

# KODAL MINERALS PLC

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017



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# COMPANY INFORMATION

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# STRATEGIC REPORT

for the year ended 31 March 2017 – Chairman's Statement

## Chairman's Statement

I am pleased to present the Annual Report of Kodal Minerals plc ("Kodal", "Kodal Minerals" or the "Company" and together with its subsidiaries the "Group") for the year ended 31 March 2017.

Kodal Minerals began a year of significant change and development with the acquisition of a suite of ten West African gold licences (together the "Gold Projects") which was announced in April 2016 and completed in May 2016. This was followed by the subsequent acquisitions of six exciting Lithium exploration licences (together the "Lithium Projects") in southern Mali by way of three separate transactions announced in August, September and November 2016.

The Lithium Projects are referred to as the Bougouni Project and the Diendio Project. These acquisitions strengthened our focus in West Africa and further expanded the range of minerals in which the Group is interested. In particular, the Bougouni Project, acquired in September 2016, has been particularly successful for the Company with our exploration programme continuing to demonstrate high-grade lithium mineralisation. We have completed two drilling programmes at the Bougouni Project, with a total of six prospects tested. Drilling has consisted of reverse circulation ("RC") drilling and diamond drilling, with a total of 76 RC drill holes for 10,260 metres completed and 5 diamond drill holes for 362 metres completed. In particular, the Ngoulana prospect within the Bougouni Project looks extremely exciting with the strike length of the mineralised zone currently confirmed at 650 metres. This zone remains open a long strike and has yielded multiple high-grade intersections including 28 metres at 1.96% lithium oxide ( $\text{Li}_2\text{O}$ ).

The Company has been very successful in securing its financial position through a series of equity fundraisings during the year. In May 2016, we raised £0.7 million in connection with the acquisition of the Gold Projects. Subsequently, we completed a capital raising in October 2016 of £0.75 million to support the initial acquisition of the Lithium Projects, then a further placement of £1.0 million in January 2017 to expand the lithium exploration programme and continue to delineate the high-grade lithium mineralisation. Most significantly in March 2017, the Company announced an initial investment of £0.5 million by Singapore based investment company Suay Chin International Pte Limited ("Suay Chin"), followed in May 2017 with the conclusion of a formal subscription agreement with Suay Chin for a further £4.3 million investment in the Company together with a binding off-take term sheet covering the Group's lithium production from the Bougouni Project. This subscription agreement is continuing, with Suay Chin having completed staged investments since the year end for a total of £4.0 million, bringing its total investment to £4.5 million out of its overall committed investment of £4.8 million. Suay Chin is now the largest shareholder in the Company, with a holding of 18.92%.

While our focus is currently on the rapid definition of the extent of lithium mineralisation at our projects in southern Mali, the Company has maintained the suite of West African gold assets acquired in May 2016. In Cote d'Ivoire, the joint venture projects with Resolute Mining Limited ("Resolute") and Newcrest Mining Limited ("Newcrest") are continuing. Resolute has been very active in the Nielle licence, located in the north of Cote d'Ivoire, where a new surface gold anomaly has been defined. It is anticipated that Resolute will continue to explore this area in the coming year, and is expected to complete first pass reconnaissance drilling. Newcrest has continued with the auger drilling programme on the Dabakala licence, located in central Cote d'Ivoire, and continues to assess the area.

For those Gold Projects held outside the joint ventures, Kodal has maintained its licences in Mali and Cote d'Ivoire, and during the coming year will continue to review the exploration data and explore ways for the Company to advance these prospective areas most effectively.

Outside West Africa, the Group has maintained its Norwegian phosphate and titano-magnetite project ("Kodal Project") during the year and continues to evaluate opportunities for it. Following an impairment review at the other Norwegian project, the Grimeli copper project, the Company has fully impaired this asset and expects to relinquish these licence areas.

During the year, the Company also completed changes to the Board of directors, with the resignation of former Chairman David Jones and my stepping up from non-executive director to Chairman. The Company is looking to strengthen the Board, and when the Suay Chin placement is completed, Suay Chin will have the right to appoint a director who will assist the Company in its growth plans.

## STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Chairman's Statement (continued)

We are looking forward to the year ahead as we have a very busy exploration programme planned, which is concentrated on our lithium Bougouni and Diendio Projects. We will continue drilling at Bougouni with the aim of targeting extensions and providing definition to the known mineralised zones and looking to identify new prospects. With the support of our major shareholder, we will continue with the metallurgical testing of our lithium mineralised zones and review the plant and processing requirements to allow the production of a spodumene concentrate suitable for marketing to China-based end users. This will be a very exciting year for development at Bougouni and we anticipate being able to continue to add significantly to the value of the Lithium Projects.

We look forward to being able to report back to you during the year on developments.

Robert Wooldridge  
Non-executive Chairman

27 September 2017

# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Operational Review

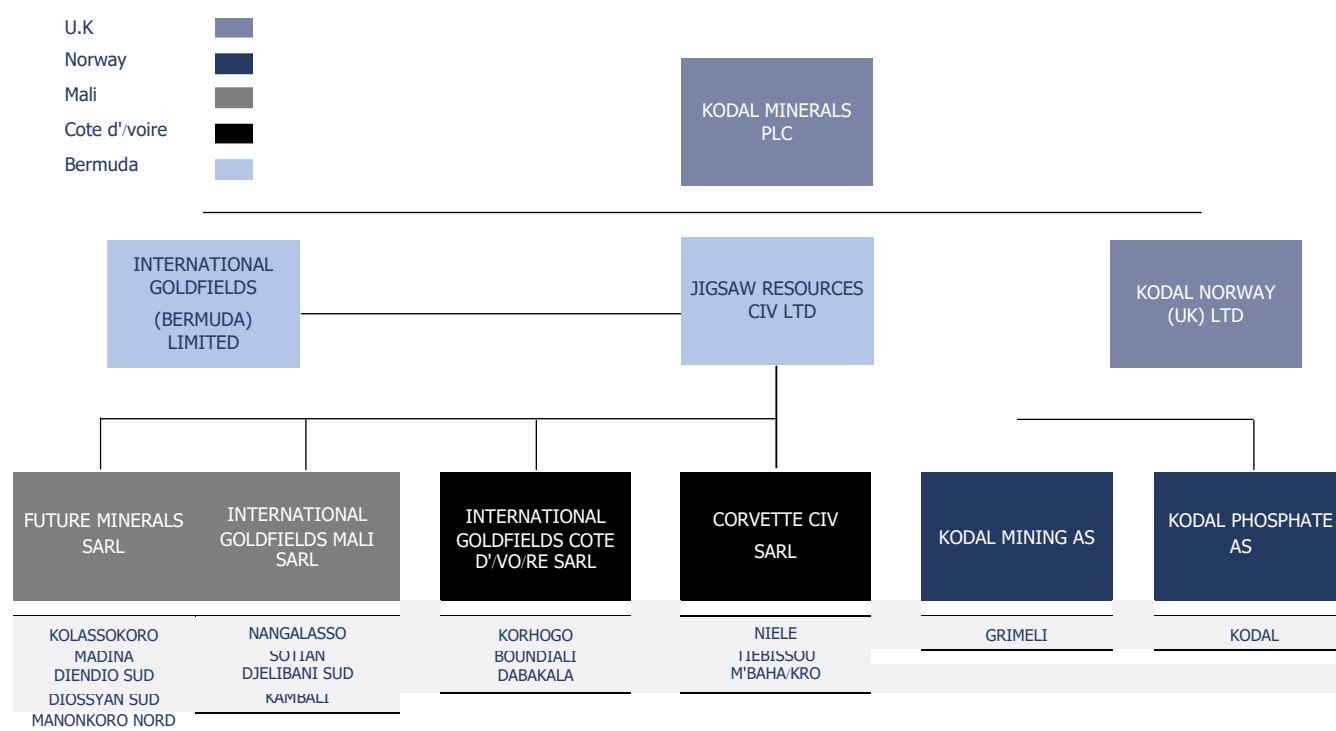
## Operational Review

I am delighted to present this operational review following a very busy and transformational year for our Company. Following a review of opportunities, the Board of Kodal identified lithium as a high-value strategic mineral having recently seen strong demand for batteries (deployed in electric cars and for static storage) and tight supply apply upward pressure on prices. The Company was able to leverage the strong operational history and understanding of Mali of its senior executives to acquire two exciting lithium exploration projects that significantly expanded our footprint in West Africa and which complement our existing gold exploration licences.

