

**Group Directors and Strategic Report and  
Consolidated Financial Statements for the Year Ended 31 December 2017  
for  
PATHFINDER MINERALS PLC**

**Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2017**

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Company Information  
for the Year Ended 31 December 2017

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|------------------------------|---|
| <b>DIRECTORS:</b>            | Sir H C Bellingham<br>R P Easby<br>N S Trew                               |
| <b>SECRETARY:</b>            | R P Easby   |
| <b>REGISTERED OFFICE:</b>    | Becket House<br>36 Old Jewry<br>London<br>EC2R 8DD                        |
| <b>REGISTERED NUMBER:</b>    | 02578942 (England and Wales)  |
| <b>INDEPENDENT AUDITORS:</b> | Chapman Davis LLP<br>2 Chapel Court<br>London<br>SE1 1HH                  |
| <b>SOLICITORS:</b>           | Travers Smith LLP<br>10 Snow Hill<br>London<br>EC1A 2AL                   |
| <b>NOMINATED ADVISOR:</b>    | WH Ireland Limited<br>24 Martin Lane<br>London<br>EC4R 0DR                |
| <b>REGISTRARS:</b>           | Link Assets Services<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU |
| <b>BANKERS:</b>              | Royal Bank of Scotland<br>1 Dale Street<br>Liverpool<br>L2 2PP            |

## **INTRODUCTION**

Throughout 2017, the Board continued to pursue the reinstatement to the Company of the areas previously licensed to Pathfinder in Mozambique under Mining Concession nos. 760C and 4623C. These licences were consolidated under Mining Concession no. 4623C (the "Licence") in November 2011 and transferred without the Company's knowledge or consent to Pathfinder Moçambique, S.A. ("Pathfinder Moçambique") – an entity with which neither Pathfinder nor its subsidiaries are affiliated. Pathfinder Moçambique is owned by the Company's former local partners.

## **STEPS TO RECOVER THE COMPANY'S ASSETS**

In addition to pursuing recognition in Mozambique of the October 2012 English High Court judgment, which confirms, contrary to the former local partners' assertions, that Pathfinder legally acquired 99.99% of the shares of the entity from which the Licence was appropriated (the "English Judgment"), significant attempts were made in 2017 to settle the dispute through discussions with General Veloso, the principal former local partner (and his daughter Miriam Veloso on his behalf) and, separately, with the Government of Mozambique.

Following a number of discussions during which the terms upon which the parties would be prepared to settle the dispute were discussed, the Company sent a letter to General Veloso in March 2017 confirming its agreement in principle to a resolution and providing an outline proposal with respect to the same.

In September 2017, the Company sent a proposed framework for an agreement to resolve the dispute to Miriam Veloso. During October 2017, the Company's regional representative and Miriam Veloso exchanged communications regarding the framework agreement. Following further exchanges in October 2017 in which General Veloso and Miriam Veloso requested that an acceptable proposal should be tabled, a meeting took place in November 2017 in Maputo between the Company's regional representative, General Veloso and Miriam Veloso.

A further meeting with General Veloso took place after the year-end, in January 2018, at which the Company was represented by Professor Waty (an eminent expert on Mozambican law). Following that meeting, a request was made that the framework agreement should be broken down into a "road map" to enable General Veloso and Miriam Veloso to identify the stages required towards closure and this was provided later the same month.

These discussions ended in February 2018 upon receipt of a communication from Diogo Cavaco, one of the former local partners, informing the Company that there was no ongoing settlement negotiation. While the Board remains open to resuming a dialogue with the former local partners on a reasonable basis, it is focused on enforcing the Company's rights through the judicial process.

Paramount to the legal process is the Company's application, lodged with the Supreme Court in Mozambique in August 2013, for recognition of the English Judgment. While the timing of the ruling is unknown, and there can be no certainty of a favourable decision, the Board believes a favourable decision – effectively recognising Pathfinder's ownership of the entity from which the Licence was appropriated - would ultimately cause the Ministry of Mineral Resources of Mozambique to put the Licence back to that entity, under Pathfinder's control, and enable the Company to resume development of the project.

I should like to remind you that the Company's first application for recognition in Mozambique of an English judgment – in that instance, orders by the English court for costs aggregating £106,000 to be paid by the former local partners - was unsuccessful (as announced in September 2015). Following its ruling, the Supreme Court admitted a 'harmonisation of laws' appeal from the Company against this unfavourable decision (an appeal based on the existence of a previous conflicting decision), but subsequently dismissed the appeal (as announced in October 2017) on procedural grounds.

The Company is advised in respect of its application for recognition of the English Judgment that the Supreme Court is not bound to follow its previous decisions.

**FINANCIAL RESULTS AND CURRENT FINANCIAL POSITION**

The Company was required to conduct three share issues for cash during the year under review to enable us to continue our strategy to recover the Licence and meet our ongoing obligations as an AIM-listed company. Accordingly, Pathfinder raised approximately an aggregate £620,000 in net proceeds from three fundraisings in March, September and December 2017. We are grateful for the support of investors and continue to believe that the Licence, if recovered, will deliver considerable value to shareholders as a world-class mineral sands asset.

We continue to manage costs conservatively. Payments of an aggregate 30% of directors' fees incurred in the period under review, in addition to other benefits such as pension contributions, have been deferred until the Company is in materially better financial health. With effect from 1 April 2018, the fixed salaries of Nicholas Trew and myself were reduced by 50% until such time as the Licence has been recovered.

