

Arc Minerals Ltd / Epic: ARCM / Market: AIM / Sector: Mining & Exploration

20 August 2018

Arc Minerals

2018 Annual Report and Financial Statements

Arc Minerals Limited ("Arc" or the "Company") is pleased to present its audited financial statements for the 12 months ended 31 March 2018 ("Financial Statements") as extracted from the Company's 2018 Annual Report which is now available on the Company website at [www.arcminerals.com](http://www.arcminerals.com) and will be provided to shareholders who have requested a printed or electronic copy. The Financial Statements should be read in conjunction with the 2018 Annual Report which contains the notes to the Financial Statements.

The Annual Report for the year ended 31 March 2018 is set out in full below. All amounts in this report are in £ unless otherwise stated.

#### Financial Highlights:

- Total assets increased by 72% to £27.4M (2017- £15.9M);
- The Company acquired a 99.4% interest in Casa Mining Limited for £4.3M and reported a gain on business combination of £10.5M;
- The Company's interests in Slovakia have been reclassified as held for sale assets and their carrying value was written down by £6.7M (approximately 50%);
- 2018 Profit £2.0M equal to 1.0 p per share (2017: Loss £0.8M);
- Subsequent to 31 March 2018 the Company has acquired a 66% interest in Zamsort Limited through a share exchange;
- Gross proceeds from share placements of £3.7M (2017 - £ 0.7M).

#### Chairman's Statement

It has been an exciting year for Arc Minerals. Since taking over as Chairman in September 2017, my focus has been on agreeing a new way forward for the Company, revamping the Board and management, renaming the group (formerly Ortac Resources) and delivering on our revised strategy. This involved simplifying the Company's focus on its two key African projects and to take control over these, namely Casa Mining Limited ("Casa") and Zamsort Limited ("Zamsort"), in both of which we had only minority stakes. Additionally, we agreed to divest the balance of the portfolio which includes the Slovakian gold project, Šturec, as well as the Andiamo exploration project in Eritrea.

It is the Board's firm belief that delivering on our new strategy will drive value for all our stakeholders, particularly at a time of increasing demand for metals. As we executed on our new strategy it was pleasing to see the market's support for the Company, resulting in our market capitalisation increasing from circa £3.4 m on 31 March 2017 to over £26m today.

In November 2017 we made an all share offer for Casa which was unanimously accepted by Casa shareholders. We now have 99.4% ownership of Casa which holds the large and highly prospective Misisi Gold Project ("Misisi") in the DRC, a 55 km mineralised gold belt in south Kivu. At around the same time we commenced an initial 5,000 metre drilling programme focussed on the southern extensions of the 1.5-million ounce Akyanga gold project as well as a soil sampling programme to test for continuations to the east. The acquisition of Casa produced a gain on business combination of £10.5M which contributed to a profit from operations of £2.0M (1.0p per share). Arc owned a 43% fully-diluted interest in Casa at the time of acquisition which was a significant factor contributing to the gain. More details may be found in Note 14 to the accounts.

In all, over 6,000m of diamond drilling was carried out at the Akyanga deposit and the 110th diamond drill hole delivered the highest ever grade assaying 8.04 g/t Au over 24.75m. The results of the drilling programme formed part of the planned resource upgrade and in June this year we announced a doubling of the resource to 3 million ounces (JORC compliant) grading 2.16 g/t of gold - a major

milestone for the Company - and which we believe is now of sufficient size and grade to attract interest from potential 3rd parties.

We also made major progress at increasing our ownership and control of Zamsort, which holds the large and exciting Kalaba Copper and Cobalt Project ("Kalaba") in northwest Zambia. Having historically held two convertible loan notes in Zamsort, we now own a direct 66% interest in Zamsort, with a remaining 5% outstanding convertible loan note. There is now only one remaining minority interest in Zamsort, namely Kopara, and we have recently agreed with Kopara to jointly fund all future expenditure at Zamsort.

Over the last few months at Zamsort we completed a comprehensive ground geophysics programme that generated a significant number of drill targets. In July 2018, we commenced an 11,000 metres drilling programme with the aim to delineate a shallow resource for the commercial scale demonstration plant (which we expect to be in production before the end of 2018) as well as establish a maiden mineral resource at Kalaba.

On a corporate level, we made major changes to strengthen our Board, welcoming Brian McMaster, Michael Foster, Jonathan de Thierry and Don Bailey as new directors. Brian brings a wealth of experience having developed and listed numerous junior mining companies both in Australia and the UK. Michael and Jonathan are founder directors of Casa Gold and have been instrumental in the development of this project. Don was formerly co-head of mining at Rio Tinto where he led the development of a number of world-class copper projects and later founded LionOre Mining International Ltd which started as a junior mining company and was ultimately acquired by Norilsk Nickel.

Anthony Balme, Paul Heber and Vassilios Carellas stepped down from the Board in 2017 and I am pleased that Vassilios Carellas has now taken up the role of COO. I would like to thank Anthony and Paul for their contributions to the Company over a number of years.

As part of selling our non-core assets, we entered into a non-binding agreement with AMED Funds, an African focussed mining private equity group for the sale of our interest in Andiamo Exploration Limited for \$532,000. We are also engaged in discussions with regard to the sale of our interest in the Šturec gold project.

On a final note, I would like to take this opportunity to thank our shareholders and employees for their continued support during this transformative time for the Company. I look forward to reporting on our progress in the months ahead.

#### Share Capital

The Company will issue 1,458,333 new ordinary shares of no par value in the Company to Optiva Securities Limited ("Optiva") for providing a short-term convertible bridge loan. The Company entered into a £35,000 loan with Optiva on 26 April 2018 and the loan was convertible at the last placement price of 2.4p.

In May 2018, the Remuneration Committee agreed to pay bonuses to certain members of the board and senior management team, to be settled in shares following the publication of the annual results for the year ended 31 March 2018. Accordingly, the Company intends to issue 3,000,000 ordinary shares to Nick von Schirnding (Executive Chairman), 1,200,000 ordinary shares to Chuck Forrest (CFO) and 1,200,000 ordinary shares to Vassili Carellas (COO) in recognition of the transformational progress management made over the past year in meeting key strategic and performance criteria. Following the issue, Nick von Schirnding will have a beneficial interest in 11,103,795 ordinary shares and 11,620,125 share options representing an effective interest of 3.8 % of the issued share capital of the Company.

Application has been made for the 6,858,333 ordinary shares to be admitted to trading on the AIM market of the London Stock Exchange ('Admission'). Admission is expected to occur on or around 28 August 2018.

Following the issue of these shares, the total issued share capital of the Company consists of 586,398,933 Ordinary Shares of no par value with voting rights. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company is 586,398,933 and this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

#### Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

\*\*ENDS\*\*

#### Contacts

Arc Minerals Ltd

Nick von Schirnding (Chairman) +44 (0) 20 3874 8664

+44 (0) 20 3470 0470

SP Angel (Nominated Adviser & Broker)

Ewan Leggat / Lindsay Mair / Soltan Tagiev

## Notes to Editors

Arc Minerals is an AIM listed exploration and mine development company focused on a diversified portfolio of mining projects with interests in Slovakia, Eritrea, the Democratic Republic of the Congo and Zambia.

ARC Minerals current holdings include:

- 100% interest in CASA Mining Limited, a private company that has a 71.25% interest in the 3-million-ounce inferred Resource Akyanga gold deposit in the DRC;
- A 66% equity interest in Zamsort Limited ("Zamsort"), a private company focused on a prospective copper and cobalt licence in the Zambian Copperbelt, together with a convertible loan to Zamsort which converts into approximately a five percent additional equity interest in Zamsort, with interest on the convertible note being rolled forward to the end of 2018;
- 100% ownership of the Kremnica Mining Licence Area in Slovakia which hosts the 1.3Moz AuEq PFS stage Šturec Gold Project.

For more information visit [www.arcminerals.com](http://www.arcminerals.com)

## Forward-looking Statements

*This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

ARC MINERALS LIMITED (FORMERLY ORTAC RESOURCES LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS

CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT AND OPERATIONS AND FINANCE REVIEW	3
STRATEGIC REPORT	6
DIRECTORS' REPORT	12
CORPORATE GOVERNANCE STATEMENT	19
INDEPENDENT AUDITOR'S REPORT	22
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	26
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	27
CONSOLIDATED STATEMENT OF CASH FLOW	28
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	29
NOTES TO THE FINANCIAL STATEMENTS	31

Company Information

Directors

Nick Von Schirnding	Director, Executive Chairman
Don Bailey	Non-Executive Director
Michael Foster	Non-Executive Director
Jonathan de Thierry	Non-Executive Director
Brian McMaster	Non-Executive Director

COO

Vassilios Carellas

CFO and Company Secretary

Chuck Forrest

Registered address

Craigmuir Chambers

Road Town, Tortola

British Virgin Islands VG 1110

Independent auditor

PKF Littlejohn LLP

1 Westferry Circus

Canary Wharf

London E14 4HD

**Company solicitors (UK)**

Hill Dickinson LLP

Nominated advisor and Broker

SP Angel Corporate Finance LLP

Prince Frederick House

35-39 Maddox Street

London WC2R 1DJ

Registrars

Computershare Investor Services (Channel Islands) Ltd

PO Box 83

Ordnance House, 31 Pier Road

St Helier JE4 8PW

Channel Islands

Overview

Arc Minerals Limited ("Arc Minerals") is a dynamic junior company focused on the exploration and development of its portfolio of copper-cobalt and gold projects located in Africa. Key assets comprise:

- Zamsort Copper-Cobalt Project (66% owned) located in the Zambian Copperbelt, Zambia which comprises the following projects:

- o Kalaba copper-cobalt project;

- § 4km<sup>2</sup> small scale mining license ("SML"), enclosed by a

- § 1,000km<sup>2</sup> large prospecting license ("LPL")

- § 11,000m drilling programme underway

- Casa Gold (99.4% owned):

- o 66km<sup>2</sup> exploration license, highly prospective for gold

- o 3 million ounce gold deposit located

- o Scoping study underway

Coupled with its exciting project portfolio, Arc Minerals has a strong technical and commercial team with extensive experience in

Africa and a proven track record of bringing mining projects into production.

