managed to raise funds primarily through equity and debt placements despite the very difficult markets that currently exist for raising funding in the junior mining industry.

Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries can have in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

Partner Risk

Whilst there has been no past evidence of this, the Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.

The Group aims to mitigate this risk by 1) holding significant majority shareholdings in our projects that we can commit to funding our minority partners until production and positive cash flow and 2) endeavouring to enter into joint venture funding arrangements with large and credible counterparties.

Bribery Risk

The Group has adopted an anti corruption policy and whistle blowing policy under the Bribery Act 2010. Notwithstanding this, the Group may be held liable for offences under that Act committed by its employees or subcontractors, whether or not the Group or the Directors had knowledge of the committing of such offences.

Financial Instruments

Details of risks associated with the Group's financial instruments are given in Note 26 to the financial statements. Given the nature of the Group's activities, Keras does not utilise any complex or derivative financial instruments.

Insurance Coverage

The Group maintains a suite of insurance coverage that is appropriate for the Group and Company. This is arranged via a specialist mining insurance broker and coverage includes public and products liability, travel, property and medical coverage and assistance while Group employees and consultants are travelling on Group business. This is reviewed at least annually and adapted as the Group's scale and nature of activities changes.

Internal Controls and Risk Management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible. The Directors review the effectiveness of internal financial control at least annually.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

The Board takes account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on Corporate Social Responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of Keras' stakeholders through individual policies and through ethical and transparent actions.

The Group has adopted an anti-corruption and bribery policy and a whistle blowing policy.

Shareholders

The Directors are always prepared, where practicable, to enter into dialogue with shareholders to promote a mutual understanding of objectives. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

Environment

The Board recognises that its principal activities, mineral exploration and mining, have potential to impact on the local environment. To date, activities at the various projects have been limited to mining and drilling activities and the Group does comply with local regulatory requirements with regard to environmental compliance and rehabilitation. The impact on the environment of the Group's activities has the potential to increase should our projects move into a development or production phase. This is currently assessed through baseline environmental studies that are being undertaken and identifying resources needed to manage environmental compliance in the future.

Given the Group's size and scale it is not considered practical or cost effective to collect and report data on carbon emissions.

Employees

The Group engages its employees to understand all aspects of the Group's business and seeks to remunerate its employees fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Group takes account of employees' interests when making decisions and welcomes suggestions from employees aimed at improving the Group's performance.

The Group now operates solely in Togo, where it recruits locally as many of its employees and contractors as practicable.

Suppliers and Contractors

The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers. There have been occasions during the reporting period where this has been extended beyond normal terms as the Group has managed cash flow during the year during current difficult market conditions.

Health and Safety

The Board recognises that it has a responsibility to provide strategic leadership and direction in the development of the Group's health and safety strategy in order to protect all of its stakeholders. The Group does not have a formal health and safety policy at this time. This is re-evaluated as and when the Group's nature and scale of activities change.

Brexit

Although the United Kingdom ceased to be a member of EU on 31 January 2020, and the impact of foreign exchange fluctuations has been evident, the threats and opportunities of 'Brexit' are still largely unknown. Despite no immediately foreseeable impact on the Group, the Directors are monitoring developments.

This Strategic Report was approved by the Board of Directors on 21 February 2020.

Russell Lamming
Director

The Board

BRIAN MORITZ

Non-executive Chairman

Brian is a Chartered Accountant and former Senior Partner of Grant Thornton, London. He formed Grant Thornton's Capital Markets Team which floated over 100 companies on AIM under his chairmanship. In 2004 he retired from Grant Thornton to concentrate on bringing new companies to the market as a director. He concentrates on mining companies, primarily in Africa, and was formerly chairman of African Platinum PLC (Afplats) and Metal Bulletin PLC as well as currently being chairman of several junior mining companies.

RUSSELL LAMMING

Chief Executive Officer

Russell Lamming is a qualified geologist with an honours degree in geology from the University of the Witwatersrand and a Bachelor of Commerce in Economics from the University of Natal. Russell has a broad range of experience including directorship of a South African mining consultancy and precious metals analyst for a leading international broker and was the CEO of AIM listed Chromex Mining and Goldplat Plc. He has strong relationships in London and internationally and has raised considerable funds for resource companies over the years.

DAVE REEVES

Non-Executive Director

Dave holds a first class honours degree in mining engineering from the University of New South Wales, a graduate diploma in applied finance and investment from the Securities Institute of Australia, and a Western Australian first class mine managers certificate of competency. He has over 25 years' experience and has operated in Australia, Africa and Europe in gold, precious metals, mineral sands, bulks and copper. He is CEO of Calidus Resources Limited and non-executive Chairman of ASX and AIM listed European Metals Holdings.

Corporate Governance Statement

To the extent applicable, and to the extent able (given the current size and structure of the Company and the Board), the Company has adopted the Quoted Companies Alliance Corporate Governance Code. Details of how the Company complies with the Code, and the reasons for any non-compliance, are set out in the table below, together with the principles contained in the Code.

Prior to the formal adoption of the Code, the Company has, for a number of years, operated in compliance with recommendations of the QCA, in so far as the size of the Company and its Board permitted. For that reason no significant changes in governance related matters were needed when the Code was adopted, which was for the year ended 30 September 2018. No key governance matters have arisen since the publication of the last Annual Report.

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. Further disclosures under the Code are included on the Company's website.

Principle 1: Establish a strategy and business model which promote long term value for shareholders.

The Company's strategy is to identify mineral deposits which can be developed into mines to create value and income for shareholders. In June 2017 this strategy was successfully demonstrated when the Company's Australian gold exploration assets were floated on the Australian Securities Exchange (ASX) with the name Calidus Resources Limited. Since 30 September 2019 the Company's shares in Calidus have been demerged and transferred to the Company's shareholders by way of a capital reduction.

The demerger has permitted the Board to concentrate on the primary remaining project, the Nayega manganese project in Togo. Following the production of a 10,000 tonne bulk sample, fully funded by the end user, during the year under review. The Company intends to expand production at Nayega, using offtake related finance, and is also investigating the use of manganese from Nayega for battery metal purposes.

The Company continues to seek other natural resource projects, primarily, but not exclusively, in Africa.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The risks facing the Company are detailed in the Strategic Report. The Board seeks to mitigate such risks so far as it is able to do, but certain important risks cannot be controlled by the Board.

In particular, the products the Company is seeking to identify and ultimately mine are traded globally at prices reflecting supply and demand rather than the cost of production. So far as the Company is concerned, the substantial decline in the price of iron ore rendered two previous projects non-viable, both of which had appeared to have substantial value on a discounted cash flow basis, and they were abandoned.

While the Company will only invest in projects where there is a legal right to convert an initial exploration licence to a mining licence, in practice it may be difficult to obtain such conversion for political reasons. There is no legal way that the Company can protect itself against this possibility.