The financial statements of the Pathfinder Group for the year ended 31 December 2017 follow later in this report. The Income Statement shows a loss of £615,000 (2016 - £582,000) of which £94,000 relates to directors' fees and pension contributions that are recorded as a liability in 'Trade and other payables' but actual payment of which have been deferred as described above and in 'Note 20' to these accounts.

The Group's Statement of Financial Position shows net assets (excluding £277,000 of deferred fees and pension contributions described in 'Note 20') at 31 December 2017 of £224,000 (31 December 2016 - £122,000). The assets are held largely in the form of cash deposits (totalling £248,000 at the end of the period). A further £250,000 was raised after the year end, in May 2018, through a placing of new shares with investors.

**OUTLOOK**

Earlier this month, Pathfinder announced that the Supreme Court in Mozambique had notified the Company of its request for final written submissions in relation to Pathfinder's application for recognition of the English Judgment. The Company has duly complied and has lodged final written submissions with the Supreme Court. Pathfinder is confident in its application and is encouraged by the request for final written submissions, which shows that the court is advancing – albeit slowly – through its process.

The length of time it is taking for the Supreme Court to opine on the application for recognition is frustrating for us all. However, the Board believes that, absent a speedier resolution via Mozambique's Ministry of Mineral Resources, pursuing the judicial process is the main avenue available to Pathfinder to recover meaningful value for Pathfinder's shareholders.

The Board's primary focus remains to pursue the reinstatement of the appropriated Licence. However, the Board also receives other approaches from time to time for broader opportunities in mineral sands projects. Any meaningful acquisition of a new project would likely be considered a reverse takeover under the AIM rules for companies and the Board would of course come back to shareholders for approval on any significant investment, consistent with our AIM rule obligations.

We announced last month the Company's intention, subject to customary directorate appointment regulatory due diligence, to appoint Blair Sergeant and Simon Farrell to the Board as Chief Executive Officer and Non-executive Co-chairman respectively. A further announcement concerning the proposed appointments of Mr Sergeant and Mr Farrell will be made in due course.

On behalf of the Board, I should like to thank all shareholders for their continuing support while the Board is doing everything in its power to recover the Licence on terms which represent meaningful value for Pathfinder's shareholders.

**ON BEHALF OF THE BOARD:**

Sir H C Bellingham - Director  
28 June 2018

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017.

An overview of the group results is presented in the Chairman's Statement.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Sir H C Bellingham  
N S Trew  
R P Easby

**FINANCIAL INSTRUMENTS**

The company's financial instruments consist entirely of cash that arises directly from its operations. The main purpose of these financial instruments is to fund the company's operations as well as to manage working capital, liquidity and invest surplus funds. It is, and has been throughout the period under review, the company's policy not to enter into derivative transactions and no trading in financial instruments has been undertaken.

**POLITICAL DONATIONS AND EXPENDITURE**

No charitable or political contributions were made during the current or previous year.

**MAJOR SHAREHOLDERS**

As at 1 June 2018 the following shareholders were beneficially interested in 3% or more of the Company's ordinary share capital insofar as the Company is aware and based on the Company's latest available 'Detailed Share Register Analysis: Beneficial Owner' report.

| Shareholder name                                      | Number of 0.1p ordinary shares | Shareholding percentage |
|---|--------------------------------|-------------------------|
| Mr Nicholas Trew (Director)                           | 21,449,735                     | 8.38%                   |
| Align Research and related party - R S & C A Jennings | 9,500,000                      | 3.71%                   |
| Mr E P Walsh  | 9,212,295                      | 3.60%                   |
| Mr Kane Morgan  | 8,475,000                      | 3.31%                   |

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. The company's average creditor days during the year were 20 days (2016: 20 days).

**RISK EXPOSURE**

The Companies Act 2006 requires the directors to set out in this report how the Group manages its exposure to risk.

The directors consider that the Company has sufficient cash and cash equivalents to meet its foreseeable operational requirements.

**CORPORATE GOVERNANCE**

The Board is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds regular Board meetings, at which financial and other reports, including working capital reports and acquisition opportunities, are considered and, where appropriate, voted on.

The directors support high standards of corporate governance and the Board complies with the QCA Guidelines so far as reasonably practicable and appropriate taking into account the Company's size. The Company's current situation does not allow for separate audit and remuneration committees and is not conducive to the appointment of non-executive directors, all of which the Board is keen to do as soon as circumstances allow.

The Board supports the principle of clear reporting of financial performance to shareholders. Each year, shareholders receive a full annual report and interim report. The Board regards the Annual General Meeting as an opportunity to communicate directly with private investors. Directors attend the Annual General Meeting and are available to answer questions from shareholders present. The Board actively encourages feedback and shareholder dialogue, whether oral or written.

**DISCLOSURE IN THE STRATEGIC REPORT**

Strategic matters relating to the company throughout the reporting period are outlined in the Chairman's Statement.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**GOING CONCERN**

The directors have considered the appropriateness of the going concern concept in the preparation of the financial statements, especially considering the negative equity position the company is in. After a review of the cash requirements of the company, the directors believe that the company will have sufficient cash reserves available for at least the next 12 months from the date of this report. As disclosed in note 21, the company has raised £250,000 via a subscription for new shares after the balance sheet date in order to remedy the negative equity position.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

N S Trew - Director

28 June 2018

**OPINION**

We have audited the financial statements of Pathfinder Minerals Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows, and the related notes 1 to 22, including the significant accounting policies in note 3.