## 2018 Highlights

- Raised £3,700,000 from share placements
- Commencement of a 5,000m drilling programme of the Southern part of the 1.5 M oz Au Akyanga project
- Consolidating ownership of Zamsort
- Appointment of Nick von Schirnding as Executive Chairman
- Appointment of Brian McMaster, Michael Foster and Jonathan de Thierry to the Board

## Business Model and Strategy

The strategic vision of Arc Minerals is to build a leading African focused copper and gold exploration company leveraging off the three core fundamentals it has put in place for delivering on this vision:

- High quality project pipeline;
- Highly qualified and experienced team with a proven team track record of finding resources and building mines; and
- Supportive institutional and retail shareholder base.

## Chairman's Statement

It has been an exciting year for Arc Minerals. Since taking over as Chairman in September 2017, my focus has been on agreeing a new way forward for the Company, revamping the Board and management, renaming the group (formerly Ortac Resources) and delivering on our revised strategy. This involved simplifying the Company's focus on its two key African projects and to take control over these, namely Casa Mining Limited ("Casa") and Zamsort Limited ("Zamsort"), in both of which we had only minority stakes. Additionally, we agreed to divest the balance of the portfolio which includes the Slovakian gold project, Šturec, as well as the Andiamo exploration project in Eritrea.

It is the Board's firm belief that delivering on our new strategy will drive value for all our stakeholders, particularly at a time of increasing demand for metals. As we executed on our new strategy it was pleasing to see the market's support for the Company, resulting in our market capitalisation increasing from circa £3.4 m on 31 March 2017 to over £26m today.

In November 2017 we made an all share offer for Casa which was unanimously accepted by Casa shareholders. We now have 99.4% ownership of Casa which holds the large and highly prospective Misisi Gold Project ("Misisi") in the DRC, a 55 km mineralised gold belt in south Kivu. At around the same time we commenced an initial 5,000 metre drilling programme focussed on the southern extensions of the 1.5-million ounce Akyanga gold project as well as a soil sampling programme to test for continuations to the east. The acquisition of Casa produced a gain on business combination of £10.5M which contributed to a profit from operations of £2.0M (1.0p per share).. Arc owned a 43% fully-diluted interest in Casa at the time of acquisition which was a significant factor contributing to the gain. More details may be found in Note 14 to the accounts.

In all, over 6,000m of diamond drilling was carried out at the Akyanga deposit and the 110th diamond drill hole delivered the highest ever grade assaying 8.04 g/t Au over 24.75m. The results of the drilling programme formed part of the planned resource upgrade and in June this year we announced a doubling of the resource to 3 million ounces (JORC compliant) grading 2.16 g/t of gold - a major milestone for the Company - and which we believe is now of sufficient size and grade to attract interest from potential 3rd parties.

We also made major progress at increasing our ownership and control of Zamsort, which holds the large and exciting Kalaba Copper and Cobalt Project ("Kalaba") in northwest Zambia. Having historically held two convertible loan notes in Zamsort, we now own a direct 66% interest in Zamsort, with a remaining 5% outstanding convertible loan note. There is now only one remaining minority interest in Zamsort, namely Kopara, and we have recently agreed with Kopara to jointly fund all future expenditure at Zamsort.

Over the last few months at Zamsort we completed a comprehensive ground geophysics programme that generated a significant number of drill targets. In July 2018, we commenced an 11,000 metres drilling programme with the aim to delineate a shallow resource for the commercial scale demonstration plant (which we expect to be in production before the end of 2018) as well as establish a maiden mineral resource at Kalaba.

On a corporate level, we made major changes to strengthen our Board, welcoming Brian McMaster, Michael Foster, Jonathan de Thierry and Don Bailey as new directors. Brian brings a wealth of experience having developed and listed numerous junior mining companies both in Australia and the UK. Michael and Jonathan are founder directors of Casa Gold and have been instrumental in the development of this project. Don was formerly co-head of mining at Rio Tinto where he led the development of a number of world-class copper projects and later founded LionOre Mining International Ltd which started as a junior mining company and was ultimately acquired by Norilsk Nickel.

Anthony Balme, Paul Heber and Vassilios Carellas stepped down from the Board in 2017 and I am pleased that Vassilios Carellas has now taken up the role of COO. I would like to thank Anthony and Paul for their contributions to the Company over a number of years.

As part of selling our non-core assets, we entered into a non-binding agreement with AMED Funds, an African focussed mining private equity group for the sale of our interest in Andiamo Exploration Limited for \$532,000. We are also engaged in discussions with regard to the sale of our interest in the Šturec gold project.

On a final note, I would like to take this opportunity to thank our shareholders and employees for their continued support during this transformative time for the Company. I look forward to reporting on our progress in the months ahead.

Nick von Schirmding  
Executive Chairman

17 August 2018

## Strategic Report

### Overview of Operations

Arc Minerals is incorporated in the British Virgin Islands and is engaged in the business of acquiring, exploring and developing mineral properties. The Company's stock trades in British Pounds Sterling on the AIM Market in London under the symbol ARCM.

Arc Minerals has two principal areas of interest:

1. Zamsort, the Kalaba Copper Cobalt Project in the Zambian Copperbelt, Zambia which covers c. 1,000km<sup>2</sup> in one of the last unexplored copper domes in Zambia and in close proximity to existing world-class mines;
2. Casa Mining Limited, the Misisi Gold Project in the eastern part of the Democratic Republic of Congo ("DRC"). Misisi hosts a 3-million-ounce gold project and is at scoping study level targeting annual gold production of 150k-200koz;

Arc Minerals also, at 31 March 2018, held interests in the following assets:

- (i) the Šturec Gold Project in Slovakia. Šturec hosts a 1.3 million gold equivalent Resource. The project has a pre-feasibility study demonstrating robust economics;
- (ii) Andiamo Exploration Limited ("Andiamo"), a company that is exploring in Eritrea for gold-copper-zinc Volcanogenic Massive Sulphide ("VMS") mineralisation. On 9 July, the Company entered into a non-binding head of terms with AMED, an African focussed mining private equity fund to sell its interest for US\$532,000.

### Kalaba Copper-Cobalt Project

The Kalaba Copper-Cobalt Project is located approximately 900 km from Lusaka (see Figure 1), in Mwinilunga, North Western Province, and is well within the trending arm of the major geological structure known as the Lufilian Arc (Copperbelt), on the western flank of the Kabompo Dome. The Copperbelt is home to all the major copper mines in Zambia and Kalaba represents one of the last dome-related areas in Zambia yet to be explored in any detail.

Over the last thirteen years, three new major copper mines have been discovered and constructed to exploit the mineral resources in the new western part of the Zambian Copperbelt. This region now accounts for more than 80% of Zambian copper production and Kalaba is in close proximity to large operations such as First Quantum Minerals' Sentinel and Kansanshi mines and Barrick Gold's Lumwana mine.

The Kalaba Project consists of two licences - a 4km<sup>2</sup> Small-Scale Mining License ('SML') enclosed by a Large Prospecting License ('LPL') area of 1000km<sup>2</sup>. Kalaba was previously explored by Equinox Minerals Limited ('Equinox') and Anglo American Prospecting Services ('AAPS') by way of the 'Zambezi Joint Venture' ('JV') through AAPS's affiliate Zamanglo Prospecting Ltd ('Anglo American') during the late 1990s as part of the Kabompo Project.

The current LPL encompasses 9 of 30 exploration targets that were ranked in the late-90's by the JV over the Kabompo Project, which include the top 7 ranked targets. First Quantum Minerals' Kalumbila property, better known as the Trident Project, developed to become the Sentinel copper mine and is forecast to produce approximately 220,000 tonnes of copper in 2018. Its Enterprise Nickel project, is, like Kalaba, also located at the flanks of the Kabompo dome and approximately 40km to the east of Zamsort's licenses.

At the time of the JV, Kalumbila was originally ranked number 22 out of JV's top 30 Kabompo Project targets with an original exploration target size of 6 million tonnes of ore; eventually a copper Resource in excess of 1 billion tonnes of ore (one of the largest in Zambia) was demonstrated - during this same period the initial Anglo-American exploration target for Kalaba exploration target was 150 million tonnes of ore.

Previous limited exploration work at Kalaba has resulted in the delineation of a non-code compliant in-house copper-cobalt Resource

estimate of 16.59Mt @ 0.94% Cu Eq. Arc Minerals firmly believe that the Kalaba Prospect and along with the exploration targets in the LPL offer significant potential for proving a major tier-one copper-cobalt discovery.

The most recent trenching results completed in the Kalaba open pit include:

- 95m @ 2.08% Copper and 0.26% Cobalt in pit trench line 3,
- 30m @ 2.10% Copper and 0.24% Cobalt in pit trench line 4,
- 20m @ 1.73% Copper and 0.25% Cobalt in pit trench line 7,
- 15m @ 0.72% Copper and 0.38% Cobalt in pit trench line 6.

Zamsort have advanced the construction of a CSD plant, with the construction of the plant approximately 75% complete. It is anticipated that the plant could begin production of copper and cobalt within the next six months. Arc is also in the process of building a new management team at Kalaba who will be undertaking a full assessment of current operations including historical exploration data as well as optimising the plant. At present, it is estimated that Zamsort has approximately 10,000 tonnes of screened ore grading 3.5% ASCu stockpiled on site and ready to be processed through the CSD plant.

#### Misisi Gold Project

The Misisi Gold Project ("Misisi") is a large and prospective exploration property located near the town of Misisi located 250km south of Bukavu, the provincial capital of the South Kivu Province in the Democratic Republic of the Congo. Misisi hosts the Akyanga deposit which currently has an Inferred Mineral Resource of 44.4 million tonnes at 2.16 grams per tonne containing 3 million ounces on a 100% basis and 2,137,500 ounces on a 71.25% attributable basis. On 28 June 2018 Arc announced an update of the Mineral Resource Estimate completed in 2018 by Denny Jones Pty Ltd ("Denny Jones"), a leading Australian based Resource Consultancy in accordance with the requirements of the 2012 JORC Code as summarised in Table 0.1.

Table 0.1 Akyanga Mineral Resource estimate - cut-off grade of 0.5 g/t Au - June 2018 (100% Basis)

Category	Tonnes (millions)	Gold grade (g/t)	Contained Gold (million oz)
Inferred Resource	44.3	2.16	3.0

1. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources in this report were reported using the guidelines of JORC (2012).
2. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
3. Contained metal and tonnes figures in totals may differ due to rounding.

Figure 1 Geological cross-section

In addition to the Mineral Resource, an Exploration Target over the Akyanga East project has been defined as summarised below in Table 0.2.