Principle 5: Maintain the Board as well-functioning, balanced team led by the chair.

The Company will only begin to earn material income during the current year. For cost reasons the Board has been reduced to three directors. All of the directors have demonstrated their commitment to the Company by supporting fund raisings, with the result that they own, in aggregate, more that 20% of the ordinary issued share capital, and each director owns more than 3% of the share capital. It follows that none of the directors is considered to be independent.

Russell Lamming, the CEO, works full time for the Company. The other directors, Brian Moritz (the Chairman) and Dave Reeves, are non-executive directors. As Dave Reeves is resident in Australia, physical Board meetings are held when he is in the United Kingdom and on an ad hoc basis. Where required at other times, Board meetings are normally conducted with Dave Reeves present by telephone.

The CEO holds frequent informal discussions with the non-executive directors. Throughout the year such discussions average approximately two per week. Discussions with Brian Moritz are normally held in the Company's offices in Cobham, Surrey, while those with Dave Reeves are normally held by telephone.

Non-executive directors are committed to devote 30 days per annum to the Company, but in fact exceed that required time commitment. Notwithstanding that, each of the non-executive directors has reduced his fees drawn to half of the contracted amount, to £15,000 per annum for Brian Moritz and £12,000 per annum for Dave Reeves. It is intended that fees will be increased to £42,000 per annum for Brian Moritz and £24,000 per annum for Dave Reeves, with effect from 1 April 2019, to be paid as soon as cash flow permits. These levels reflect the time commitments and efforts of the non-executive directors, and more in line with industry norms.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

CVs of the directors are disclosed elsewhere in this Annual Report.

Each of the directors maintains up to date skills by a combination of technical journals and courses.

As an exploration and mining Company the main skills required by the Board are in the area of geology and mining. Russell Lamming is a qualified geologist and Dave Reeves is a qualified mining engineer, each with a long history of achievement in this area. Importantly, each of them has also been in charge of the construction and operation of mines.

As the Company moves into mining rather than exploration the management team has been strengthened by the appointment of Graham Stacey as Chief Operating Officer. Graham has wide experience of mining in Africa, and has previously been an executive director of an AIM listed mining company.

Brian Moritz is a Chartered Accountant. In addition to his financial skills he has been registered as a Nominated Adviser and has wide experience of corporate transactions.

The advice of Wilkins Kennedy, a top 20 accounting firm, is sought on technical accounting matters, in particular in relation to compliance with IFRS.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board has successfully achieved major objectives by:

- Capitalising the value of its Australian exploration assets, floating them on the ASX and demerging the resulting shares by distributing them to Keras shareholders
- Progressing the Nayega project in Togo from exploration through the production of a 10,000 tonne bulk sample to commercial mining.

The Board continues to seek other projects which can be operated in conjunction with Nayega.

Given the current state of the Company's development the directors believe that the Board operates efficiently and cost effectively and that the cost of an external review process is not justified. Nevertheless, it is intended that the Board will be strengthened in due course to reflect its progress from exploration to mining and when new projects are brought in to the Company.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

So far as possible the Company recruits locally for staff. The contractor for its mining operations is a local company, which is also responsible for transportation of the product from the mine to the port of Lome.

The Board is conscious of the fact that parts of Africa may be viewed as corrupt areas in which to operate. Nevertheless, the Company has adopted a proper anti-corruption and whistle blowing policy which is strictly applied.

The Board utilises an ethical policy which respects local cultural and tribal sensitivities at the Nayega mine in Togo. This policy takes account of religious beliefs of the local people.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board communicates with its stakeholders through social media and webcasts, as well as at general meetings and by announcements on RNS.

The audit committee normally meets twice per annum, on its own to consider and approve the interim results, and with the auditors to consider the annual report and matters raised by the auditors based on their audit. So far as possible recommendations by the auditors are immediately implemented. As the CEO is also present as an observer at such meetings, no further report is submitted to the Board.

The remuneration committee meets on an ad hoc basis when required. Fees paid to the non-executive directors are settled by the Chief Executive Officer, as both non-executive directors comprise the remuneration committee.

Brian Moritz
Chairman

21 February 2020

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended 30 September 2019.

The Group's projects are set out in the Strategic Report.

Review of business and financial performance

Further details on the financial position and development of the Group are set out in the Chairman's Statement, the Strategic Report and the annexed financial statements.

Results

The Group reports a loss for the year of £471,000 (2018: loss £584,000).

Major events after the balance sheet date

Since the end of the year the Company's interest in Calidus Resources Limited has been demerged by way of a capital reduction and transferred to shareholders in the Company. The capital reduction was approved at a general meeting held on 14 October 2019 and became effective on 19 November 2019 following approval by the High Court.

Dividends

The Directors do not recommend payment of a dividend for the year ended 30 September 2019 (2018: £nil).

Political donations

There were no political donations during the year (2018: £nil).

Going concern

The Directors continue to adopt the going concern basis in preparing the financial statements as further explained in Note 2 to the financial statements.

Directors' indemnities

The Group maintains Directors and Officers liability insurance providing appropriate cover for any legal action brought against its Directors and/or officers.

Audit Committee

The Audit Committee, which comprises R Lamming and B Moritz, and is chaired by B Moritz, is responsible for ensuring the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. Meetings of the Audit Committee are held at least twice a year, at appropriate times in the reporting and audit cycle. The Audit Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility. The members of the Audit Committee are re-elected annually by the Board.

Remuneration Committee

The Remuneration Committee, which comprises D Reeves and B Moritz and which is chaired by D Reeves, reviews the performance of the executive directors and sets their remuneration, determines the payment of bonuses to executive directors and considers the future allocation of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time to Directors and employees. Meetings of the Remuneration Committee are intended to be held at least twice a year, but while the only executive director is the CEO, R Lamming, meetings are only held when required. The Remuneration Committee is required to report formally to the Board on its proceedings after each meeting on all matters for which it has responsibility. The members of the Remuneration Committee are re-elected annually by the Board.

Directors

The following Directors held office during the period:

B Moritz
D Reeves
R Lamming

Directors' interests

The beneficial interests of the Directors holding office on 30 September 2019 in the issued share capital of the Company were as follows:

	30 September 2019		**30 September 2018**	
	Number of ordinary shares of 0.01p each	**Percentage of issued ordinary share capital**	**Number of ordinary shares of 0.01p each**	**Percentage of issued ordinary share capital**
B Moritz	102,960,512	4.13%	76,960,512	3.36%
D Reeves[1,2]	470,400,491	18.88%	381,675,491	16.67%
R Lamming[3]	69,157,461	2.78%	68,219,961	2.98%

1 370,078,268 ordinary shares are held by the Elwani Trust whose beneficiaries are the spouse and children of David Reeves. David Reeves is a trustee of the Elwani Trust.