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 financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS REGARDING GOING CONCERN**

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

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of the financial statements of the current period. Such matters would be addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and a separate opinion on such matters would not be provided.

We have determined that there are no key audit matters to be communicated in our report.

The materiality for the group financial statements as a whole was set at £30,000, being 5% of the loss for the year and less than 10% of both total assets and total liabilities.

#### **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Directors' and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' and Strategic Report has been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit we have not identified material misstatements in the Directors' and Strategic Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **RESPONSIBILITIES OF THE DIRECTORS**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

**Report of the Independent Auditors to the Members of  
Pathfinder Minerals Plc**

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Fulton (Senior Statutory Auditor)  
for and on behalf of Chapman Davis LLP  
Chartered Accountants and Statutory Auditors  
2 Chapel Court  
London  
SE1 1HH

28 June 2018

**PATHFINDER MINERALS PLC****Consolidated Income Statement  
for the Year Ended 31 December 2017**

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|   | Notes | 2017<br>£'000 | 2016<br>£'000 |
|---|-------|---------------|---------------|
| <b>CONTINUING OPERATIONS</b>                        |       |               |               |
| Revenue   |       | -             | -             |
| Other operating income                              | 5     | -             | 161           |
| Administrative expenses                             |       | <u>(615)</u>  | <u>(743)</u>  |
| <b>OPERATING LOSS</b>                               |       | (615)         | (582)         |
| Finance income                                      | 7     | <u>-</u>      | <u>-</u>      |
| <b>LOSS BEFORE INCOME TAX</b>                       | 8     | (615)         | (582)         |
| Income tax  | 9     | <u>-</u>      | <u>-</u>      |
| <b>LOSS FOR THE YEAR</b>                            |       | <u>(615)</u>  | <u>(582)</u>  |
| Loss attributable to:<br>Owners of the parent       |       | <u>(615)</u>  | <u>(582)</u>  |
| Earnings per share expressed<br>in pence per share: |       |               |               |
| Basic   | 11    | -0.33         | -0.44         |
| Diluted   |       | <u>-0.33</u>  | <u>-0.44</u>  |

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Consolidated Statement of Comprehensive Income  
for the Year Ended 31 December 2017**

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|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| <b>LOSS FOR THE YEAR</b>  | (615)         | (582)         |
| <b>OTHER COMPREHENSIVE INCOME</b>                                   | <u>-</u>      | <u>-</u>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE<br/>YEAR</b>                  | <u>(615)</u>  | <u>(582)</u>  |
| Total comprehensive income attributable to:<br>Owners of the parent | <u>(615)</u>  | <u>(582)</u>  |

The notes form part of these financial statements

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**Consolidated Statement of Financial Position**  
**31 December 2017**

|                                     | Notes | 2017<br>£'000     | 2016<br>£'000     |
|-------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                       |       |                   |                   |
| <b>NON-CURRENT ASSETS</b>           |       |                   |                   |
| Property, plant and equipment       | 12    | -                 | 1                 |
| Investments                         | 13    | -                 | -                 |
|                                     |       | <u>-</u>          | <u>1</u>          |
| <b>CURRENT ASSETS</b>               |       |                   |                   |
| Trade and other receivables         | 14    | 56                | 65                |
| Cash and cash equivalents           | 15    | 248               | 134               |
|                                     |       | <u>304</u>        | <u>199</u>        |
| <b>TOTAL ASSETS</b>                 |       | <u><u>304</u></u> | <u><u>200</u></u> |
| <b>EQUITY</b>                       |       |                   |                   |
| <b>SHAREHOLDERS' EQUITY</b>         |       |                   |                   |
| Called up share capital             | 16    | 18,416            | 18,345            |
| Share premium                       | 17    | 11,997            | 11,445            |
| Retained earnings                   | 17    | (30,466)          | (29,851)          |
| <b>TOTAL EQUITY</b>                 |       | <u>(53)</u>       | <u>(61)</u>       |
| <b>LIABILITIES</b>                  |       |                   |                   |
| <b>CURRENT LIABILITIES</b>          |       |                   |                   |
| Trade and other payables            | 18    | 357               | 261               |
| <b>TOTAL LIABILITIES</b>            |       | <u>357</u>        | <u>261</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <u><u>304</u></u> | <u><u>200</u></u> |

The financial statements were approved by the Board of Directors on 28 June 2018 and were signed on its behalf by:

R P Easby - Director

The notes form part of these financial statements

Company Statement of Financial Position  
31 December 2017

|                                     | Notes | 2017<br>£'000     | 2016<br>£'000     |
|-------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                       |       |                   |                   |
| <b>NON-CURRENT ASSETS</b>           |       |                   |                   |
| Property, plant and equipment       | 12    | -                 | 1                 |
| Investments                         | 13    | -                 | -                 |
|                                     |       | <u>-</u>          | <u>1</u>          |
| <b>CURRENT ASSETS</b>               |       |                   |                   |
| Trade and other receivables         | 14    | 56                | 65                |
| Cash and cash equivalents           | 15    | 248               | 134               |
|                                     |       | <u>304</u>        | <u>199</u>        |
| <b>TOTAL ASSETS</b>                 |       | <u><u>304</u></u> | <u><u>200</u></u> |
| <b>EQUITY</b>                       |       |                   |                   |
| <b>SHAREHOLDERS' EQUITY</b>         |       |                   |                   |
| Called up share capital             | 16    | 18,416            | 18,345            |
| Share premium                       | 17    | 11,997            | 11,445            |
| Retained earnings                   | 17    | (30,465)          | (29,850)          |
| <b>TOTAL EQUITY</b>                 |       | <u>(52)</u>       | <u>(60)</u>       |
| <b>LIABILITIES</b>                  |       |                   |                   |
| <b>CURRENT LIABILITIES</b>          |       |                   |                   |
| Trade and other payables            | 18    | 356               | 260               |
| <b>TOTAL LIABILITIES</b>            |       | <u>356</u>        | <u>260</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <u><u>304</u></u> | <u><u>200</u></u> |