Table 0.2 Akyanga East Exploration Target - June 2018 (100% Basis)

Category	Tonnes (millions)	Gold Grade (g/t)	Contained Gold (million oz)
----------	-------------------	------------------	-----------------------------

Upper Range	7.1	2.43	0.6
Lower Range	3.1	1.94	0.2

- The quantity and grade of the reported Exploration Target are uncertain in nature and there has been insufficient exploration to define an Inferred Resource. It is uncertain if further exploration will result in the estimation of Mineral Resources.
- A cut-off grade of 0.5 g/t has been used to define the Exploration Target.

## Šturec Project

The Šturec gold project is a large prospective gold exploration license. The project is located in central Slovakia approximately 1.5km north east of the town of Kremnica and, as the crow flies, 17km west of central Slovakia's largest city, Banská Bystrica. The project has a JORC (2004) compliant mineral Resource of 1.36 Million oz of gold equivalent. A Pre-Feasibility Study ('PFS') of the mining aspects of the Šturec Project was completed by SRK Consultants ("SRK"), a leading international engineering firm in April 2013. The PFS was in turn built upon an earlier Scoping Study completed by SRK in January 2012; both studies confirmed the economic viability of the Šturec Project. SRK PFS confirms the economic viability of the Šturec project.

Since the publication of the PFS, the Company has been working with the local community and stakeholders to develop win-win sustainable mining solutions with the aim to realise a long-term subsumable mining operation benefitting all stakeholders. Arc Minerals' new strategic direction the Board views the Šturec project as non-core and in this light Arc Minerals is currently engaged in a number of discussions with several groups with the aim to divest of the Šturec project, and has been reclassified in these financial statements as an Asset Held for Sale.

## Governance

### Board of Directors

Nick Von Schirnding, Director and Executive Chairman

Nick von Schirnding has over 25 years' experience in the mining sector across a number of geographies. Nick was CEO of Asia Resource Minerals plc, a FTSE listed mining company. Prior to this Nick was a senior executive with Anglo American plc and De Beers. Nick is also chairman of Fodere, a private minerals processing business with a plant at Highveld Steel in South Africa and is a non-executive director of Jangada Mines, listed in the UK with assets in Brazil.

Don Bailey, Non-Executive Director

Don Bailey, a former head of mining operations for Rio Tinto in Africa, South America and Europe, spent 30 years with Rio Tinto where as Joint Global Head of Mining Operations he was responsible for the development of numerous major international projects including the Escondida mine in Chile.

Subsequent to his time with Rio Tinto, Don was a founder member, CEO and Chairman of LionOre Mining International Ltd ("LionOre") which developed from a start-up into a mid-tier mining company and was ultimately acquired by Norilsk Nickel in June 2007 which generated a significant return to LionOre shareholders.

Brian McMaster, Non-Executive Director

Brian McMaster has almost 20 years' experience in the area of corporate reconstruction and turnaround and performance improvement and 20 years in the mining and exploration industry. Brian's recent experience includes founding Harvest Minerals and Jangada Mines, AIM listed companies with Potash and PGM projects in Brazil respectively, which he is Chairman of, as well as numerous reorganisations and the recapitalisation and listing of 12 Australian companies.

Brian's career to date includes significant working periods in the United States, South America, Asia, India and UK. Brian was a founding director in venture capital and advisory firm, Garrison Capital Pty Ltd.

Michael Foster, Non-Executive Director

Michael Foster is the Founder and Executive Chairman of Casa Mining Limited, Managing Director of Kavango Resources plc and is Chairman of Premier African Minerals, listed on AIM. Before this he was the non-executive Chairman of Copperbelt Minerals Limited, a private company that discovered a copper-cobalt deposit in the Democratic Republic of Congo and was sold in 2012 for \$191 million.

He has also held senior roles at a number of businesses on AIM and was Managing Director of Reunion Mining PLC, a Main Market listed Africa focused mining and exploration company, with assets in Namibia and Zimbabwe. Michael holds an MBA in Business Studies from the London Business School and has a B.Sc (Hons) in Geology from the University of St Andrews, Scotland.

Jonathan De Thierry, Non-Executive Director

Jonathan de Thierry is a graduate geologist with 25 years' experience in mining and investment banking in Africa & Europe having worked in the City of London for a number of international banks. Jonathan is a founder of Casa Mining and has raised significant capital for exploration and development of other major DRC mineral projects.

## DIRECTORS' REPORT

The Directors are pleased to present this year's annual report together with the audited consolidated financial statements for the year ended 31 March 2018.

### Principal Activities and Business Review

The principal activities of the Group are outlined in the Strategic Report and in the Chairman's Statement

### Results and Dividends

The profit on continuing operations of the Group after taxation amounted to £ 2.020m (2017: Loss of £0.835m). There were no dividends paid in 2018 (2017: nil).

### Events after the reporting period

The share exchange offer for Casa Mining Limited was open until 9 May 2018. On expiry of the offer the Company had increased its interest in Casa from 92.1% at 31 March 2018 to 99.4%.

The Company has acquired in stages 52% of Zamsort Limited which increases its interest to 66% excluding a 5.35% convertible note. Consideration for the purchases was 141,583,333 ordinary shares.

The Company has received an offer of USD 532,000 for its shares in Andiamo Exploration Limited. The offer is conditional and has a long stop date of 4 September 2018.

See Note 27 for additional information in respect of events after the reporting period.

### Held for sale assets

The Group has Held for sale assets in the amount of £ 6,709,000 comprised of:

- (i) Shares in Ortac sro and other subsidiaries in Slovakia which own the Sturec assets -valued at £ 6,709,000

As reported in Note 24, in 2018 the group repurchased the Vendor Royalty and NSR which gives the Group additional flexibility in negotiations with prospective buyers. In 2018 the Group impaired the carrying value of the Slovakian Held for sale assets by £6,700,000 to £6,709,000 (approximately 50%). The Directors wish to emphasize that the Group has received expressions of interest but no formal offers and the final selling price could be lower or higher than the current carrying value.

### Available for sale assets

The Group has Available for sale assets in the amount of £ 392,000 comprised of shares in Andiamo Exploration Limited.

Subsequent to year end the Group accepted an offer of US\$ 532,000 for its 18% shareholding. The offer is conditional until the date of closing scheduled for 4 September 2018. The Group impaired the carrying value of Andiamo by £461,000 to £392,000 during the period.

### Interests > 3%

The following shareholders have a notifiable interest in the Company:

- Mushing Mumena and spouse 73,937,495 shares (12.75%)

### Consolidation of Casa Mining Limited

Casa Mining Limited has been consolidated as at 31 December 2017, as it has been deemed impractical to consolidate as at 31 March 2018. There have been no significant transactions between 1 January 2018 and 31 March 2018 which would require recognition in these financial statements. The Company has funded Casa during this time and this is reflected within the statement of cash flows.

## Directors

The names of the Directors who served to the date of this report are set out below.

Director	Date of Appointment	Date of Resignation
----------	---------------------	---------------------

### Executive Directors:

Nicholas von Schirmding	24 January 2017	-
Anthony Balme	-	30 October 2017
Vassilios Carellas	-	11 September 2017
Don Bailey	1 June 2018	-

### Non-Executive Directors

Paul Heber	-	11 September 2017
Brian McMaster	1 August 2017	-
Michael Foster	1 December 2017	-
Jonathan de Thierry	2 January 2018	-

## Directors' Remuneration

The Group remunerates the Directors at levels commensurate with its size and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes the levels uphold these objectives. Details of the Directors' emoluments and payments made for professional services rendered are set out in note 8 to the financial statements.

## Directors' Interests

The beneficial interests of the Directors in the shares and options of the Company are as follows:

	2018	2017	2018	2017
Director	Shares	Shares*	Options	Options *
Nicholas von Schirmding	11,693,482	593,333	11,620,125	1,800,000
Brian McMaster	2,000,000	-	375,000	375,000
Michael Foster**	8,693,492	-	-	-
Jonathan de Thierry	13,492,888	-	-	-
Don Bailey	7,041,667	-	3,700,000	-

\* In March 2017 the Company's shares were consolidated 1:100

\*\* includes spouse

None of the Directors exercised any share options during the year.

#### Corporate Governance

A statement on Corporate Governance is set out on pages 19 to 20.

#### Key Performance Indicators

The Board monitors the activities and performance of the Group on a regular basis and uses both financial and non-financial indicators to assess the Group's performance.

The Group underwent a significant expansion of assets in 2018 and has continued this trend in fiscal year 2019. The Company increased its interest in Casa Mining Limited in 2018 from 22.2% to 99.4%

The indicators set out below were used by the Board during the year ended 31 March 2018.

#### Financial KPIs

The historical financial KPIs monitored by the Board concern levels and usage of cash. However new financial KPIs will be considered for the future when the Zamsort plant is commissioned. Three main financial KPIs for the Group allow it to monitor costs and plan future exploration and development activities.

Financial KPIs	Measure	2018	2017
Cash and cash equivalents	£ 000's	191	80
Administrative expenses as a % of total assets	%	2%	4%
Exploration costs capitalised	£ 000's	482	14

During the year cash increased by £111,000 (2017: decrease of £348,000).

The Company raised gross funds from share placements of £3,700,000 in 2018 versus £752,000 in 2017.

Exploration costs capitalised as intangible assets in the year were £482,000 (2017: £14,000).

At 31 March 2018, the Group's intangible assets, including intangible assets of Casa Mining Limited, had a carrying value of £18,495,000 (2017: £12,739,000) excluding approximately £6,709,000 of Slovakian intangible assets classified as Held for sale assets.

KPIs for 2019 will include;

- (i) Successful commissioning of the Zamsort plant and;
- (ii) A maiden JORC resource at Zamsort

#### Non-Financial KPIs

The Board monitors the following key non-financial KPIs on a regular basis:

Health and safety - number of reported incidents

There were no reportable incidents in the current or prior year.

#### Risk Management Report

A Risk Management Report is set out on Page 17.

#### Environmental Responsibility

The Group is aware of the potential impact that its subsidiary, associated companies and investments may have on the environment. Accordingly, the Group ensures that with regard to the environment, it and its subsidiaries and associated companies as a minimum comply with applicable European Union and local regulatory requirements, as well as the revised Equator Principles.

## Employment Policy

The Group is committed to promoting policies to ensure that high calibre employees are attracted, motivated and retained for the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

## Health and Safety

The Group's aim is to maintain a high standard of workplace safety. In order to achieve this, the Group provides training and support to employees and sets demanding standards for workplace safety.

## Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company and the Group. The Group maintains insurance in respect of its exploration and development and operational programs in Slovakia.