2 11,597,223 ordinary shares are held in the Bodmin Super Fund whose trustees and beneficiaries are David and Eleanor Reeves.

3 14,275,517 ordinary shares were held by Parallel Resources Ltd., a company wholly owned by Mr and Mrs Lamming.

Since the year end:

- On 3 October 2019, D Reeves purchased 19,157,093 ordinary shares of 0.1p each.
- On 17 January 2020 R Lamming was allotted 73,110,423 ordinary shares in compensation for his loss caused by his agreeing not to exercise the rights under his share appreciation rights ("SARs"), calculated to be £119,828, as set out in Note 28.

Directors' remuneration and service contracts

Details of remuneration payable to Directors are disclosed in note 12 to these financial statements:

	Remuneration £'000	**2019 Total £'000**	**2018 Total £'000**
B Moritz	29	29	15
D Reeves	18	18	12
R Lamming	149	149	82
	196	196	109

Of the remuneration payable to Mr Moritz and Mr Lamming, £14,000 and £12,000 remains unpaid respectively.

The Company had established a share appreciation rights scheme to incentivise Directors and senior management. Further details of this scheme can be found in note 24. Following the demerger of Calidus shares, this scheme was discontinued on 17 January 2020, and replaced by a share option scheme.

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, the directors' 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 Group and Parent Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company 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 estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union, 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 Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Statement of disclosure to auditor

Each Director at the date of approval of this report confirms that;

So far as they are aware,

- there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint PKF Littlejohn LLP as auditor will be proposed at the Annual General Meeting. PKF Littlejohn LLP has indicated its willingness to continue in office.

By order of the Board

Brian Moritz
Director

21 February 2020

Independent Auditor's Report to the Members of Keras Resources Plc

Opinion

We have audited the financial statements of Keras Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the group and parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group materiality was £35,000 based upon gross assets (excluding investments). The parent company has no trading activity and materiality was £28,000 based upon gross assets (excluding investments). For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality.

Independent Auditor's Report to the Members of Keras Resources Plc

continued

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Of the reporting components of the Group, we selected 2 components covering entities which represent the principal business activities within the Group. Of the 2 components selected, we performed audit procedures on significant areas based on size or risk profile, or in response to potential risks of material misstatement to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Recoverability of intangible assets	
The group has intangible assets of £1.051 million as at September 2019, comprising prospecting and exploration rights, which is tested annually for impairment. Where value in use is applicable, the estimated recoverable amount is subjective due to inherent uncertainty involved in forecasting and discounting future cashflows.	We confirmed the Group held good title to the underlying exploration licenses, and assessed whether any indicators of impairment exist. Where applicable, we reviewed management's value in use calculations to include the key assumptions therein. We performed sensitivity analysis on the headroom to probable changes in key assumptions. The exploration and evaluation assets in were assessed with reference to the criteria listed within IFRS 6, to include whether: • The licence is not expected to be renewed upon expiry; • Substantive expenditure on further exploration and evaluation is not budgeted or planned; and • Exploration and evaluation work to date indicates that the carrying amount is unlikely to be recovered from further development or sale.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Keras Resources Plc

continued

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

21 February 2020

Consolidated statement of comprehensive income

for the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
Continuing operations			
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Recovery of costs of bulk sample	9	681	–
Administrative and exploration expenses		(1,147)	(411)
Loss from operating activities		(466)	(411)
Finance costs	13	(5)	–
Net finance costs		(5)	–
Results from operating activities after finance costs		(471)	(411)
Tax	14	–	–
Loss for the year from continuing operations		(471)	(411)
Discontinued operations			
(Loss)/profit from discontinued operation, net of tax	8	–	(173)
Loss for the year		(471)	(584)
Other comprehensive income – items that may be subsequently reclassified to profit or loss			
Exchange translation on foreign operations		32	10
Change in fair value of available-for-sale financial assets		–	(8,852)
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 year		(2,043)	(9,426)
Loss attributable to:			
Owners of the Company		(514)	(576)
Non-controlling interests		43	(8)
Loss for the year		(471)	(584)
Total comprehensive loss attributable to:			
Owners of the Company		(2,091)	(9,419)
Non-controlling interests		48	(7)
Total comprehensive loss for the year		(2,043)	(9,426)
Earnings per share from continuing and discontinued operations			
Basic and diluted loss per share (pence)	23	(0.022)	(0.025)
From continuing operations			
Basic and diluted loss per share (pence)	23	(0.022)	(0.018)
From discontinued operations			
Basic and diluted loss per share (pence)	23	(0.000)	(0.007)

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 30 September 2019

	Notes	2019 £'000	2018 £'000
Assets			
Property, plant and equipment	15	332	232
Intangible assets	16	1,051	1,193
Non-current assets		1,383	1,425
Other investments	18	9,923	11,527
Trade and other receivables	20	35	16
Cash and cash equivalents	21	184	217
Current assets		10,142	11,760
Total assets		11,525	13,185
Equity			
Share capital	22	7,266	7,064
Share premium		10,938	10,358
Other reserves		3,426	5,135
Retained deficit		(10,310)	(10,006)
Equity attributable to owners of the Company		11,320	12,551
Non-controlling interests		(76)	(124)
Total equity		11,244	12,427
Liabilities			
Trade and other payables	25	281	758
Current liabilities		281	758
Total liabilities		281	758
Total equity and liabilities		11,525	13,185

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2020. They were signed on its behalf by:

Brian Moritz
Director

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 September 2019

	Attributable to owners of the Company								
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Financial assets at FVOCI £'000	Retained deficit £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 October 2018	7,064	10,358	108	(36)	5,063	(10,006)	12,551	(124)	12,427
Loss for the year	–	–	–	–	–	(514)	(514)	43	(471)
Other comprehensive income	–	–	–	3	(1,604)	24	(1,577)	5	(1,572)
Total comprehensive loss for the year	–	–	–	3	(1,604)	(490)	(2,091)	48	(2,043)
Issue of ordinary shares	202	607	–	–	–	–	809	–	809
Costs of share issue	–	(27)	–	–	–	–	(27)	–	(27)
Share-based payment transactions	–	–	78	–	–	–	78	–	78
Transfer reserve in respect of warrants lapsed	–	–	(186)	–	–	186	–	–	–
Transactions with owners, recognised directly in equity	202	580	(108)	–	–	186	860	–	860
Balance at 30 September 2019	7,266	10,938	–	(33)	3,459	(10,310)	11,320	(76)	11,244

The available for sale assets reserve at 30 September 2018 has been reclassified to financial assets at FVOCI on adoption of IFRS 9.