The financial statements were approved by the Board of Directors on 28 June 2018 and were signed on its behalf by:

R P Easby - Director

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2017**

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|                                    | Called up<br>share<br>capital<br>£'000 | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------|--|-------------------------------|---------------------------|--------------------------|
| <b>Balance at 1 January 2016</b>   | 18,289                                 | (29,269)                      | 11,022                    | 42                       |
| <b>Changes in equity</b>           |  |                               |                           |                          |
| Issue of share capital             | 56                                     | -                             | 423                       | 479                      |
| Total comprehensive income         | -                                      | (582)                         | -                         | (582)                    |
| <b>Balance at 31 December 2016</b> | <u>18,345</u>                          | <u>(29,851)</u>               | <u>11,445</u>             | <u>(61)</u>              |
| <b>Changes in equity</b>           |  |                               |                           |                          |
| Issue of share capital             | 71                                     | -                             | 552                       | 623                      |
| Total comprehensive income         | -                                      | (615)                         | -                         | (615)                    |
| <b>Balance at 31 December 2017</b> | <u><u>18,416</u></u>                   | <u><u>(30,466)</u></u>        | <u><u>11,997</u></u>      | <u><u>(53)</u></u>       |

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Company Statement of Changes in Equity  
for the Year Ended 31 December 2017**

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|                                    | Called up<br>share<br>capital<br>£'000 | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------|--|-------------------------------|---------------------------|--------------------------|
| <b>Balance at 1 January 2016</b>   | 18,289                                 | (29,269)                      | 11,022                    | 42                       |
| <b>Changes in equity</b>           |  |                               |                           |                          |
| Issue of share capital             | 56                                     | -                             | 423                       | 479                      |
| Total comprehensive income         | <u>-</u>                               | <u>(581)</u>                  | <u>-</u>                  | <u>(581)</u>             |
| <b>Balance at 31 December 2016</b> | <u>18,345</u>                          | <u>(29,850)</u>               | <u>11,445</u>             | <u>(60)</u>              |
| <b>Changes in equity</b>           |  |                               |                           |                          |
| Issue of share capital             | 71                                     | -                             | 552                       | 623                      |
| Total comprehensive income         | <u>-</u>                               | <u>(615)</u>                  | <u>-</u>                  | <u>(615)</u>             |
| <b>Balance at 31 December 2017</b> | <u><u>18,416</u></u>                   | <u><u>(30,465)</u></u>        | <u><u>11,997</u></u>      | <u><u>(52)</u></u>       |

The notes form part of these financial statements

**PATHFINDER MINERALS PLC****Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2017**

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|   |   | 2017<br>£'000     | 2016<br>£'000     |
|---|---|-------------------|-------------------|
| <b>Cash flows from operating activities</b>           |   |                   |                   |
| Cash absorbed by operations                           | 1 | <u>(509)</u>      | <u>(423)</u>      |
| Net cash from operating activities                    |   | <u>(509)</u>      | <u>(423)</u>      |
| <b>Cash flows from investing activities</b>           |   |                   |                   |
| Purchase of tangible fixed assets                     |   | -                 | (2)               |
| Interest received                                     |   | <u>-</u>          | <u>-</u>          |
| Net cash from investing activities-                   |   | <u>-</u>          | <u>(2)</u>        |
| <b>Cash flows from financing activities</b>           |   |                   |                   |
| Share issue   |   | 664               | 495               |
| Share issue expenses                                  |   | <u>(41)</u>       | <u>(16)</u>       |
| Net cash from financing activities                    |   | <u>623</u>        | <u>479</u>        |
|   |   | <u>        </u>   | <u>        </u>   |
| <b>Increase in cash and cash equivalents</b>          |   | 114               | 54                |
| <b>Cash and cash equivalents at beginning of year</b> | 2 | <u>134</u>        | <u>80</u>         |
|   |   | <u>        </u>   | <u>        </u>   |
| <b>Cash and cash equivalents at end of year</b>       | 2 | <u><u>248</u></u> | <u><u>134</u></u> |