## Statement of Disclosure of Information to the Auditor

As at the date of this report the serving Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- The Directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

## Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

## Going Concern

Notwithstanding the loss incurred during the year under review, the Directors have a reasonable expectation that the Group will be able to raise funds to provide adequate resources to continue in operational existence for the foreseeable future. From May 2017 - May 2018 Arc raised £6.2M from the sale of shares indicating strong investor support for the Group strategy. The Directors expect to deliver results which will lead to continuing market support. In addition, the Zamsort plant is forecast to deliver positive cashflow early in 2019. The Directors therefore consider it appropriate for the Company to continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on the Directors assumptions and their conclusion are included in the statement on going concern included in note 1f to the Financial Statements. The auditors have drawn attention to going concern within their audit report by way of a material uncertainty.

## Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group Financial Statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 of the profit or loss of the Group for that period.

In preparing the Group Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements, 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 will continue in business.

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

irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Arc Minerals website.

Other

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board and was signed on its behalf:

Nicholas von Schirmding

Executive Chairman

17 August 2018

## Risk Management Report

The Group's risk exposures and the impact on the Group's financial instruments are summarised as follows:

### Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts.

### Financing Risk

The development of the Group's assets will depend on the Group's ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed, some interests may be relinquished, and/or the scope of the operations reduced.

### Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its financial obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next ninety days.

### Exploration and Development Risk

There is no assurance that the Group's exploration and development activities will be successful, and statistically few properties that are explored are ultimately developed into profitable producing mines.

### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

*Interest Rate Risk:* The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.

*Foreign Currency Risk:* The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States dollar ("USD"). The Company expects to continue to raise funds in London and Europe. The Company conducts its business in Zambia ("Kwacha") the Democratic Republic of Congo ("DRC Francs") and Slovakia ("Euros") with a significant portion of expenditures in that country denominated in USD and, in addition, a portion of the Company's business is conducted in Great British Pounds ("GBP"). It is subject to risk due to fluctuations in the exchange rates between the GBP and each of the USD, Kwacha, DRC Francs, Euros. A significant change in the currency exchange rates between the USD relative to foreign currencies could influence company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

*Commodity Price Risk -* While the value of the Company's core mineral resource properties, the Kalaba, Misisi and Šturec projects are related to the price of copper and gold and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities.

Historically, gold and copper prices have fluctuated and are affected by numerous factors outside of the Company's control, including but not limited to: industrial and retail demand; central bank lending; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities; and other factors related specifically to gold.

#### Licensing Risk

The Group's exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations or performance criteria. Such licences and permits are as a practical matter subject to the discretion of the applicable Government or Government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition. Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit. There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.

#### Political Risk

In conducting operations in Zambia, DRC and Slovakia, the Company is subject to considerations and risks related to the political, economic and legal environments in which the Company operates. Among other things, the Company's results may be impacted by changes in the political and social conditions in these countries, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

This Risk Management Report has been approved by the Board and signed on its behalf by:

Nick Von Schirnding

Director & Executive Chairman

17 August 2018

#### Corporate Governance Statement

Arc Minerals Limited (the "**Company**") is committed to maintaining the highest standards, in corporate governance throughout its operations and ensuring all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and improve shareholder value. Therefore, the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "**QCA Code**").

Accordingly, the Company has established specific committees and implemented certain policies, to ensure that:

- it is led by an effective Board which is collectively responsible for the long-term success of the Company;
- the Board and the committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditors; and
- there is a dialogue with shareholders based on the mutual understanding of objectives.

In addition, the Company has adopted policies in relation to:

- anti-bribery and corruption;
- whistleblowing;
- health and safety;
- environment and community;
- IT, communications and systems; and
- social media,

so that all aspects of the Company are run in a robust and responsible way.

The Board of Directors

The Board of Directors is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets and corporate actions. To achieve its objectives, the Board adopts the twelve principles of the QCA Code. Through successfully implementing these principles, the Company is able to deliver long term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

It is important that the Board itself contains the right mix of skills and experience to guide the strategy of the Company. The Board is comprised of:

- the Chairman, whose primary responsibility is the delivery of the Company's corporate strategy;
- Four Non-Executive Directors to oversee the corporate governance in the Group; and
- The Board has appointed Michael Foster as senior independent director.

Each Director serves on the Board indefinitely and the Board meets at least three times a year.

#### Corporate Governance

In compliance with UK best practice, the Board has established corporate governance committees.

#### Audit Committee

The purpose of the Audit Committee is to monitor the integrity of the Financial Statements of the Company.

Some of the Audit Committee's duties include:

- reviewing the Company's accounting policies and reports produced by internal and external audit functions;
- considering whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- reporting its views to the Board of Directors if it is not satisfied with any aspect of the proposed financial reporting by the Company;
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery and receive reports on non-compliance; and
- overseeing the appointment of and the relationship with the external auditor.

The Audit Committee has two members, each of whom being independent, Non-Executive Directors, and at least one member has recent and relevant financial experience. The current members of the committee are Michael Foster and Brian McMaster.

#### Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairperson and the Executive Directors as well as the composition of the Board itself.

Some of the Remuneration and Nomination Committee's duties include:

- reviewing the pay and employment conditions across the Company, including the Board of Directors;
- approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements;
- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes succession planning and vacancies; and

- identifying suitable candidates from a wide range of backgrounds to be considered for positions on the Board.

The Remuneration and Nomination Committee has two members, each of whom being independent, Non-Executive Directors. The current members of the committee are Brian McMaster and Nicholas von Schirnding.

#### Share Dealing Code

The Company has adopted a share dealing code to ensure Directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("**MAR**") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is compliant with the AIM Rules for companies published by the London Stock Exchange (as amended from time to time).

Under the share dealing code, the Company must:

- disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
- keep a list of each person who is in possession of inside information relating to the Company;
- procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
- procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARC MINERALS LIMITED

#### Opinion

We have audited the financial statements of Arc Minerals Limited (the 'Group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the notes to the financial statements, including a summary of the 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.

In our opinion, the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2018 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

#### 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 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.

#### Material uncertainty relating to going concern

We draw attention to note 1f in the financial statements which identifies conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Group is not expected to generate positive cashflows from operations in the 12 months from the date at which these financial statements were signed and will need to raise additional funds to provide working capital for on-going activities and meet committed expenditure.

The financial statements have been prepared on the going concern basis. The ability of the Group to meet its proposed development expenditure and to provide additional working capital is dependent on successful fundraising.

As stated in note 1f, these events or conditions, along with the other matters set forth in note 1f, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern.

Our opinion is not modified in this respect.

## Our application of materiality

The materiality applied to the financial statements was £300,000 (2017: £220,000), based on a percentage blend of gross assets, net assets and net profit. We apply the concept of materiality both in planning and performing the audit, and evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of the audit and the extent of the sample sizes during the audit.

## An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the director's and considered future events that are inherently uncertain. As in all our audits, 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 6 reporting components of the group, a full audit was performed on the complete financial information of 5 components and, for the other component, testing of all material items was performed.

Of the 6 reporting components of the group, 2 are located in Slovakia, 1 located in the UK, 1 located in Mauritius, 1 located in DRC and 1 in the British Virgin Islands. The components located in Slovakia, Mauritius and DRC are audited by local auditors, operating under our instruction. The Senior Statutory Auditor interacted regularly with the component audit team during all stages of the audit and was responsible for the scope of direction of the audit process. This, in conjunction with the additional procedures performed, gave us appropriate evidence for our opinion on 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.

## Carrying value of exploration assets:

The carrying value of the exploration assets as at 31 March 2018 was £18.5m which comprises of exploration and development expenditure in respect of the licences held in the DRC. There is the risk that the carrying value of these assets is impaired and that the exploration and development costs capitalised during the year do meet the required recognition criteria per IFRS 6.

## How the scope of our audit responded to the key audit matter

We performed an impairment review of the carrying value of the intangible asset held.

Our work included:

- **Reviewing and considering the impairment indicators in IFRS 6 in relation to the asset held;**
- **Obtaining support for ownership;**
- **Reviewing managements basis for impairment or non-impairment and challenging any assumptions made; and**
- **Reviewing the work undertaken by component auditors.**

We undertook substantive testing on capitalised expenditure during the year to ensure it met the capitalisation criteria of IFRS 6.

## Acquisition of Casa Mining Limited:

During the year, the Company gained control of Casa Mining Limited through a step acquisition and a bargain purchase arose as a result. There is the risk that the step acquisition has been incorrectly accounted for and that a bargain purchase should not have arisen on the acquisition.

## How the scope of our audit responded to the key audit matter

We performed a review of the business combination workings.

Our work included:

- **A review of the fair value of the Associate prior to gaining control;**

- **Recalculation of the gain on bargain purchased recorded;**
- **Obtaining support for ownership documents;**
- **Reviewing the consolidation workings;**
- **Consideration of the appropriateness of the disclosures made; and**
- **Consideration of the rationale as to why the bargain purchase arose.**

Classification and valuation of Assets Held for Sale:

During the year, management committed to a plan to dispose of the Slovakian Exploration Assets which, at the year end, were recorded at a carrying value of £6.3m as an Asset Held for Sale. There is a risk that the classification of the assets and the valuation of the assets is not in accordance with IFRS 5 - "Non-current assets held for sale and discontinued operations".

How the scope of our audit responded to the key audit matter

We have performed the following work in order to address the identified risk:

- **Obtained evidence that management had agreed to a plan to dispose of the assets prior to the year end, and the conditions of IFRS 5 had been met;**
- **Reviewed and challenged management's rationale on the valuation of the asset; and**
- **Ensured that the disclosure requirements of IFRS have been met and that the valuation has been appropriately disclosed as a significant estimate.**

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 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.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Joseph Archer (Engagement Partner)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory auditor**

1 Westferry Circus  
Canary Wharf  
London E14 4HD

17 August 2018

Consolidated Statement of Comprehensive Income for the year ending 31 March 2018

		Year to	Year to
		31 March 2018	31 March 2017
	Notes	£ 000s	£ 000s
Revenue		-	-
Other Operating Income	3	64	40
Administrative expenses	4	(780)	(572)
Share-based payments	20	(247)	(117)
Impairment	5/15	(7,161)	(655)
Operating loss		(8,124)	(1,304)
Finance Income (expense)	10	(11)	67
Share of loss of associates accounted for using the equity method		(87)	(34)
(Loss)/Gain on change of ownership status	14	<b>(224)</b>	575
Gain on Business Combination	14	<b>10,502</b>	-
Profit/(Loss) before income tax			2,056 (696)
Income tax expense	6	-	-
Profit/(Loss) for the year from continuing operations			2,056 (696)

(Loss) from discontinued operations, net of tax	5	(36)	(139)
Profit/(Loss) for the year		2,020	(835)
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences			97 878
Total comprehensive income for the year, net of tax			2,11743
Profit attributable to:			
Equity holders of the parent		2,053	(835)
Non-controlling interest		(33)	-
Total comprehensive income attributable to:			
Equity holders of the parent		2,150	43
Non-controlling interest		(33)	-
Profit (Loss) per share attributable to owners of the parent during the year			
- Basic (pence per share)	9	1.0	(1.2)
- Diluted (pence per share)	9	0.9	(1.2)
- From continuing operations - Basic	9	1.0	(1.0)
- From continuing operations - Diluted	9	0.9	(1.0)
- From discontinued operations - Basic and Diluted	9	(0.0)	(0.2)

The notes on pages 31 to 59 are an integral part of these consolidated financial statements.