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 September 2018

	Attributable to owners of the Company								
	Share capital £'000	**Share premium £'000**	**Share option reserve £'000**	**Exchange reserve £'000**	**Available for sale assets £'000**	**Retained deficit £'000**	**Total £'000**	**Non-controlling interests £'000**	**Total equity £'000**
Balance at 1 October 2017	6,970	10,107	66	(202)	13,915	(9,446)	21,410	(117)	21,293
Loss for the year	–	–	–	–	–	(576)	(576)	(8)	(584)
Other comprehensive income	–	–	–	(7)	(8,852)	16	(8,843)	1	(8,842)
Total comprehensive loss for the year	–	–	–	(7)	(8,852)	(560)	(9,419)	(7)	(9,426)
Issue of ordinary shares	94	258	–	–	–	–	352	–	352
Costs of share issue	–	(7)	–	–	–	–	(7)	–	(7)
Share-based payment transactions	–	–	42	–	–	–	42	–	42
Transfer regarding discontinued activities	–	–	–	173	–	–	173	–	173
Total transactions with owners, recognised directly in equity	94	251	42	173	–	–	560	–	560
Balance at 30 September 2018	7,064	10,358	108	(36)	5,063	(10,006)	12,551	(124)	12,427

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Loss from operating activities		(471)	(411)
Loss from discontinued operating activities	8	–	(173)
Adjustments for:			
Depreciation and amortisation		28	4
Equity-settled share-based payments		78	42
Impairment		155	–
Foreign exchange differences		36	174
		(174)	(364)
Changes in:			
– trade and other receivables		(19)	15
– trade and other payables		(18)	514
Cash generated by/(used in) operating activities		(211)	165
Finance costs		–	–
Taxes paid		–	–
Net cash generated by/(used in) operating activities		(211)	165
Cash flows from investing activities			
Acquisition of property, plant and equipment		(127)	(230)
Exploration and licence expenditure		(18)	(20)
Net cash used in investing activities		(145)	(250)
Cash flows from financing activities			
Net proceeds from issue of share capital		323	242
Net cash flows from financing activities		323	242
Net (decrease)/increase in cash and cash equivalents		(33)	157
Cash and cash equivalents at beginning of year		217	60
Cash and cash equivalents at 30 September		184	217

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Company statement of financial position

as at 30 September 2019

	Notes	2019 £'000	2018 £'000
Assets			
Property, plant and equipment	15	–	230
Investments	17	–	–
Non-current assets		–	230
Other investments	18	9,923	11,527
Loans	19	1,379	1,484
Trade and other receivables	20	34	15
Cash and cash equivalents	21	175	208
Current assets		11,511	13,234
Total assets		11,511	13,464
Equity			
Share capital	22	7,266	7,064
Share premium		10,938	10,358
Other reserves		3,459	5,171
Retained deficit		(10,401)	(9,876)
Total equity attributable to owners of the Company		11,262	12,717
Liabilities			
Trade and other payables	25	249	747
Current liabilities		249	747
Total liabilities		249	747
Total equity and liabilities		11,511	13,464

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company profit and loss account. The Parent Company loss for the period was £711,000 (2018: loss of £354,000).

The financial statements of Keras Resources PLC, company number 07353748, were approved by the Board of Directors and authorised for issue on 21 February 2020. They were signed on its behalf by:

Brian Moritz
Director

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 30 September 2019

	Share capital £'000	Share premium £'000	Share option/ warrant/ reserve £'000	Financial assets at FVOCI £'000	Retained deficit £'000	Total equity £'000
Balance at 1 October 2017	6,970	10,107	66	13,915	(9,522)	21,536
Loss for the year	–	–	–	–	(354)	(354)
Other comprehensive income	–	–	–	(8,852)	–	(8,852)
Total comprehensive loss for the year	–	–	–	(8,852)	(354)	(9,206)
Issue of ordinary shares	94	258	-	–	–	352
Costs of share issue	–	(7)	–	–	-	(7)
Share-based payment transactions	–	–	42	–	–	42
Transactions with owners, recognised directly in equity	94	251	42	–	–	387
Balance at 30 September 2018	7,064	10,358	108	5,063	(9,876)	12,717
Balance at 1 October 2018	7,064	10,358	108	5,063	(9,876)	12,717
Loss for the year	–	–	–	–	(711)	(711)
Other comprehensive income	–	–	–	(1,604)	–	(1,604)
Total comprehensive loss for the year	–	–	–	(1,604)	(711)	(2,315)
Issue of ordinary shares	202	607	–	–	–	809
Costs of share issue	–	(27)	–	–	–	(27)
Share-based payment transactions	–	–	78	–	–	78
Transfer reserves in respect of warrants lapsed	–	–	(186)	–	186	–
Transactions with owners, recognised directly in equity	202	580	(108)	–	186	860
Balance at 30 September 2019	7,266	10,938	–	3,459	(10,401)	11,262

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Company statement of cash flows

for the year ended 30 September 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Loss from operating activities	(711)	(354)
Adjustments for:		
Depreciation	–	–
Impairment of loan	159	–
Equity-settled share-based payments	78	42
Changes in:		
– trade and other receivables	(19)	15
– trade and other payables	(39)	515
Cash generated by/(used in) operating activities	(532)	218
Finance costs	–	–
Net cash generated by (used in) operating activities	(532)	218
Cash flows from investing activities		
Acquisition of property, plant and equipment	–	(230)
Net cash used in investing activities	–	(230)
Cash flows from financing activities		
Net proceeds from issue of share capital	323	242
Loans (to)/repaid by subsidiaries	176	(70)
Net cash flows from financing activities	499	172
Net increase/(decrease) in cash and cash equivalents	(33)	160
Cash and cash equivalents at beginning of year	208	48
Cash and cash equivalents at 30 September	175	208

The notes on pages 29 to 53 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2019

1. Reporting entity

Keras Resources PLC is a company domiciled in England and Wales. The address of the Company's registered office is 27/28 Eastcastle Street, London, W1W 8DH. The Group currently operates as an explorer and developer.

2. Going concern

The Directors have adopted the going concern basis in preparing the Group and Company financial statements. The Group's and Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Strategic Report. In addition, note 26 to the Financial Statements includes the Group's policies and processes for managing its financial risk management objectives.

As disclosed in the Chairman's Statement, a decree was published from a meeting of the Council of Ministers of the Republic of Togo held on 18 October 2019, permitting the Group to undertake large scale mining at the Nayega manganese project. The formal grant and receipt of the exploitation licence is expected in time to commence production in the quarter ending 31 March 2020, but the licence has not yet been received. With effect from the receipt of the licence, and on the basis of the mining plan and cash flow forecasts, the Directors expect mining at Nayega to produce positive cash flow for the Group. Capital expenditure to expand production and working capital will be primarily provided in the short term by a loan in association with an offtake agreement. In the event of a delay in commencement of mining at Nayega, the Company will institute cost cutting and austerity measures. Notwithstanding such measures, further equity funding would be required in the absence of cash flow from production.