The two Lithium Projects are located in southern Mali – the Bougouni Project and the Diendio Project. Our field exploration activities for the year focused on these Lithium Projects, and in particular on the rapid advancement of the Bougouni Project where our exploration activities include geological mapping and geochemical sampling, trenching, geophysical review and drilling. The exploration completed to date has continued to return very encouraging results and the Company is planning a major exploration programme at Bougouni during the 2017/2018 financial year.

Kodal Minerals has also maintained the suite of gold exploration licences in Côte d'Ivoire and Mali following the acquisition of International Goldfields (Bermuda) Limited ("IG Bermuda") and its subsidiaries in May 2016. These gold licences are all located in highly mineralised regions of the Birimian sequence of West Africa and early stage exploration work has returned encouraging results.

The Group has maintained the Kodal Project in Norway during the year and continues to evaluate opportunities for it. Following an impairment review at the other Norwegian project, the Grimeli copper project, the Company has fully impaired this asset and expects to relinquish these licence areas.



Group structure

# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Operational Review (continued)

## Lithium Projects

The new Lithium Projects, located in southern Mali, are held by subsidiary company Future Minerals SARL ("Future Minerals"), a Malian registered company owned 100% by the Group. Future Minerals holds the rights to the Projects via three separate Option to Purchase Agreements that grant Kodal exclusive rights to explore and exploit all minerals in the respective licence areas, and upon completion of agreed staged payments allow Future Minerals to become the registered holder and owner of a 90% economic interest in each of the licences.

The Lithium Project licences are tabled below:

### Table of Concessions – Mali Lithium projects

Tenements	Country	Kodal Ownership	Project/Joint Venture	Validity
Kolassokoro	Mali	Held through Option to Purchase Agreement giving right to acquire up to 90% economic interest	Bougouni Project	Licence valid and in good standing. Renewal received dated 19 September 2017 and valid for 2 years.
Madina	Mali	Held through Option to Purchase Agreement giving right to acquire up to 90% economic interest	Bougouni Project	Licence valid and in good standing. Renewal received dated 19 September 2017 and valid for 2 years.
Diendio Sud	Mali	Held through Option to Purchase Agreement giving right to acquire up to 90% economic interest	Diendio Project	Licence valid and in good standing. First renewal expired on 30/4/2016. Application for renewal for a further 2 years submitted and awaiting formal approval; all fees paid.
Diossyan Sud	Mali	Held through Option to Purchase Agreement giving right to acquire up to 90% economic interest	Diendio Project	Licence valid and in good standing. First renewal expired on 2/5/2016. Application for renewal for a further 2 years submitted and awaiting formal approval; all fees paid.
Manankoro	Mali	Held through Option to Purchase Agreement giving right to acquire up to 90% economic interest	Diendio Project	Licence valid and in good standing.
Nord		Agreement giving right to acquire up to 90% economic interest		Licence is in the form of a signed convention dated 21/01/2013. The convention is the first stage of being granted a licence and it is normal to apply for an arrêté to continue exploration on areas of anomalism or geological interest.

The Group has applied for the arrêté and paid all fees. Upon grant, the arrêté will be valid for 3 years, with right for renewals each for 2 years.



All licences remain valid and in good standing pending receipt of formal documents for renewals or arrêtés in respect of which the Company has received letters from the Directorate Nationale de la Géologie et des Mines (“DNGM”, Malian National Directorate of Geology and Mines) confirming all such applications are complete and in process.