31 March 2018      31 March 2017

Note £ 000s      £ 000s

ASSETS

Non-current assets

Intangible assets	11	18,495	-
Investment in associate	13	-	1,033
Available for sale financial assets	15	932	791
Total non-current assets		19,427	1,824

Current assets

Trade and other receivables	16		637,124
Available for sale financial assets	15	392	853
Assets held for sale	5	6,724	13,013
Cash and cash equivalents		176	71
Total current assets		7,929	14,061
TOTAL ASSETS			27,356,15,885

LIABILITIES

Current liabilities

Held for sale liabilities	5	(39)	(45)
Trade and other payables	17	(370)	(62)
Total current liabilities		(409)	(107)

Non-current liabilities

Long term payable	18	(1,480)	-
-------------------	----	---------	---

TOTAL LIABILITIES	(1,889)	(107)
NET ASSETS	25,467	15,778
Share Capital	19 -	-
Share premium	21 38,324	32,774
Share based payment reserve	20 1,333	1,697
Foreign exchange reserve	749	652
Retained earnings	(16,257)	(19,345)
Equity attributable to equity holders of the parent	24,149	15,778
Non-controlling interest	1,318	-
TOTAL EQUITY	25,467	15,778

These financial statements were approved by the Board of Directors on 17 August 2018 and signed on its behalf by:

Nicholas von Schirmding  
Executive Chairman

The notes on pages 31 to 59 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ending  
31 March 2018

	Year to 31 March 18	Year to 31 March 17
	Notes£ 000s	£ 000s
Cash flows from operating activities		
Profit/(Loss) before income tax and including discontinued operations	2,020	(835)

Gain on business combination	14	(10,502)	-
Interest Expense/(Income)	10	11	(67)
Share based payment	20	247	117
Share of loss from associates	14	87	34
Impairment of Intangible assets			7,161,655
Fair value gain/(loss) on change of ownership status	14	224	(575)
Foreign exchange		(27)	
Depreciation and amortisation		-	21
Net cash used in operating activities before changes in working capital			(779) (650)
(Increase)/decrease in inventories		(17)	(3)
(Increase)/Decrease in trade and other receivables	16	(496)	72
Decrease/(increase) in trade and other payables	17	302	(42)
Net cash used in operating activities		(990)	(623)
Cash flows from investing activities			
Purchase of intangible assets		(571)	(14)
Investment in Casa Mining Limited		(2,046)	-
Investment in Zamsort Limited		-	(377)
Purchase of available-for-sale financial assets			- (50)
Net cash used in investing activities		(2,617)	(441)
Cash flows from financing activities			
Proceeds from issue of ordinary shares- net of share issue costs	14	3,512	716
Cash acquired on acquisition of Casa mining Limited		206	-
Net cash from financing activities		3,718	716



Other comprehensive income(loss) for the year- Currency translation differences	-	-	97	-	-	97	-	97
Total comprehensive income (loss) for the year	-	-	97	-	2,020	2,117	-	2,117
Share capital issued	-	5,550	-	-	-	5,550	-	5,550
Share based payments granted	-	-	-	247	-	247	-	247
Share based payments expired	-	-	-	(611)	611	-	-	-
Fair Value of NCI on acquisition of Casa Mining Limited	-	-	-	-	-	-	1,775	1,775
Acquisition of NCI of Casa Mining Limited	-	-	-	-	457	457	(457)	-
Total transactions with owners, recognised directly in equity	-	5,550	-	(364)	1,068	6,254	1,318	7,572
Balance as at 31 March 2018	-	38,324	749	1,333	(16,257)	24,149	1,318	25,467

**Share capital:** This represents the nominal value of equity shares in issue and is nil as the shares have a nil par value.

**Share premium:** This represents the premium paid above the nominal value of shares in issue.

**Foreign exchange reserve:** This reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries and the retranslation of monetary items forming part of the net investment in those subsidiaries.

**Share-based payments reserve:** This represents the value of share-based payments provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired from time to time as part of the consideration paid. The reserve represents the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital and share premium.

**Retained earnings:** This represents the accumulated profits and losses since inception of the business and adjustments relating to options and warrants.

**Non-Controlling Interest:** This represents the Non-Controlling Interest element of Casa Mining Limited.

The notes on pages 31 to 59 are an integral part of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### a. General Information and Authorisation of Financial Statements

The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1396532 and is located at Craigmuir Chambers, Road Town, Tortola. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange.

The principal activity of the Company during the year was that of a holding company for a group engaged in the identification, evaluation, acquisition and development of natural resource projects.

The Financial Statements of Arc Minerals Limited for the year ended 31 March 2018 were authorised for issue by the Board on 17 August 2018.

## **b. Basis of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union.

The consolidated financial statements have been prepared on the historical convention, as modified by the measurement to fair value of available-for-sale financial assets as described in the accounting policies below.

The financial information is presented in Pounds Sterling (£) and all values are rounded to the nearest thousand Pounds Sterling (£000's) unless otherwise stated.

**The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.**

## **c. New and amended standards adopted by the Group**

The standards which applied for the first time this year have been adopted and have not had a material impact.

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 March 2018 and have not been adopted early. The Group is currently assessing the impact of these standards and based on the Group's current operations do not expect them to have a material impact on the financial statements.

New Standards	Effective Date
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 9 - Financial Instruments	1 January 2018
IFRS 16 - Leases	1 January 2019
IFRS 17 - Insurance Contracts	1 January 2021
Amendments to Existing Standards	
Clarifications to IFRS 15 revenue from Contracts with Customers	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)*	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration*	1 January 2018
Annual Improvements to IFRSs (2014-2016 Cycle)*	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to IFRSs (2015-2017 Cycle)*	1 January 2019

\*Not yet adopted by European Union

Arc has progressed further its projects dealing with the implementation of these key new accounting standards and is able to provide the following information regarding their likely impact:

IFRS 9 'Financial Instruments'

The standard replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and

Measurement'. The standard is effective from periods beginning on or after 1 January 2018 and introduces:

- new requirements for the classification and measurement of financial assets and financial liabilities;
- a new model for recognising provisions based on expected credit losses; and,
- simplified hedge accounting by aligning hedge accounting more closely with an entities risk management methodology.

The adoption of IFRS 9 is unlikely to have a material impact on the consolidated results of the Group.

IFRS 15 'Revenue from Contracts with Customers'

**The standard is effective for periods commencing on or after 1 January 2018. This standard introduces a new revenue recognition model and replaces IAS 18 'Revenue', IAS 11 'Construction Contracts', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for the Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC-31 'Revenue - Barter Transactions Involving Advertising Services.' As the Group has no revenue at present the introduction of IFRS 15 will have no impact in the financial statements.**

IFRS 16 'Leases'

**The standard is effective for periods commencing on or after 1 January 2019 and has been endorsed by the EU. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments. The directors continue to consider the potential effects on the Group's financial statements and do not currently expect that there will be a material impact.**

#### **d. Basis of Consolidation**

The consolidated financial statements consolidate the financial statements of Arc Minerals Limited and the audited financial statements of its subsidiary undertakings made up to 31 March 2018 except for Casa Mining Limited 92.1% owned by the Company. The audited accounts of Casa Mining Limited are consolidated as of 31 December 2017 as it is deemed impractical to consolidate Casa Mining as at 31 March 2018. Any significant transactions between 1 January 2018 and 31 March 2018 have been recognised accordingly in these financial statements.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **e. Associates**

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes any goodwill identified on acquisition.

Where the ownership interest in an existing investment is increased whereby significant influence is obtained, the Group re-measures the existing investment immediately prior to obtaining significant influence with resulting gains/losses recognised immediately in profit or loss. The fair value of the existing investment added to the fair value of the consideration of the additional investment is treated as the deemed cost and is continued to be accounted for under the equity method.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements is recognised in the other comprehensive income section of the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate and its carrying value and recognises the amount adjacent to 'share of profit/loss of associate' in the group statement of comprehensive income.

When the Group loses significant influence over an associate, it derecognises that associate and recognises a profit or loss being the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost.

Gains and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

When the Group gains control of an associate the fair value of the associate undertaking is then assessed with any gain or loss arising being recognised within the income statement.

## **f. Going Concern**

The financial statements have been prepared on a going concern basis. The Group's assets are not generating revenues, operating cash outflows have been incurred in the year and an operating loss and cash outflow from operations is expected in the 12 months subsequent to the date of these financial statements being signed and, as a result, the Group will need to raise funding to finance their ongoing activities and non-discretionary expenditures.

Based on the Board's assessment that the necessary funds will be raised, cash flow budgets can be achieved and the Directors have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 March 2018.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

The auditors make reference to a material uncertainty in relation to going concern within their audit report.

## **g. Business combinations**

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis; either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net asset.

Acquisition related costs are expensed as incurred.

If a business combination is achieved in stages, the acquisition date carrying value of the acquiree's previously held interest in the acquiree is re-measured to fair value at the acquisition date; any gain or loss arising from such a re-measurement are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss in the Income Statement.

Any interest of non-controlling interests in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. There are no non-controlling shareholders of subsidiaries.

## **h. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board, being the Group's chief operating decision-maker ("CODM").

## **i. Foreign currencies**

The Group presentational currency is Pounds Sterling. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. At present the functional currency for the Slovakian subsidiaries is the Euro, while for Casa Mining Limited and Zamsort Limited it is the US Dollar.

The presentation currency (Pounds Sterling) is used primarily because the Parent Company Arc Minerals Limited is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates during the accounting year; and
- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such cumulative exchange differences are subsequently reclassified in the income statement as part of the gain or loss on sale.