On this basis, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union, and the Companies Act 2006 as applicable to entities reporting in accordance with IFRS.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling ('GBP' or '£'), which is the Group's functional currency and is considered by the Directors to be the most appropriate presentation currency to assist the users of the financial statements. All financial information presented in GBP has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS, as adopted by the EU, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. Basis of preparation continued

(d) Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods of the revision if it affects both current and future periods.

Critical estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

• Carrying value of intangible assets	– Notes 4(e)(i) and 16
• Intercompany receivables (Company only)	– Note 19
• Fair value of shares acquired following disposal of subsidiary and of performance shares	– Note 4(c)(i), 6(v) and 18

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On disposal of subsidiaries, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency
Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(i) Foreign operations
The assets and liabilities of foreign operations, including goodwill and the fair value adjustments arising on acquisition, are translated to GBP at exchange rates at the reporting date. The income and expenses of foreign operations are translated to GBP at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve except to the extent that the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments
The Group has adopted IFRS 9 from 1 October 2018. The standard introduced new classification and measurement models for financial assets.

(i) Financial assets
The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets at fair value through other comprehensive income in the consolidated statement of financial position.

Trade receivables and intra group balances are initially recognised at fair value. New impairment requirements use an expected credit loss model to recognise an allowance. For receivables a simplified approach to measure expected credit losses during a lifetime expected loss allowance is available and has been adopted by the Group. During this process the probability of non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being reported within the consolidated statement of comprehensive income. On confirmation that the trade and intra group receivable will not be collectable, the gross carrying value of the asset is written off against the provision.

Financial assets at fair value through other comprehensive income
These assets are initially measured at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and interest income, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, any related balance within the FVOCI reserve is reclassified to retained earnings.

(ii) Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

4. Significant accounting policies continued

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

(iii) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation
Items of property, plant and equipment are depreciated on a straight-line basis in the statement of comprehensive income over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of significant items of property, plant and equipment are as follows:

- plant and equipment 10 years
- office equipment 2 years
- computer equipment 2 years
- motor vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Prospecting and exploration rights
Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and evaluation expenditure are recognised at cost.

(ii) Other intangible assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation
Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Prospecting and exploration rights — Life of mine based on units of production

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Amortisation is included within administrative expenses in the statement of comprehensive income.

(f) Impairment

(i) Non-derivative financial assets
A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and had an impact on the estimated future cash flows from that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost
The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4. Significant accounting policies continued

Financial assets at fair value through other comprehensive income (2018: Available-for-sale financial assets)
Impairment losses on financial assets at FVOCI are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as FVOCI are not reversed through profit or loss.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment or when there is an indication of impairment. An impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit ('CGU') exceeds its recoverable amount.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

Share-based payments
The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

(h) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

– Represents a separate major line of business or geographic area of operations;
– Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
– Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statements of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

(i) Revenue

The Group has adopted IFRS 15 from 1 October 2018.

Revenue from the sale of processed products is recognised when ownership of the product passes to the purchaser in accordance with the relevant sales contract. Product mined and processed in the Republic of Togo is shipped for smelting elsewhere, and ownership is likely to pass when the ship reaches international waters.

It is normal for the price to be based on the metal content and the moisture content of the product as well as the weight. Both are tested prior to shipment to determine the price, but further adjustments may be made when the product is tested once more on arrival. This adjustment is included in the sale price recognised in the financial statements.

(j) Finance income and finance costs

Finance income comprises interest income on bank funds. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

4. Significant accounting policies continued

(l) Segment reporting

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(m) Equity reserves

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.

The share option/warrant reserve is used to recognise the fair value of equity-settled share based payment transactions.

The exchange reserve is used to record exchange differences arising from the translation of foreign subsidiaries into the presentation currency.

The available for sale assets reserve is used to record unrealised accumulated changes in fair value on available for sale financial assets.

5. New standards and interpretations

Amendments to the following International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been implemented by the Group in the period ended 30 September 2019 and have changed the Group's accounting policies:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers

Effect of changes in accounting policies:

IFRS15 provides a single comprehensive standard in accounting for revenue arising from contracts with customers. IFRS 15 supersedes all previous revenue guidance. The Group has adopted IFRS15 for the year ended 30 September 2019 and has made no transitional adjustments to the accounting treatment of revenue, however, additional disclosures have been made.

The Group has applied IFRS 9 from 1 October 2018 and has made no transitional adjustments to the accounting treatment of financial instruments, however, additional disclosures have been made.

IFRS 9 introduced a new classification and measurement model of financial assets reducing the categories of assets from previous standards. There are now three categories of financial assets recognised from being measured at:

– fair value through profit of loss;
– fair value through other comprehensive income; or
– amortised cost

The Group's financial assets measured at amortised cost comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position. Hence there are no reclassification or accounting changes required.

Under IFRS 9 the major change is on impairments which are recognised on an expected basis rather than incurred loss. The Group will always account for expected credit losses and changes in those expected losses are reviewed at each year end. The Group measures expected losses on a collective basis, trade receivables are grouped on ageing. The expected losses are based on the Group's historical credit losses and consideration of economic factors. The new impairment model has no impact on the Group results.

Standards, Amendments to published Standards and Interpretations issued but not yet effective
Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning after 1 October 2019 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 16 Leases – Effective 1 January 2019

IFRS 16 replaces existing lease guidance. Leases will have the impact of increasing both creditors and fixed assets on the balance sheet by similar amounts that will depend on the operating leases that the Group is party to during the year ended 30 September 2020. There will be no material impact to the financial statements on adoption of IFRS 16.

6. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Intangible assets
The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Trade and other receivables
The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Share-based payments
The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(v) Investments – other
When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. A discount is applied to the value of any Performance shares to reflect the possibility that the milestones for conversion into ordinary shares may not be met.

7. Operating segments

The Group considers that it now operates in one distinct business area, being that of manganese and cobalt exploration in West Africa. This business area forms 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 result 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 that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within the exploration industry.

Information about reportable segments

2019	Discontinued Gold £'000	Discontinued Iron Ore £'000	Manganese/ cobalt £'000	Other operations £'000	Total £'000
External revenue	–	–	–	–	–
Interest expense	–	–	–	–	–
Depreciation, amortisation and impairment	–	–	183	–	183
(Loss)/profit before tax	–	–	134	(605)	(471)
Assets	–	–	1,050	10,475	11,525
Exploration and capital expenditure	–	–	145	–	145
Liabilities	–	–	28	253	281

2018	Discontinued Gold £'000	Discontinued Iron Ore £'000	Manganese/ cobalt £'000	Other operations £'000	Total £'000
External revenue	–	–	–	–	–
Interest expense	–	–	–	–	–
Depreciation, amortisation and impairment	–	–	4	–	4
Loss before tax	(72)	(101)	(52)	(359)	(584)
Assets	–	–	870	12,315	13,185
Exploration and capital expenditure	–	–	250	–	250
Liabilities	–	–	10	748	758

The Group was awarded exploration licenses during 2017 in West Africa on ground containing previously discovered cobalt and nickel mineralisation. These licences have been impaired in the year to 30 September 2019.