The notes form part of these financial statements

**PATHFINDER MINERALS PLC**

**Company Statement of Cash Flows  
for the Year Ended 31 December 2017**

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|   |   | 2017<br>£'000     | 2016<br>£'000     |
|---|---|-------------------|-------------------|
| <b>Cash flows from operating activities</b>           |   |                   |                   |
| Cash absorbed by operations                           | 1 | <u>(509)</u>      | <u>(423)</u>      |
| Net cash from operating activities                    |   | <u>(509)</u>      | <u>(423)</u>      |
| <b>Cash flows from investing activities</b>           |   |                   |                   |
| Purchase of tangible fixed assets                     |   | -                 | (2)               |
| Interest received                                     |   | <u>-</u>          | <u>-</u>          |
| Net cash from investing activities                    |   | <u>-</u>          | <u>(2)</u>        |
| <b>Cash flows from financing activities</b>           |   |                   |                   |
| Share issue   |   | 664               | 495               |
| Share issue expenses                                  |   | <u>(41)</u>       | <u>(16)</u>       |
| Net cash from financing activities                    |   | <u>623</u>        | <u>479</u>        |
|   |   | <u>        </u>   | <u>        </u>   |
| <b>Increase in cash and cash equivalents</b>          |   | 114               | 54                |
| <b>Cash and cash equivalents at beginning of year</b> | 2 | <u>134</u>        | <u>80</u>         |
| <b>Cash and cash equivalents at end of year</b>       | 2 | <u><u>248</u></u> | <u><u>134</u></u> |

The notes form part of these financial statements

**Notes to the Statements of Cash Flows  
for the Year Ended 31 December 2017**

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH ABSORBED BY OPERATIONS**

**Group**

|   | 2017                | 2016                |
|---|---------------------|---------------------|
|   | £'000               | £'000               |
| Loss before income tax                  | (615)               | (582)               |
| Depreciation charges                    | 1                   | 1                   |
| Finance income                          | -                   | -                   |
|   | <u>(614)</u>        | <u>(581)</u>        |
| Decrease in trade and other receivables | 9                   | 29                  |
| Increase in trade and other payables    | <u>96</u>           | <u>129</u>          |
| <b>Cash absorbed by operations</b>      | <b><u>(509)</u></b> | <b><u>(423)</u></b> |

**Company**

|   | 2017                | 2016                |
|---|---------------------|---------------------|
|   | £'000               | £'000               |
| Loss before income tax                  | (615)               | (581)               |
| Depreciation charges                    | 1                   | 1                   |
| Finance income                          | -                   | -                   |
|   | <u>(614)</u>        | <u>(580)</u>        |
| Decrease in trade and other receivables | 9                   | 29                  |
| Increase in trade and other payables    | <u>96</u>           | <u>128</u>          |
| <b>Cash absorbed by operations</b>      | <b><u>(509)</u></b> | <b><u>(423)</u></b> |

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

|                                    | <b>Group</b> |            | <b>Company</b> |            |
|------------------------------------|--------------|------------|----------------|------------|
| <b>Year ended 31 December 2017</b> | 31.12.17     | 1.1.17     | 31.12.17       | 1.1.17     |
|                                    | £'000        | £'000      | £'000          | £'000      |
| Cash and cash equivalents          | <u>248</u>   | <u>134</u> | <u>248</u>     | <u>134</u> |
| <b>Year ended 31 December 2016</b> | 31.12.16     | 1.1.16     | 31.12.16       | 1.1.16     |
|                                    | £'000        | £'000      | £'000          | £'000      |
| Cash and cash equivalents          | <u>134</u>   | <u>80</u>  | <u>134</u>     | <u>80</u>  |

The notes form part of these financial statements

**1. GENERAL INFORMATION**

Pathfinder Minerals Plc is a public limited company whose ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange; and is incorporated and domiciled in the UK. The address of its registered office is Becket House, 36 Old Jewry, London EC2R 8DD.

The financial statements of Pathfinder Minerals PLC for the year ended 31 December 2017 were authorised for issue by the Board on 28 June 2018 and the statement of consolidated financial position signed on the Board's behalf by Robert Easby.

**2. STATUTORY INFORMATION**

Pathfinder Minerals Plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**3. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and are presented in the functional currency in £'000.

As a result of the funding activities undertaken since the year end, the Company has improved its short-term liquidity position. The Board have reviewed the Company's cash requirements for the next 12 months and, after taking account of reasonably possible changes in both expenditure and equity investment, have concluded that the Company should be able to operate within its current level of financing.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Although the Company's direct subsidiary, IM Minerals Limited, itself holds the whole of the issued share capital of Companhia Mineira de Naburi SARL, which in turn holds the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, events in 2011 indicated that the Company does not control either of these sub-subsidiaries. Neither has it been possible to obtain audited accounts for them. Accordingly these financial statements consolidate the financial statements of IM Minerals Limited only. IM Minerals Limited is a dormant intermediate holding company.

**Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery            - 33% on cost

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

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**3. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Employee benefit costs**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

**New standards and interpretations not yet adopted**

The adoption of new standards, where relevant, has had no impact on the reported results nor on the financial position of the company.

**Critical accounting estimates and judgements**

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group using International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

Details of accounting estimates and judgements that have the most significant effect on the amounts recognised in the financial statements have been disclosed under the relevant note or accounting policy for each area where disclosure is required.

**4. SEGMENTAL REPORTING**

The Group has one activity only. Of the Group's administrative expenses, £21,000 (2016: £53,000) was spent in Mozambique. The whole of the value of the Group's and the Company's net assets in their respective financial statements at 31 December 2017 and 2016 was attributable to UK assets and liabilities.

**5. OTHER OPERATING INCOME**

|                 | 2017              | 2016              |
|-----------------|-------------------|-------------------|
|                 | £'000             | £'000             |
| Sundry receipts | -                 | 161               |
|                 | <u>          </u> | <u>          </u> |

On 23 August 2016, the English High Court made orders for the sale of the aggregate 19,824,000 shares held by JV Consultores Internacionais Limitada and Diogo Cavaco in the Company. Other operating income represents receipts from the sale of these shares.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**6. EMPLOYEES AND DIRECTORS**

There were no employees, other than the directors.