#### j. Taxation

Tax is recognised in the consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities are not discounted.

There has been no tax credit or expense for the year relating to current or deferred tax.

#### k. Intangible assets

##### Exploration and evaluation assets

Exploration and development costs are carried forward in respect of areas of interest where the consolidated entity's rights to tenure are current and where these costs are expected to be recouped through successful development and exploration, or by sale. Alternatively, these costs are carried forward while active and significant operations are continuing in relation to the areas of interest and it is too early to make reasonable assessment of the existence or otherwise of economically recoverable reserves. When the area of interest is abandoned, exploration and evaluation costs previously capitalised are impaired.

Costs incurred by the Company on behalf of its subsidiaries and associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be written-off over the estimated life (useful economic life) of the commercial ore reserves on a unit of production basis. Impairment reviews are carried out regularly by the Directors of the Company. Where a project is abandoned, or is considered to be of no further commercial value, the related costs will be written off to the Statement of Comprehensive Income.

The recoverability of these costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposal of recoverable reserves.

## **I. Significant accounting judgements, estimates and assumptions**

### Critical Accounting Estimates and Judgements

The preparation of financial statements using accounting policies consistent with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expenses. The preparation of financial statements also requires the Directors to exercise judgement in the process of applying the accounting policies. Changes in estimates, assumptions and judgements can have a significant impact on the financial statements.

### Critical accounting estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

#### i) Assets held for sale

As described in note 5, during the year the Group decided to dispose of its Slovakian operations and, as a result, they have been reclassified as assets held for sale. This reclassification has required the Board to measure these items at the lower of carrying amount and fair value less costs to sell. The valuation of these items represents management's best estimate thereon and the key factors considered therein are disclosed in note 5 to the financial statements.

#### ii) Available for sale assets

The Board have conducted an assessment of the Group's available for sale financial assets. This exercise requires the board to make numerous estimates and judgements in relation to asset carrying values, using the information they have to hand at a certain moment in time. The provision of other information and use of other inputs may affect the carrying value of these investments.

#### iii) Valuation of exploration, evaluation and development expenditure

The value of the Group's exploration, evaluation and development expenditure is dependent upon the success of the Group in discovering economic and recoverable mineral resources, especially in countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors.

The future revenue flows relating to these assets are uncertain and will also be affected by competition, relative exchange rates and potential new legislation and related environmental requirements.

The Group's ability to continue its exploration programmes and develop its projects is dependent on future fundraising, the outcome of which is uncertain. The ability of the Group to continue operating within its jurisdiction is dependent on a stable political environment which is uncertain. This may also impact the Group's legal title to assets held which would affect the valuation of their assets.

The Group therefore makes estimates in relation to the valuation of these assets with consideration of these factors.

There have been no changes to any past valuations.

## **m. Cash and cash equivalents**

Cash and Cash Equivalents comprise cash at bank and in hand.

## **n. Trade and other receivables**

Receivables are recognised initially at cost, being their initial fair value. These are classified as loans and receivables, and so are subsequently carried at cost using the effective interest method. The Directors are of the view that such items are collectible and no provisions are required.

## **o. Financial instruments**

The Group's financial instruments are classified as loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and comprise trade and other receivables and cash and cash equivalents (see separate accounting policies for these items).

Available-for-sale financial assets are non-derivatives that are not included in any other category, and comprise current asset investments. They are initially recognised at fair value plus transaction costs, and are subsequently carried at fair value with changes in fair value being recognised in other comprehensive income.

Trade and other payables are classified as financial liabilities, and are initially recognised a cost, being their fair value, and subsequently measured at amortised cost using the effective interest method. Any interest is recognised as a finance cost within the

statement of comprehensive income.

There is no material difference between the carrying values and fair value of the Group's financial instruments.

## **p. Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Office equipment 20% or straight line over the period of the lease- whichever is the lesser;
- Field equipment - between 5% and 25%.

All assets are subject to annual impairment reviews.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The asset's residual value and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

## **q. Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

In assessing value in use, 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## **r. Trade and other payables**

Trade and other payables are carried at amortised cost under the effective interest method and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

## **s. Assets held for sale**

Assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

The Group classifies an asset (or disposal groups) as held for sale if their carrying amount is to be recovered through a sale transaction rather than through continued use. The Group considers this the case when the asset (or disposal group) is available for

immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the Board of Directors is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated and is expected to complete within one year of classification.

Assets held for sale are no longer depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities classified as held for sale are presented separately from other liabilities in the statement of financial position.

## t. Share-based payments

The Group provides benefits to senior personnel, consultants and advisors of the Group in the form of share-based payments, whereby such parties render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with such parties is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Arc Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired and;
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date. The charge to the Income Statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/ (loss) per share.

## u. Earnings per share

Basic Earnings per share is calculated as profit attributable to equity holders of the parent for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

## 2. Segmental analysis

Segment information has been determined based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. No revenue is currently being generated.

Head office activities are mainly administrative in nature and are located in the UK/BVI whilst the activities in Slovakia (assets held for sale), Eritrea, Zambia and Democratic Republic of Congo relate to exploration and development work.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

31 March 2018

UK/BVI Slovakia Eritrea Zambia DRC Total

£ 000's £ 000's £ 000's £ 000's £ 000's £ 000's

## Result

Operating gain/(loss)	(995)	31	-	-	(35)	(999)
Fair value loss	-	-	-	-	(224)	(224)
Share of loss of associate	-	-	-	-	(87)	(87)
Impairment	-	(6,700)	(461)	-	-	(7,161)
Gain on Business Combination	-	-	-	-	10,502	10,502
Finance income	-	-	-	(11)	-	(11)
Profit (Loss) before Income Tax	(995)	(6,669)	(461)	(11)	10,156	20,020

## Other information

Capital additions	-	150	-	-	322	472
Non controlling interest	-	-	-	-	1,318	1,318

## Assets

Non-current Assets	-	-	-	932	18,495	19,427
Available for sale financial assets	-	-	392	-	-	392
Held for sale assets	-	6,724	-	-	-	6,724
Current assets excluding cash and cash equivalents <sup>637</sup>	-	-	-	-	-	637
Cash and equivalents	37	-	-	-	139	176
Consolidated total assets	674	6,724	392	932	18,634	27,356

## Liabilities

Non-current liabilities	-	-	-	-	(1,480)	(1,480)
Held for sale liabilities	-	(39)	-	-	-	(39)
Current liabilities	(131)	-	-	-	(239)	(370)
Consolidated total liabilities	(131)	(39)	-	-	(1,719)	(1,889)

31 March 2017

UK/BVISlovakiaEritrea ZambiaDRC Total

£ 000's£ 000's £ 000's£ 000's£ 000's£ 000's

Result

Operating loss	(659)	(129)	-	-	-	(788)
Fair value gain/(loss)	-	-	(53)	-	628	575
Share of loss of associate	-	-	(18)	-	(16)	(34)
Impairment	-	(655)	-	-	-	(655)
Finance income	-	-	-	67	-	67
Loss before & after taxation	(659)	(784)	(71)	67	612	(835)

Other information

Depreciation and impairment	6	15	-	-	-	21
Investment into available for sale financial assets	-	-	853	791	-	1,644
Investment in associate	-	-	-	-	1,033	1,033
Capital additions	-	14	-	-	-	14

Assets

Non-current Assets	-	-	-	-	1,033	1,033
Held for sale assets	-	13,016	-	-	-	13,016

Current assets excluding cash and cash equivalents-	-	853	912	-	1,765
Cash and equivalents	71	-	-	-	71
Consolidated total assets	71	13,016	853	912	1,033 15,885

#### Liabilities

Non-current liabilities	-	-	-	-	-
Held for sale liabilities	-	(45)	-	-	(45)
Current liabilities	(62)	-	-	-	(62)
Consolidated total liabilities	(62)	(45)	-	-	(107)

### 3. Other operating income

	2018	2017
	£ 000's	£ 000's
Rental income	-	20
Other sundry income <sup>64</sup>	64	20
	64	40

### 4. Expenses by nature

	2018	2017
	£ 000's	£ 000's
Directors' fees (excluding share based payments) <sup>213</sup>	116	167
Wages and salaries	58	57
Office expenses	21	32
Travel and subsistence expenses	62	34
Professional fees - legal, consulting, exploration	116	114

AIM related costs including Public Relations	182	131
Auditor's remuneration - audit	32	25
Casa administration costs	57	-
Other expenses	39	12
Total operating expenses	780	711

## Employee information

	2018	2017
Group Staff Costs comprised:	£ 000's	£ 000's
Wages, salaries and benefits	130	63
Less: capitalised exploration expenditure (72)	(6)	
Charge to the profit or loss	58	57

The average number of persons employed in the Group, including Executive Directors, was:

	2018	2017
Average number of persons employed: Number	Number	Number
Operations	4	4
Administration	1	2
	5	6

## 5. Assets Held for Sale/Discontinued operations

During the year, the Group announced its intention to dispose of its Slovakian interests and initiated an active programme to locate a buyer. The associated assets and liabilities are consequently presented as held for sale within these financial statements.

The related financial information is set out below:

### a) Results of disposal group

	2018	2017
	£ 000's	£ 000's
Expenses	(36)	(139)
Loss before income tax	(36)	(139)

Income tax	-	-
Loss after tax	(36)	(139)
Loss from discontinued operations	(36)	(139)
Other comprehensive income from discontinued operations	(36)	(139)

b) Cash flows of disposal Group

	2018	2017
	£ 000's	£ 000's
Operating activities	255	20
Investing activities	(249)	(14)
Financing activities	-	-
Net cash from discontinued operations	6	6

c) Assets and liabilities of disposal Group

Assets classified as held for sale

	2018	2017
	£ 000's	£ 000's
Intangible assets	6,290	12,739
Property, Plant and Equipment	175	211
Cash at bank	15	9
Trade and other receivables	190	17
Inventory	54	37
Total assets of disposal Group	6,724	13,013

Liabilities directly associated with assets classified as held for sale

	2018	2017
	£ 000's	£ 000's

Trade creditors	39	45
Total liabilities of disposal Group held for sale	39	45

During the period, the Directors initiated a programme to dispose of its Slovakian operations and assets. The valuation of the asset is an estimate and represents management best judgement in respect of its fair value. Prior to classification as an asset held for sale, the Slovakian operations were valued at £13m and were supported by a JORC compliant report. Management have based their valuation on the levels of interest shown, the valuation of the asset within the report, the fact that the associated contingent liability has now been extinguished the current resource market, and initial expenses of interest. There can be no guarantee that the asset will be sold for the amount disclosed within the financial statements and as such any difference to the price will impact accordingly upon the financial statements. On revaluation to an Asset Held for Sale, management have impaired the Slovakian Asset by £6.7m.