Information about geographical segments

2019	Discontinued Australia £'000	Discontinued South Africa £'000	West Africa £'000	Other £'000	Total £'000
External revenue	–	–	–	–	–
Interest expense	–	–	–	–	–
Depreciation, amortisation and impairment	–	–	183	–	183
(Loss)/profit before tax	–	–	134	(605)	(471)
Assets	–	–	1,050	10,475	11,525
Exploration and capital expenditure	–	–	145	–	145
Liabilities	–	–	28	253	281

2018	Discontinued Australia £'000	Discontinued South Africa £'000	West Africa £'000	Other £'000	Total £'000
External revenue	–	–	–	–	–
Interest expense	–	–	–	–	–
Depreciation, amortisation and impairment	–	–	4	–	4
Loss before tax	(72)	(101)	(52)	(359)	(584)
Assets	–	–	870	12,315	13,185
Exploration and capital expenditure	–	–	250	–	250
Liabilities	–	–	10	748	758

8. Discontinued operations

On 17 February 2017 the Group applied to deregister its South African subsidiary, Moongate 218 (Pty) Limited. Its immediate parent undertaking, Ferrex Manganese Limited, was dissolved at the same time. On 25 September 2018, Southern Mn (Pty) Ltd, having been dormant throughout the year, was sold for ZAR 1. These actions were taken by the Group as either the licences had expired or it was considered that the operations were no longer viable for the Group. On 31 May 2017 the decision was taken to fully impair the subsidiary Keras Australia Pty Limited as its research and development activities have ceased and on 17 September 2018, with the company having been dormant throughout the year, the company was sold for AUD1.

Analysis of the result of discontinued operations is as follows:

	2019 £'000	2018 £'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) from discontinued operations, net of tax	–	(173)

The discontinued operations did not have a tax impact.

In 2018 the discontinued activities relate to the recycling of the exchange reserve in respect of the subsidiary undertakings disposed of during the year.

Earnings/(loss) per share

Basic and diluted (loss) per share (pence) (Note 23)	–	(0.007)

9. Surplus on production of bulk sample

	2019 £'000	2018 £'000
Amounts received for bulk sample	1,495	–
Direct production costs of bulk sample	(814)	–
	681	–

10. Expenses

Expenses include:

	2019 £'000	2018 £'000
Depreciation and amortisation expense	28	4
Impairment of nickel and cobalt licence	155	–
Costs associated with the capital reduction satisfied by the Calidus share distribution	100	–
Auditor's remuneration		
– Audit fee	21	25
– Tax advisory services	20	–
Foreign exchange differences	28	18

Auditor's remuneration in respect of the Company amounted to £10,000 (2018: £10,000).

11. Personnel expenses

	2019 £'000	2018 £'000
Wages and salaries	135	155
Fees	149	11
Equity-settled share-based payments (see note 24)	78	(106)
	362	60

Fees in respect of the services of D Reeves are payable to a third party, Wilgus Investments (Pty) Limited.

Fees in respect of the services of R Lamming are payable to a third party, Parallel Resources Limited for part of the period.

The average number of employees (including directors) during the period was:

	2019	2018
Directors	3	3
Key management personnel	–	–
Other	3	3
	6	6

12. Directors' emoluments

2019	Executive directors £'000	Non-executive directors £'000	Total £'000
Wages and salaries (incl. fees)	149	47	196
	149	47	196

2018	Executive directors £'000	Non-executive directors £'000	Total £'000
Wages and salaries (incl. fees)	82	27	109
	82	27	109

These amounts are disclosed by director in the Directors' report on page 19.

Emoluments disclosed above include the following amounts payable to the highest paid director:

	2019 £'000	2018 £'000
Emoluments for qualifying services	149	82

Key management personnel
Included in note 11 are emoluments paid to key management personnel in the year which amounted to £nil (2018: £5,000).

13. Finance costs

Recognised in loss for period

	2019 £'000	2018 £'000
Interest on loans	–	–
Other	5	–
	5	–

14. Taxation

Current tax

	2019 £'000	2018 £'000
Tax recognised in profit or loss		
Current tax		
Current period	–	–
Deferred tax		
Origination and reversal of temporary differences	–	–
Total tax	–	–

Reconciliation of effective tax rate

	2019 £'000	2018 £'000
Loss before tax (continuing operations)	(471)	(411)
Tax using the Company's domestic tax rate of 19.0% (2018: 19.0%)	(89)	(78)
Effects of:		
Expenses not deductible for tax purposes	35	–
Overseas (profits)/losses	(15)	10
Equity-settled share-based payments	15	10
Tax losses carried forward not recognised as a deferred tax asset	54	58
	–	–

None of the components of other comprehensive income have a tax impact.

Factors that may affect future tax charges

At the year end, the Group had unused tax losses available for offset against suitable future profits of approximately £5,097,000 (2018: £4,813,000). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

15. Property, plant and equipment

Group	Plant and equipment £'000	Office and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 October 2017	2	40	26	68
Additions	230	–	–	230
Disposals	–	(9)	–	(9)
Effect of movements in exchange rates	–	–	–	–
Balance at 30 September 2018	232	31	26	289
Balance at 1 October 2018	232	31	26	289
Additions	127	–	–	127
Disposals	–	–	(7)	(7)
Effect of movements in exchange rates	1	–	–	1
Balance at 30 September 2019	360	31	19	410
Depreciation and impairment provisions				
Balance at 1 October 2017	2	34	26	62
Depreciation for the year	–	4	–	4
Depreciation on disposals	–	(9)	–	(9)
Effect of movements in exchange rates	–	–	–	–
Balance at 30 September 2018	2	29	26	57
Balance at 1 October 2018	2	29	26	57
Depreciation for the year	27	1	–	28
Depreciation on disposals	–	–	(7)	(7)
Effect of movements in exchange rates	–	–	–	–
Balance at 30 September 2019	29	30	19	78
Carrying amounts				
At 30 September 2017	–	6	–	6
At 30 September 2018	230	2	–	232
At 30 September 2019	331	1	–	332