The following tables set out and analyse the remuneration of directors for the years ended 31 December 2017 and 2016.

Year ended 31 December 2017:

|                  | Salary<br>£000 | Benefits<br>in kind<br>£000 | Total<br>emoluments<br>£000 | Contributions to<br>pension<br>schemes<br>£000 | Total<br>remuneration<br>2017<br>£000 |
|------------------|----------------|-----------------------------|-----------------------------|--|---------------------------------------|
| Henry Bellingham | 48             | -                           | 48                          | -  | 48                                    |
| Nicholas Trew    | 150            | 5                           | 155                         | 15   | 170                                   |
| Robert Easby     | 60             | -                           | 60                          | -  | 60                                    |
|                  | <u>258</u>     | <u>5</u>                    | <u>263</u>                  | <u>15</u>                                      | <u>278</u>                            |

Year ended 31 December 2016:

|                  | Salary<br>£000 | Benefits<br>in kind<br>£000 | Total<br>emoluments<br>£000 | Contributions to<br>pension<br>schemes<br>£000 | Total<br>remuneration<br>2017<br>£000 |
|------------------|----------------|-----------------------------|-----------------------------|--|---------------------------------------|
| Henry Bellingham | 48             | -                           | 48                          | -  | 48                                    |
| Nicholas Trew    | 150            | 5                           | 155                         | 15   | 170                                   |
| James Normand    | 50             | 4                           | 54                          | 5  | 59                                    |
| Robert Easby     | 45             | -                           | 45                          | -  | 45                                    |
|                  | <u>293</u>     | <u>9</u>                    | <u>302</u>                  | <u>20</u>                                      | <u>322</u>                            |

In addition to the above amounts, James Normand received £14,665 as part of a settlement agreement following his resignation as director.

No share options were exercised by the directors, and no shares were received or receivable by any director in respect of qualifying services under a long term incentive scheme.

**7. NET FINANCE INCOME**

|                          | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------|---------------|---------------|
| Finance income:          |               |               |
| Deposit account interest | <u>-</u>      | <u>-</u>      |

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**8. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

|                              | 2017     | 2016     |
|------------------------------|----------|----------|
|                              | £'000    | £'000    |
| Depreciation - owned assets  | 1        | 1        |
| Auditors' remuneration       | 8        | 11       |
| Foreign exchange differences | <u>2</u> | <u>8</u> |

**9. INCOME TAX**

**Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

|  | 2017         | 2016         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Loss before income tax   | <u>(615)</u> | <u>(582)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19%<br>(2016 - 20%) | (117)        | (116)        |
| Effects of:  |              |              |
| Unrelieved tax losses carried forward  | 117          | 148          |
| Income not chargeable to tax   | <u>-</u>     | <u>(32)</u>  |
| Tax expense  | <u>-</u>     | <u>-</u>     |

**10. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £615,224 (2016 - £581,282).

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2017**

**11. LOSS PER SHARE**

Basic loss per share is calculated, as set out in the tables below, by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

A diluted loss per share has not been calculated as the effect of the exercise of outstanding warrants and options would be anti-dilutive.

|  | Loss<br>£'000 | 2017<br>Weighted<br>average<br>number<br>of<br>shares | Per-share<br>amount<br>pence |
|--|---------------|---|------------------------------|
| <b>Basic</b>                                   |               |   |                              |
| Earnings attributable to ordinary shareholders | (615)         | 185,404,008   | -0.33                        |
| Effect of dilutive securities                  | <u>-</u>      | <u>-</u>  | <u>-</u>                     |
| <b>Diluted</b>                                 |               |   |                              |
| Adjusted earnings                              | <u>(615)</u>  | <u>185,404,008</u>                                    | <u>-0.33</u>                 |

|  | Loss<br>£'000 | 2016<br>Weighted<br>average<br>number<br>of<br>shares | Per-share<br>amount<br>pence |
|--|---------------|---|------------------------------|
| <b>Basic</b>                                   |               |   |                              |
| Earnings attributable to ordinary shareholders | (582)         | 131,985,901   | -0.44                        |
| Effect of dilutive securities                  | <u>-</u>      | <u>-</u>  | <u>-</u>                     |
| <b>Diluted</b>                                 |               |   |                              |
| Adjusted earnings                              | <u>(582)</u>  | <u>131,985,901</u>                                    | <u>-0.44</u>                 |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

## 12. PROPERTY, PLANT AND EQUIPMENT

**Group**

|                       | Plant and<br>machinery<br>£'000 |
|-----------------------|---------------------------------|
| <b>COST</b>           |                                 |
| At 1 January 2017     | <u>2</u>                        |
| At 31 December 2017   | <u>2</u>                        |
| <b>DEPRECIATION</b>   |                                 |
| At 1 January 2017     | 1                               |
| Charge for year       | <u>1</u>                        |
| At 31 December 2017   | <u>2</u>                        |
| <b>NET BOOK VALUE</b> |                                 |
| At 31 December 2017   | <u><u>-</u></u>                 |
| At 31 December 2016   | <u><u>1</u></u>                 |