## 6. Taxation

2018 2017  
£'000£'000

Current income tax charge	-	-
Deferred tax charge/ (credit)	-	-
Total taxation charge/ (credit)	-	-

### Taxation reconciliation

The charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income:

	2018	2017
	£'000	£'000
Gain (Loss) before income tax	2,020	(835)
Tax on loss at the weighted average Corporate tax rate of 19.00 % (2017: 14.38 %)	384	(120)
Effects of:		
Permanent differences	-	-
Tax losses carried forward	-	-
Non-taxable income/Non-deductible expenses for tax purposes	(384)	120
Total income tax expense	-	-

The deferred tax asset has not been provided for in accordance with IAS 12. The Group does not have a material deferred tax liability at the year end.

The tax rate used in 2018 is the UK Corporate rate which is higher than either the Republic of Mauritius or British Virgin Islands. There

is no income earned in the Democratic Republic of Congo.

## 7. Dividends

No dividends were paid (2017: nil).

## 8. Key management remuneration

	2018	2017	
	£ 000's	£ 000's	
Key management remuneration	560	268	
2018	Short term employee benefits	Share based* compensation	Total
	£ 000's	£ 000's	£ 000's
Executive Directors			
Nicholas Von Schirmding	69	120	189
Non-Executive Directors			
Anthony Balme *	25	-	25
Brian McMaster	30	15	45
Michael Foster	10	-	10
Jonathan de Thierry	8	-	8
Paul Heber*	8	-	8
Key Management Personnel			
Vassilios Carellas (COO) *	114	112	226
John Forrest (CF)	49	-	49
	313	247	560

\* Resigned as a Director during the year

2017	Short term employee benefits	Share based compensation	Total
	£ 000's	£ 000's	£ 000's
<b>Executive Directors</b>			
Anthony Balme	38	29	67
Vassilios Carellas	108	33	141
<b>Non-Executive Directors</b>			
Paul Heber	18	5	23
Nicholas Von Schirnding	3	34	37
	167	101	268

· Consists of share options valued by using the Black Scholes method.

No pension benefits are provided for any Directors (2017: nil).

## 9. Earnings per share

The calculation of Earnings per share is based on the loss attributable to equity holders divided by the weighted average number of shares in issue during the year.

	2018	2017
	£ 000's	£ 000's
Gain (Loss)	2,020	(835)

Weighted average number of ordinary shares per share (000s) 206,58069,166\*

Potential diluted weighted average number of shares (000s) 224,59869,166\*\*

Basic earnings per share (expressed in pence)	1.0	(1.2)*
Fully Diluted earnings per share (expressed in pence)	0.9	(1.2)**
Net Profit (loss) per share continuing operations - basic	1.0	(1.0)
Net Profit (loss) per share continuing operations - diluted	0.9	(1.0)

Net (loss) per share continuing operations - basic and diluted (0.0) (0.2)

\* Restated to reflect 1:100 share consolidation

\*\* As the inclusion in 2017 of potential Ordinary shares would result in a decrease in the loss per share, they are considered to be anti-dilutive. As such, diluted and basic earnings per share in 2017 are the same.

## 10. Finance income/(expense)

2018 2017

£ 000's £ 000's

Interest on Zamsort Loan(11) 67

During the year the Company converted £545,905 (USD 828,472) into a 14% equity interest in Zamsort Limited. Accrued interest (8%) to the point of conversion was renegotiated which resulted in an adjustment of the amount of interest recorded in prior years.

## 11. Intangible assets

	Goodwill	Exploration and evaluation assets	Total
	£ 000's	£ 000's	£ 000's
Cost			
At 1 April 2016	169	12,347	12,516
Additions	-	14	14
Currency translation adjustments	-	864	864
Impairment	-	(655)	(655)
Transferred to Held for sale assets (see note 5)	(169)	(12,570)	(12,739)
Net book value as at 31 March 2017	-	-	-
At 1 April 2017	-	-	-
Assets acquired on purchase of Casa Mining Limited (see note 14)-	-	18,737	18,737
Additions	-	322	322
Currency loss	-	(564)	(564)
Net book value as at 31 March 2018	-	18,495	18,495

## 12. Investment in subsidiaries

At 31 March 2018, the Company held interests in the share capital of the following subsidiary companies:

Company	Place of Business	% Ownership held	Nature of business
Ortac Resources (UK) Limited	England and Wales	100%	Holding Company
St. Stephans Gold s.r.o.*	Slovak Republic	100%	Mineral Exploration
Ortac s.r.o *	Slovak Republic	100%	Mineral Exploration
Carpathian Minerals s.r.o. *	Slovak Republic	100%	Minerals Exploration
Casa Mining Limited	Republic of Mauritius	92%	Minerals Exploration
Leda Mining sarl **	Democratic Republic of Congo	73%	Minerals Exploration

\* Wholly owned subsidiary of Ortac Resources (UK) Limited.

\*\* Subsidiary of Casa Mining Limited

The non-controlling interest shown within the primary statement arises as a result of the Group not owning 100% of the share capital in Casa Mining Limited and its subsidiary, Leda Mining Srl.

## 13. Investment in associates

Set out below are the associates of the Group during the year ended 31 March 2018.

	Andiamo	Casa	Total
	£ 000's	£ 000's	£ 000's
1 April 2016	874	-	874
Transfer of available for sale financial assets (note 15)-		340	340
Additions	50	81	131
Share of loss	(18)	(16)	(34)
Fair value adjustment	(53)	628	575
Transfer to available for sale financial assets (note 15)(853)		-	(853)
31 March 2017	-	1,033	1,033
1 April 2017	-	1,033	1,033
Acquired > 50%	-	(1,033)	(1,033)
31 March 2018	-	-	-

Nature of investment in associates during 2018 and 2017:

Name of entity	Address of Registered Office	% ownership interest	Nature of relationship	Measurement method
Andiamo Exploration Ltd	6 Gresham Street, London UK	18	See note i	Equity
Casa Mining Ltd	24 CyberCity Ebene Mauritius	92 (post date at which control was gained)	See note ii	Equity

## 14. Gain on Business Combination- Casa Mining Limited

Casa Mining Limited ("Casa") is involved in the exploration of gold and other minerals in the Democratic Republic of Congo. On 1 April 2017 the Company had a 22.2% interest in Casa.

In May 2017 the Company purchased a US\$2,000,000 convertible loan note issued by Casa ("CLN"). The terms of the CLN provided that it could be converted at US\$ 0.65.

On 4 November 2017, the conversion price of the CLN was amended to US\$ 0.5586, the Company purchased a further 2,576,255 shares of Casa and the CLN was converted into 3,580,450 Casa shares.

On 10 November 2017 the Company announced a takeover offer for the balance of the Casa shares it did not own. The terms of the offer were 14.85775 Company shares for each Casa share which was equivalent to 2.875p per Company share. At 31 March 2018 the Company's interests in Casa Mining Limited was 92.1%.

The acquisition resulted in a Gain on Business Combination of £ 10,502,000 as follows:

	£ 000s
Carrying Value of Investment at 1 April 2017	1,033
22.2% share of loss to Acquisition Date of 4 November 2017(87)	
Fair Value Adjustment of Associate	(224)
Fair Value of Associate at Acquisition Date	722
Total Consideration for CLN and 2,576,255 Casa shares	2,646
Fair Value of Non-Controlling interest at Acquisition Date	1,775
Fair value of Casa Mining Limited	5,143

Net assets acquired:

Cash and cash equivalents	206
Intangible assets	18,737
Trade and other receivables	51
Trade and other payables	(290)
Long term debt	(3,059)
Total net assets acquired	15,645
Less: Fair Value of Casa Mining Limited	(5,143)
Gain on business combination	10,502

Bargain purchase:

The Group was able to take advantage of favourable market conditions to acquire a controlling interest in Casa Mining Limited, in which it already held a 43% fully-diluted interest, at a valuation which produced a Gain on Business Combination. This was a result of the Group having ready access to funds which were required by Casa to move forward with its exploration and evaluation programmes.

Non-controlling interest:

The non-controlling interest of Casa Mining Limited at the date of acquisition were measured at the fair value of these interests. This fair value was estimated by the consideration offered by the Company to acquire the controlling interest.

Impact of acquisitions on the results of the Group:

The contribution to net profit of the Group was a loss of £35,000 by Casa Mining Limited. Group revenue includes £Nil from the operations of Casa Mining Limited.

If these businesses were acquired at the beginning of the reporting period Group revenue would have been £Nil, and loss for the year from continuing operations would have been £402,000 more.

The directors of the Group consider these results to be representative of the performance of the combined Group, annualised, and provide a reference point for comparison against periods in the future. In 2018 Casa had no revenues and a loss since acquisition of US\$54,000 (31 December 2017: loss of US\$564,000).

The financial statements of Casa Mining Limited have been consolidated to its year end of 31 December 2017, as it is impractical to consolidate the balances as at 31 March 2018. There have been no significant transactions during the period 1 January 2018 - 31 March 2018 which would require any adjustment in these financial statements.

## 15. Available for sale financial assets

	2018	2017
	£ 000's	£ 000's
Opening Balance	1,644	835

Additions - Zamsort Limited	141	-
Additions - Casa Mining Ltd	-	296
Transfer of Casa Mining Ltd to Investment in associates	-	(340)
Transfer of Andiamo Exploration Limited from Investment in associate-		853
Impairment of Andiamo	(461)	-
As at 31 March	1,324	1,644

Current		392
Andiamo		853

<b>Non-current</b> (oZamsort Limited)	932	791
---------------------------------------	-----	-----

As at 31 March	1,324	1,644
----------------	-------	-------

(i) Current - available for sale assets

(a) Current available for sale assets

At 31 March 2018, the Group has impaired the carrying value of Andiamo by £461,000. This was a result of the expected sale of the asset and yet end indication of the expected sale amount.

(ii) Long term available for sale assets - Zamsort Limited

	2018	2017
	£ 000's	£ 000's
14% Equity	546	-
Convertible loan and advances	386	791
	932	791

In May 2017 the Company agreed with Zamsort Limited to convert US\$828,472 of US\$1,200,000 Secured Loan Notes issued by Zamsort to the Company in 2015 and to release its secured debenture in exchange for a 14% shareholding in Zamsort and a loan note with a principal amount of US\$371,528 which is convertible into 5.35% and has a repayment date of 31 December 2018. Interest of 8% continues to accrue.