15. Property, plant and equipment continued

Company	Plant and equipment £'000	Computer equipment £'000	Total £'000
Cost			
Balance at 1 October 2017	–	5	5
Additions	230	–	230
Balance at 30 September 2018	230	5	235
Balance at 1 October 2018	230	5	235
Transfers	(230)	–	(230)
Balance at 30 September 2019	–	5	5
Depreciation and impairment provisions			
Balance at 1 October 2017	–	5	5
Depreciation for the year	–	–	–
Balance at 30 September 2018	–	5	5
Balance at 1 October 2018	–	5	5
Depreciation for the year	–	–	–
Balance at 30 September 2019	–	5	5
Carrying amounts			
At 30 September 2017	–	–	–
At 30 September 2018	230	–	230
At 30 September 2019	–	–	–

16. Intangible assets

	Prospecting and exploration rights £000
Cost	
Balance at 1 October 2017	1,551
Additions	20
Disposals	(387)
Effect of movement in exchange rates	9
Balance at 30 September 2018	1,193
Balance at 1 October 2018	1,193
Additions	18
Disposals	–
Effect of movements in exchange rates	(5)
Balance at 30 September 2019	1,206
Amortisation and impairment losses	
Balance at 1 October 2017	387
Impairment	–
Amortisation	–
Disposals	(387)
Effect of movements in exchange rates	–
Balance at 30 September 2018	–
Balance at 1 October 2018	–
Impairment	155
Amortisation	–
Disposals	–
Effect of movements in exchange rates	–
Balance at 30 September 2019	155
Carrying amounts	
Balance at 30 September 2017	1,164
Balance at 30 September 2018	1,193
Balance at 30 September 2019	1,051

The carrying value of the prospecting and exploration rights is supported by the estimated resource and current market values.

17. Investment in subsidiaries

Company	2019 £'000	2018 £'000
Equity investments		
Balance at beginning of period	–	–
Additions	–	–
Disposals	–	–
Balance at 30 September	–	–

	Activity	Country of incorporation	Ownership interest 2019	2018
Directly				
Keras West Africa Limited	Investment	United Kingdom	100%	100%
Southern Iron Limited	Investment	Guernsey	100%	100%
Indirectly				
Société Générale des Mines	Exploration	Togo	85%	85%
Kamnico SARL	Exploration	Togo	100%	100%

Registered offices of subsidiary companies are:

Keras West Africa Limited, 27/28 Eastcastle Street, London W1W 8DH
Southern Iron Limited, 1st Floor, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey
Société Générale des Mines, Quartier Adidogome Apedokoe 02, BP 20022, Lome, Togo
Kamnico SARL, Quartier Agoenyive-Atchanve, BP 2936, Lome, Togo.

18. Other investments

Group and company

	2019 £'000	2018 £'000
Equity securities – financial assets at fair value through other comprehensive income At 1 October	11,527	20,379
Value adjustment recognised in equity	(1,604)	(8,852)
At 30 September	9,923	11,527

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 were held in escrow until June 2019. Financial assets at FVOCI are denominated in Australian dollars. These shares were reclassified to current assets in the previous year.

As disclosed in Note 28, the equity securities were demerged subsequent to the year-end by way of a capital reduction scheme.

In the prior financial year, the Group and Company had designated equity investments as available for sale. These were reclassified to financial assets at fair value through other comprehensive income on adoption of IFRS 9.

19. Loans

Company

	2019 £'000	2018 £'000
Balance at beginning of period	1,484	1,414
Funds advanced to subsidiaries	230	74
Repaid/impaired	(335)	(4)
Provisions against loans	–	–
Balance at 30 September	1,379	1,484

All loans are currently unsecured and interest free and repayable on demand.

20. Trade and other receivables

Group

	2019 £'000	2018 £'000
Other receivables	25	16
Prepayments	10	–
	35	16

Company

	2019 £'000	2018 £'000
Other receivables	24	15
Prepayments	10	–
	34	15

Other receivables are stated at their nominal value less allowances for non-recoverability.

The Group and Company's exposure to credit and currency risk is disclosed in note 26.

21. Cash and cash equivalents

Group

	2019 £'000	2018 £'000
Bank balances	184	217
Cash and cash equivalents	184	217

Company

	2019 £'000	2018 £'000
Bank balances	175	208
Cash and cash equivalents	175	208

There is no material difference between the fair value of cash and cash equivalents and their book value.

22. Capital and reserves

Share capital

	Number of ordinary shares of £0.001 each 2019	2018
In issue at beginning of year	2,289,133,439	2,195,133,438
Issued for cash	87,500,000	66,666,667
Issued in settlement of debt	114,725,000	27,333,334
In issue at 30 September – fully paid	2,491,358,439	2,289,133,439

	Number of deferred shares of £0.004 each 2019	2018
In issue at beginning of year	1,193,794,390	1,193,794,390
In issue at 30 September – fully paid	1,193,794,390	1,193,794,390

	Ordinary and deferred share capital 2019 £'000	2018 £'000
Balance at beginning of year	7,064	6,970
Share issues	202	94
Balance at 30 September	7,266	7,064

All ordinary shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

The deferred shares do not entitle the holders thereof to receive notice of or attend and vote at any general meeting of the Company or to receive dividends or other distributions. As regards any return on capital on a winding up or other return of capital (otherwise than on conversion or redemption or purchase by the Company of any of its shares) the holders of the deferred shares shall be entitled to receive the amount paid up on their shares after holders of the ordinary shares the amount of £1,000 in respect of each ordinary share held by them respectively. The deferred shares were cancelled after the year end.

Issue of ordinary shares
On 27 August 2019, 87,500,000 ordinary shares were issued for cash at £0.004 per share. Additionally on that date D Reeves and B Moritz agreed to convert loans due to them of £458,900 into new ordinary shares at the same price, thus 114,725,000 were issued at £0.004 per share.

Warrants

	2019 Average exercise price	2019 Number	2018 Average exercise price	2018 Number
In issue at beginning of year	0.48p	142,257,023	0.49p	208,859,590
Lapsed in year	0.5p	(75,714,280)	0.5p	(73,602,567)
Lapsed in year	0.46p	(59,542,743)	–	–
Issued in year	–	–	0.36p	7,000,000
Exercised in year	–	–	–	–
In issue at 30 September	0.36p	7,000,000	0.48p	142,257,023

On 24 May 2018 7,000,000 warrants were issued. These warrants are exercisable at price of 0.36p within a 5-year exercise period, and were exercised on 12 November 2019.

The weighted average remaining contractual life of the warrants outstanding is 3 years 235 days.

Other reserves

Share option/warrant reserve
The share option/warrant reserve comprises the cumulative entries made to the consolidated statement of comprehensive income in respect of the equity-settled share-based payments and cumulative entries made to the liability for loan notes with an 8% redemption in respect of warrants issued with the notes as adjusted for share options cancelled and warrants exercised.

Exchange reserve
The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

23. Earnings per share

Basic and diluted earnings/(loss) per share
The calculation of basic earnings/(loss) per share at 30 September 2019 is based on the following (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue.