**Company**

|                       | Plant and<br>machinery<br>£'000 |
|-----------------------|---------------------------------|
| <b>COST</b>           |                                 |
| At 1 January 2017     | <u>2</u>                        |
| At 31 December 2017   | <u>2</u>                        |
| <b>DEPRECIATION</b>   |                                 |
| At 1 January 2017     | 1                               |
| Charge for year       | <u>1</u>                        |
| At 31 December 2017   | <u>2</u>                        |
| <b>NET BOOK VALUE</b> |                                 |
| At 31 December 2017   | <u><u>-</u></u>                 |
| At 31 December 2016   | <u><u>1</u></u>                 |

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

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## 13. INVESTMENTS

**Company**

|   | Shares in<br>group<br>undertakings<br>£'000 |
|---|---|
| <b>COST</b>                               |   |
| At 1 January 2017<br>and 31 December 2017 | <u>34,806</u>                               |
| <b>PROVISIONS</b>                         |   |
| At 1 January 2017<br>and 31 December 2017 | <u>34,806</u>                               |
| <b>NET BOOK VALUE</b>                     |   |
| At 31 December 2017                       | <u><u>-</u></u>                             |
| At 31 December 2016                       | <u><u>-</u></u>                             |

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries****I M Minerals Limited**

Registered office: United Kingdom  
Nature of business: Holding company

|                  |         |        |
|------------------|---------|--------|
| Class of shares: | %       |        |
| Ordinary         | holding | 100.00 |

**Companhia Mineira de Naburi SARL**

Registered office: Mozambique  
Nature of business: Mining

|                  |         |        |
|------------------|---------|--------|
| Class of shares: | %       |        |
| Ordinary         | holding | 100.00 |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

## 13. INVESTMENTS - continued

## Company

## Sociedade Geral de Mineracao de Moçambique SARL

Registered office: Mozambique

Nature of business: Dormant

|                  |                   |
|------------------|-------------------|
| Class of shares: | %                 |
| Ordinary         | holding<br>100.00 |

IM Minerals Limited held the shares in Companhia Mineira de Naburi SARL which held titanium dioxide mining concessions in the Republic of Mozambique. In November 2011 the original vendors of IM Minerals' subsidiary, Companhia Mineira de Naburi SARL ("CMdN"), advised the Company that they had procured the cancellation of IM Minerals' shares in CMdN and the transfer of its assets (the mining licences) to another company controlled by them. Whilst the Company is taking legal and other action in order to recover the shares and the licences, the Company, in the interest of accounting prudence, made full provision in the 2011 financial statements against the cost of its investment in IM Minerals.

## 14. TRADE AND OTHER RECEIVABLES

|                                | Group         |               | Company       |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Current:                       |               |               |               |               |
| Other debtors                  | 35            | 37            | 35            | 37            |
| VAT                            | 7             | 17            | 7             | 17            |
| Prepayments and accrued income | <u>14</u>     | <u>11</u>     | <u>14</u>     | <u>11</u>     |
|                                | <u>56</u>     | <u>65</u>     | <u>56</u>     | <u>65</u>     |

## 15. CASH AND CASH EQUIVALENTS

|               | Group         |               | Company       |               |
|---------------|---------------|---------------|---------------|---------------|
|               | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Bank accounts | <u>248</u>    | <u>134</u>    | <u>248</u>    | <u>134</u>    |

## 16. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: |          | Nominal<br>value: | 2017          | 2016          |
|----------------------------------|----------|-------------------|---------------|---------------|
| Number:                          | Class:   |                   | £'000         | £'000         |
| 230,819,182                      | Ordinary | 0.1p              | 231           | 160           |
| 183,688,116                      | Deferred | 9.9p              | <u>18,185</u> | <u>18,185</u> |
|                                  |          |                   | <u>18,416</u> | <u>18,345</u> |

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2017**

16. **CALLED UP SHARE CAPITAL - continued**

During the year the company made the following issues of Ordinary shares of 0.1p each for cash consideration:

20,000,000 Ordinary shares of 0.1p each at a premium of 0.9p per share;  
 28,333,333 Ordinary shares of 0.1p each at a premium of 0.65p per share; and  
 19,230,770 Ordinary shares of 0.1p each at a premium of 1.2p per share.

In addition, 3,000,000 Ordinary shares of 0.1p each were issued in return for corporate services provided by a third party.

17. **RESERVES**

**Group**

|                      | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Totals<br>£'000 |
|----------------------|-------------------------------|---------------------------|-----------------|
| At 1 January 2017    | (29,851)                      | 11,445                    | (18,406)        |
| Deficit for the year | (615)                         |                           | (615)           |
| Cash share issue     | -                             | 594                       | 594             |
| Share issue expenses | -                             | (42)                      | (42)            |
| At 31 December 2017  | <u>(30,466)</u>               | <u>11,997</u>             | <u>(18,469)</u> |
|                      | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Totals<br>£'000 |
| At 1 January 2016    | (29,270)                      | 11,022                    | (18,248)        |
| Deficit for the year | (581)                         |                           | (581)           |
| Cash share issue     | -                             | 439                       | 439             |
| Share issue expenses | -                             | (16)                      | (16)            |
| At 31 December 2016  | <u>(29,851)</u>               | <u>11,445</u>             | <u>(18,406)</u> |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