## 16. Trade and other receivables

Group Group

2018 2017

Current trade and other receivables £ 000's £ 000's

Other receivables	635	124
Prepayments	2	-
Total	637	124

Current trade and other receivables are all due within one year.

Loans advanced to subsidiaries are unsecured, interest free and have no fixed repayment date. Accounts for Casa were consolidated at 31 December 2017. During the period 1 January 2018 to 31 March 2018, Arc advanced £494,000 (US\$ 685,000), which is included within receivables.

The fair value of trade and other receivables is the same as their carrying values as stated above.

Trade and other receivables do not contain any impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's current and non-current trade and other receivables are denominated in the following currencies:

	Group	Group
	2018	2017
Current trade and other receivables	£ 000's	£ 000's
UK Pounds	6	-
US Dollars	631	122
Euros	-	2
Total	637	124

## 17. Trade and other payables

	Group	Group
	2018	2017
Current trade and other payables	£ 000's	£ 000's
Trade payables, other payables and accruals	370	62
	370	62

The carrying values of trade and other payables are considered to be a reasonable approximation of the fair value and are considered by the Directors as payable within one year.

## 18. Long Term Payable

Group Group

2018 2017

Long term payable £ 000's £ 000's

Deferred consideration 1,480 -

1,480 -

Long term debt relates to deferred consideration of US\$ 2,000,000 incurred by Casa Mining Ltd when that Company purchased and cancelled shares from a shareholder, Tremont Master Holdings. The amount is unsecured, non-interest bearing and due for payment in April 2020.

## 19. Share capital

Authorised £ 000's

Unlimited Ordinary shares of no par value -

Called up, allotted, issued and fully paid Number of shares Nominal value

As at 31 March 2016 5,732,211,373 -

26-27 September 2016 1,480,000,000 -

24 October 2016 251,296,486 -

26 October 2016 750,000,000 -

Consolidation (8,131,372,872) -

As at 31 March 2017 82,134,987 -

2 May 2017 66,666,667 -

30 October 2017 85,000,000 -

17 November 2017 66,554,808 -

17 December 2017 11,042,838 -

18 February 2018 7,488,893 -

18 March 2018 815,719 -

As at 31 March 2018 319,703,912 -

On 2 May 2017 66,666,667 ordinary shares of no par value were issued at a price of 3 pence per share for a cash consideration of £2,000,000.

On 30 October 2017 85,000,000 ordinary shares of no par value were issued at a price of 2 pence per share for a cash consideration of £1,700,000.

On 17 November 2017, 66,554,808 ordinary shares of no par value were issued at a price of 2.375 pence per share for non-cash consideration of £1,580,676 to acquire 4,479,468 shares of Casa Mining Limited.

On 17 December 2017, 11,042,838 ordinary shares of no par value were issued at a price of 2.375 pence per share for non-cash consideration of £ 262,267 to acquire 743,238 shares of Casa Mining Limited.

On 18 February 2018, 7,488,893 ordinary shares of no par value were issued at a price of 2.350 pence per share for non-cash consideration of £ 175,989 to acquire 504,040 shares of Casa Mining Limited.

On 18 March 2018, 815,719 ordinary shares of no par value were issued at a price of 2.250 pence per share for non-cash consideration of £ 18,916 to acquire 54,902 shares of Casa Mining Limited.

## 20. Share based payments and Warrants

### Share Options

During the year the following share options were issued and valued using the Black Scholes method:

	Weighted Avg Price (pence)	Number	Exercise Price (pence)	Share price at grant (pence)	Weighted Avg Term (years)	Value (000s) **
1 April 17	30.46	6,848,000			4.10	1,697
Granted 01 August 17	-	375,000	3.0	3.0	5	15
Expired	-	(1,230,500)	-	-	-	(611)
Granted 12 November 17-		12,025,710	2.625	2.625	5	232
31 March 18	11.31	18,018,210			3.98	1,333

In the Black Scholes model the key inputs were Volatility as 100%, the Risk Free Interest Rate as 0.55% and the dividend yield as 0%.

\*\* Under IFRS 2 "Share-based Payments", the Company determines the fair value of options issued to Directors, Employees and other parties as remuneration and recognises the amount as an expense in the Statement of Comprehensive Income with a corresponding increase in equity.

### Warrants

Grant date	Number	Exercise Price (pence)	Term (years)	Share Price at grant pence
1 April 17	4,575,000	2.90-5.50	2-5	
8 May 2017	900,000	3.00	3	3
8 May 2017	1,500,000	3.00	2	3

3 Nov 2017 4,000,000 2.00 2 2

TOTAL 10,975,000

The charge incurred during the year in relation to share based payments was £247,000 (2016: £117,000).

## 21. Share premium

	2018	2017
	£ 000s	£ 000s
Opening Balance	32,774	32,075
Total Additions (see note 20 for details)	5,738	752
Share issue costs	(188)	(53)
As at 31 March	38,324	32,774

See note 20 for a breakdown of share issues during the year.

## 22. Financial instruments and capital risk management

### Financial Risk Management

#### Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors under policies approved at Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

#### a) Market Risk

##### i) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound sterling and US Dollar. Foreign exchange risk arises from recognised monetary assets and liabilities, where they may be denominated in a currency that is not the Group's functional currency. The exposure to this risk is not considered material to the Group's operations and thus the Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

On the assumption that all other variables were held constant, and in respect of the Group and the Company's expenses the potential impact of a 20% increase/decrease in the GBP: USD Foreign exchange rate on the Group's loss for the year and on equity is as follows:

Potential impact on USD expenses: 2018

	Group
Increase/(decrease) in foreign exchange rate	£ 000's
20%	113
-20%	(113)

## b) Credit Risk

Credit risk arises from cash and cash equivalents.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Group will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'A'.

The Group considers that it is not exposed to major concentrations of credit risk.

The Group holds cash as a liquid resource to fund its obligations. The Group's cash balances are held primarily in Sterling and US Dollars. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

The currency profile of the Group's cash and cash equivalent is as follows:

	2018	2017
Cash and cash equivalents	£ 000's	£ 000's
Sterling	51	73
US Dollars	139	7
At end of year	190	80

On the assumption that all other variables were held constant, and in respect of the Group's cash position, the potential impact of a 20% increase in the UK Sterling:US Dollar foreign exchange rate would not have a material impact on the Group's cash position and as such is not disclosed.

## c) Liquidity Risk

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The Group ensures that its liquidity is maintained by a management process which includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining funding sources and back-up facilities.

## Fair Value Estimation

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31 March 2018.

Items at fair value as at 31 March 2018	Level 1	Level 2	Level 3	Total
Assets	£ 000's	£ 000's	£ 000's	£ 000's
Available for sale assets - shares (Note 15)	-	-	1,324	1,324
Total Assets	-	-	1,324	1,324

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31 March 2017.

Items at fair value as at 31 March 2017	Level 1	Level 2	Level 3	Total
Assets	£ 000's	£ 000's	£ 000's	£ 000's

Available for sale assets - shares (Note 15) -	-	1,644	1,644
Total Assets	-	1,644	1,644

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market such as industry knowledge and experience of the Directors.

The movement in the levels during the year to 31 March 2018 are attributable to the changes in ownership status during the period and any additional equity purchases or fair value adjustments required as a result.

#### Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to position as a going concern and to continue its exploration and evaluation activities. The Group had £1,480,000 (USD 2,000,000) of debt at 31 March 2018 acquired on acquisition of Casa Mining Limited (2017 -Nil) and has capital, defined as the total equity and reserves of the Group, of £32,167,000 (2017: £15,778,000).

The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

## 23. Commitments

#### Operating leases

There are no operating leases.

#### Exploration commitments

Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration permits. No provision has been made in the Group financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.

#### 24. Contingent Liabilities

Vendor royalty and NSR arose as part of the consideration in 2010 for the Group's acquisition of Kremnica Gold s.r.o. and Kremnica Gold Mining s.r.o.(since 1 April 2014 both merged together and renamed Ortac s.r.o).

During the year the Company purchased both the Vendor royalty and the NSR for a total consideration of £50,000.

The contingent liability at 31 March 2018 is £ Nil (2017: £3,040,000).

## 25. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no other transactions with related parties.

#### Remuneration of Key Management Personnel

**The remuneration of the Directors is set out in note 8.**

**£11,700 was paid to Carter Capital Limited in respect of services provided to the Company by A Balme. A Blame is a director of said company. This amount has been included in the remuneration report.**

**£64,000 was paid to VC Resources Limited in respect of services provided to the Company by V Carellas. V Carellas is a director of said company. This amount**

has been included in the remuneration report.

All other key management were paid their remuneration directly.

At the date of the Annual Report M Foster, V Carellas and N von Schirnding are Directors of Casa Mining Limited. J de Thierry was formerly a Director. N von Schirnding is currently a Director of Zamsort Limited having replaced V Carellas.

## 26. Ultimate controlling party

There is no ultimate controlling party in the opinion of the Board.

## 27. Events after the reporting period

(i) The share exchange offer for Casa Mining Limited was open until 9 May 2018. On expiry of the offer the Company had increased its interest in Casa from 92.1% at 31 March 2018 to 99.4%

(ii) On 6 June 2018, the Company gained control of Zamsort Limited through acquiring 52% of its share capital. This shareholding subsequently increased to 66% on 11 July 2018. The 66% excludes the convertible loan note details of which can be found in note 15. Consideration for the purchases was 141,583,333 ordinary shares.

A gain on the fair value revaluation of the investment has been calculated as follows:

	£'000
Carrying value of the investment	545
Fair Value of investment	980
Gain on revaluation	435

Details of net assets acquired are as follows:

	On acquisition
	£'000
Purchase consideration (102,083,333 shares @ 2.4p)	2,450
Fair Value of investment	980
Non-controlling interest	3,570
	7,000
Fair value of net assets acquired (see below)	2,729

Value of licences/Intangible assets	4,271
Goodwill	-

The net assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	On acquisition
	£'000
Cash and cash equivalents	4
Property, plant and equipment	2,847
Intangible assets	422
Inventory	1,088
Trade and other receivables	4
Trade and other payables	(417)
Shareholder loans	(1,219)
Net assets acquired	2,729

If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

(iii) The Company has received an offer of USD 532,000 for its shares in Andiamo Exploration Limited. The offer is conditional and has a long stop date of 4 September 2018.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [ms@seg.com](mailto:ms@seg.com) or visit [www.ms.com](http://www.ms.com).

END