Loss attributable to ordinary shareholders (£)

	2019	2018
Continuing operations	(514,000)	(403,000)
Discontinued operations	–	(173,000)
Loss attributable to ordinary shareholders	(514,000)	(576,000)

Weighted average number of ordinary shares

	2019	2018
Issued ordinary shares at beginning of year	2,289,133,439	2,195,133,438
Effect of shares issued	18,837,397	67,408,220
Weighted average number of ordinary shares	2,307,970,836	2,262,541,658

The warrants in issue are considered to be antidilutive and as a result, basic and diluted loss per share are the same.

24. Share-based payments

On 28 April 2016, the Company established a Share Appreciation Right Scheme to incentivise Directors and senior executives.

On 12 March 2018, 90,000,000 Shares were granted at 0.36p per share with 30,000,000 vesting immediately, 30,000,000 vesting on 12 March 2019 and 30,000,000 vesting on 12 March 2020.

The Black Scholes pricing model was used to calculate the share based payment charge incorporating an annual volatility rate of 60%, expected life of 2.5 years and risk free investment rate of 0.72%. The charge for the year ended 30 September 2019 for these further rights which is included in administrative and exploration expenses amounted to £78,000 (2018 : £42,000). The scheme was cancelled on 17 January 2020 and further details can be found in note 28.

25. Trade and other payables

Group

	2019 £'000	2018 £'000
Trade payables	108	66
Accrued expenses	155	40
Other payables	18	652
	281	758

Company

	2019 £'000	2018 £'000
Trade payables	94	65
Accrued expenses	155	40
Other payables	–	642
	249	747

There is no material difference between the fair value of trade and other payables and accruals and their book value. The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

26. Financial instruments

Financial risk management
The Group's operations expose it to a variety of financial risks that include liquidity risk. The Group has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

Group

	Financial assets at amortised cost Carrying amount	
	2019 £'000	2018 £'000
Trade and other receivables	35	16
Cash and cash equivalents	184	217
	219	233

Company

	Financial assets at amortised cost Carrying amount	
	2019 £'000	2018 £'000
Loans	1,379	1,484
Trade and other receivables	34	15
Cash and cash equivalents	175	208
	1,588	1,707

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group reviews its facilities regularly to ensure it has adequate funds for operations and expansion plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group
2019

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000
Non-derivative financial liabilities				
Trade and other payables	281	(281)	(47)	(234)
	281	(281)	(47)	(234)

Group
2018

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000
Non-derivative financial liabilities				
Trade and other payables	758	(758)	(126)	(632)
	758	(758)	(126)	(632)

Company
2019

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000
Non-derivative financial liabilities				
Trade and other payables	249	(249)	(42)	(207)
	249	(249)	(42)	(207)

Company
2018

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000
Non-derivative financial liabilities				
Trade and other payables	747	(747)	(124)	(623)
	747	(747)	(124)	(623)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's holding in Calidus Resources Limited, which is listed on the Australian Securities Exchange is affected by both foreign exchange risk and equity price risk.

26. Financial instruments continued

Currency risk
The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than GBP. The currency giving rise to this risk is primarily the CFA Franc. The Group is also exposed to foreign currency risk on its equity securities held in Australian Dollars.

Fair values
The fair values of financial instruments such as trade and other receivables/payables are substantially equivalent to carrying amounts reflected in the balance sheet.

Capital management
The Group's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations.

The Group considers its capital to be total shareholders' equity which at 30 September 2019 for the Group totalled £11,320,000 (2018: £12,551,000) and for the Company totalled £11,262,000 (2018: £12,717,000).

27. Related parties

The Group's related parties include its key management personnel and others as described below.

No guarantees have been given or received and all outstanding balances are usually settled in cash.

In November and December 2018 D Reeves advanced £200,000 and B Moritz advanced £100,000 to the Company by way of loans. These loans were unsecured and interest free and had no fixed repayment date, but carried a premium of 4% when repaid. In April 2019 D Reeves advanced a further £100,000 on the same terms.

In August 2019 the loans and premium, totalling £416,000, were capitalised by the issue of ordinary shares at 0.4p per share, as detailed in note 22. At the same time ordinary shares were issued at 0.4p per share to D Reeves in satisfaction of an amount of £25,900 loaned to the company in the previous year, and £21,000 in respect of unpaid director's fees.

On 17 January 2020, the Company cancelled its existing share appreciation rights scheme and R Lamming was compensated for this. Full details can be found in note 28.

Of the remuneration payable to Mr Moritz, £14,000 remains unpaid as at 30 September 2019. Of the fees payable to Mr Lamming, £12,000 remains unpaid as at 30 September 2019 and due to Parallel Resources Limited, a company owned and controlled by Mr Lamming.

Other related party transactions

Transactions with Group companies
The Company had the following related party balances from financing activities:

	2019 £'000	2018 £'000
Southern Iron Limited		
– Loans and receivables (interest free)	1,379	1,331
Keras West Africa		
– Loans and receivables (interest free)	–	153

Southern Iron Limited had the following related party balances from financing activities:

	2019 £'000	2018 £'000
Société Générale de Mine SARL		
– Loans and receivables (interest free)	1,574	1,582

28. Subsequent events

Demerger and capital reduction

On 19 November 2019 the High Court confirmed a capital reconstruction and demerger approved by shareholders on 14 October 2019 by which:

- The Company's share premium account was cancelled and extinguished
- Part of the Company's share capital was cancelled and repaid to shareholders on the register at 6.00pm on 19 November 2019, comprising
  - (i) all issued Deferred Shares in the capital of the Company; and
  - (ii) 0.09p of the capital paid up on each issued Ordinary Share in the capital of the Company by the reduction in the nominal value of each such Ordinary Share from 0.1p to 0.01p.
- the Company satisfied its liability to repay such capital by transferring its holding of Calidus Shares to shareholders on the Company's register of members at 6.00pm on 19 November 2019.

Share appreciation rights

On 17 January 2020, the Company cancelled its existing share appreciation rights ("SAR") scheme, following the demerger of its holding of Calidus Shares, which resulted in a fundamental change to the business and the underlying value of its assets. Russell Lamming, a director of the company, held all of the 60,000,000 SARs which had vested prior to the demerger, and which he was requested by the Board not to exercise during the period prior to the approval of the demerger by the High Court. To compensate Mr Lamming for his loss caused by his agreeing not to exercise, calculated to be £119,828, he was allotted 73,110,423 Ordinary Shares credited as fully paid at the 30-day Volume Weighted Average Price at the close of business on 16 January 2020 of 0.1639 pence per share.

Share issue

On 28 January 2020 the Company issued 213,333,320 new ordinary shares of 0.01p at 0.15p per share. Of these shares, 206,666,660 were issued for cash to raise £310,000, and 6,666,660 were issued in settlement of advisory fees of £10,000.

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