17. RESERVES - continued

Company

|                      | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Totals<br>£'000 |
|----------------------|-------------------------------|---------------------------|-----------------|
| At 1 January 2017    | (29,850)                      | 11,445                    | (18,405)        |
| Deficit for the year | (615)                         |                           | (615)           |
| Cash share issue     | -                             | 594                       | 594             |
| Share issue expenses | -                             | (42)                      | (42)            |
| At 31 December 2017  | <u>(30,465)</u>               | <u>11,997</u>             | <u>(18,468)</u> |

|                      | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Totals<br>£'000 |
|----------------------|-------------------------------|---------------------------|-----------------|
| At 1 January 2016    | (29,268)                      | 11,022                    | (18,246)        |
| Deficit for the year | (582)                         |                           | (582)           |
| Cash share issue     | -                             | 439                       | 439             |
| Share issue expenses | -                             | (16)                      | (16)            |
| At 31 December 2016  | <u>(29,850)</u>               | <u>11,445</u>             | <u>(18,405)</u> |

18. TRADE AND OTHER PAYABLES

|                                 | Group         |               | Company       |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Current:                        |               |               |               |               |
| Trade creditors                 | 12            | 18            | 12            | 17            |
| Social security and other taxes | 11            | 11            | 11            | 11            |
| Other creditors                 | 324           | 220           | 323           | 220           |
| Accruals and deferred income    | <u>10</u>     | <u>12</u>     | <u>10</u>     | <u>12</u>     |
|                                 | <u>357</u>    | <u>261</u>    | <u>356</u>    | <u>260</u>    |

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**19. CONTINGENT LIABILITIES**

As part of the agreement for the purchase of the shares in its subsidiary, Companhia Mineira de Naburi SARL (CMdN), the Company's subsidiary, IM Minerals Limited, agreed to pay the vendors a further sum of \$9,900,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Naburi mineral sands deposit. This sum has since been reduced by advances of £90,083, made by IM Minerals Limited, and £75,933, made by the Company, to one of the vendors, Mr Diogo Cavaco.

Similarly, as part of its agreement for the purchase of the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, CMdN has agreed to pay the vendors, BHP Billiton, a further sum of \$9,500,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Moebase mineral sands deposit. This obligation is guaranteed by IM Minerals Limited.

In the event that Pathfinder is successful in regaining control of the disputed Licences, the Company has agreed to issue ordinary shares to its' regional representative, Eduardo C. Mondlane Jr, equivalent to up to 25 per cent of the enlarged issued share capital of Pathfinder. In such circumstances, it is envisaged that the Mr Mondlane Jr will assist with the ongoing administration of Pathfinder's local operating subsidiaries and with the Company's relationships with regional and national authorities and with local communities.

**20. RELATED PARTY DISCLOSURES**

At the balance sheet date J P McKeon, a former director, owed the company £8,924.

In order to ease the pressure on the company's cash resources, the following directors deferred payment of their contracted salaries or fees and, where applicable, pension contributions. The amounts deferred, and included in other creditors, were as follows:

|                   | Salary/ fees<br>deferred at 1<br>January<br>2017<br>£000 | Pension<br>contributions<br>deferred at 1<br>January 2017<br>£000 | Salary/fees<br>deferred<br>during the<br>year<br>£000 | Pension<br>contributions<br>deferred during<br>the year<br>£000 | Salary/fees<br>deferred at 31<br>December<br>2017<br>£000 | Pension<br>contributions<br>deferred at 31<br>December 2017<br>£000 |
|-------------------|--|---|---|---|---|---|
| N S Trew          | 87   | 19  | 43  | 15  | 130   | 34  |
| J P<br>Normand    | 27   | 4   | -   | -   | 27  | 4   |
| H C<br>Bellingham | 28   | -   | 16  | -   | 44  | -   |
| R P Easby         | 17   | -   | 20  | -   | 37  | -   |
| J P McKeon        | <u>1</u>   | -   | -   | -   | <u>1</u>  | -   |
| <b>Total</b>      | <u><u>160</u></u>  | <u><u>23</u></u>  | <u><u>79</u></u>                                      | <u><u>15</u></u>  | <u><u>239</u></u>   | <u><u>38</u></u>  |

These amounts will be made good when it is safe and reasonable for the company to do so, but no fixed date for repayment has been set.

Details of directors' remuneration are given in note 6 above.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

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**21. EVENTS AFTER THE REPORTING PERIOD**

Following the end of the year the company has raised £250,000 via a subscription for new shares and issued 25m warrants to subscribe for new shares at a price of 1.5p per share, which lapse on 14 May 2021.

**22. SHARE OPTIONS AND WARRANTS**

The company granted the following share options to directors on 15 November 2016:

| Director       | Number of shares the subject of options or warrants | Exercise price per share | Latest exercise date |
|----------------|---|--------------------------|----------------------|
| H C Bellingham | 2,750,000   | 3p                       | 15 November 2021     |
| N S Trew       | 2,750,000   | 3p                       | 15 November 2021     |
| R P Easby      | <u>1,375,000</u>                                    | 3p                       | 15 November 2021     |
|                | <u><u>6,875,000</u></u>                             |                          |                      |

In addition to those listed above, J P Normand holds options over 1,600,000 shares with an exercise price of 47.5p.

The fair value of the options granted on 15 November 2016 was determined using the Black-Scholes pricing model. The resulting value was deemed immaterial by the directors and no charge has been made to the income statement.

As detailed in note 19, the company is contractually obliged to issue Eduardo Mondlane Jr ordinary shares equivalent to 25 per cent of the enlarged issued share capital of the company if certain conditions are met.