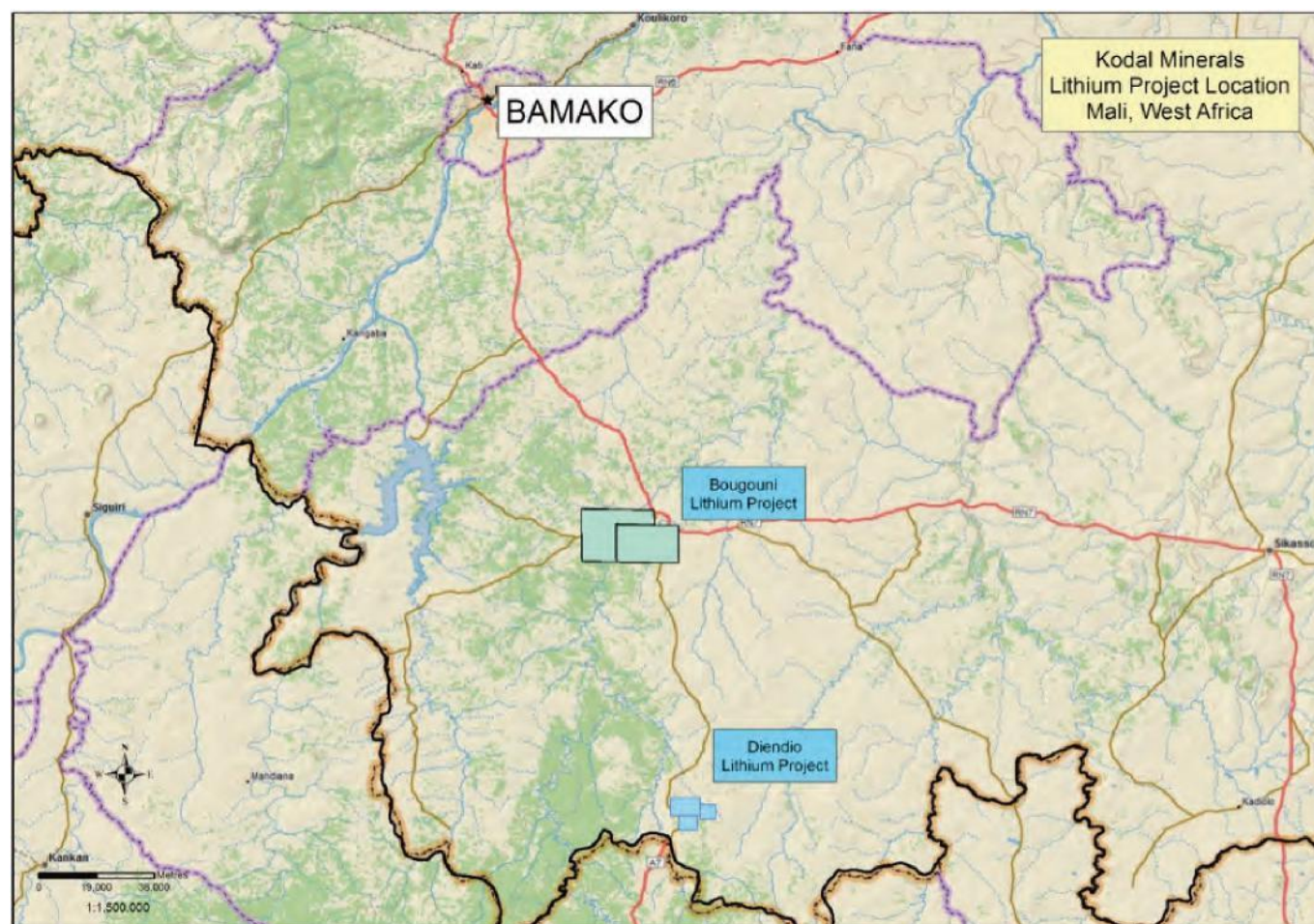


Figure 1: Location of Kodal Lithium Exploration projects, Mali

## Bougouni Lithium Project Exploration Highlights

### Exploration Drilling and Geological Exploration

Since acquiring the Bougouni Lithium project in August and September of 2016, Kodal has been actively exploring this highly prospective area. The Company has completed two stages of exploration drilling that total 76 reverse circulation drill holes for 10,260m drilled and 5 diamond drill holes for 362m drilled. The exploration drilling has targeted six prospects within the Bougouni Lithium project, with approximately 60% of the drilling metres targeting the Ngoulana prospect where high-grade lithium mineralisation has been encountered in a spodumene rich pegmatite vein. Exploration drilling and geological mapping has now identified a high-grade pegmatite vein that extends for over 650m strike length, has been drill tested to approximately 200m vertically and remains open along strike and at depth. This is a key target for further drilling for Kodal in the new field season.

In addition, exploration drilling has targeted new prospect areas where high-grade lithium mineralisation has been identified in early stage geological mapping and rock-chip sampling and areas where surface mineralisation has been identified that has potential to host shallow, high-grade mineralisation.



## STRATEGIC REPORT (continued)

### for the year ended 31 March 2017 – Operational Review (continued)

The drilling programmes commenced with a reconnaissance Stage 1 programme completed in December 2016, and a major Stage 2 programme running from April 2017 to June 2017. The Company has received very encouraging results from the drilling programmes, particularly at the Ngoulana and Sogola-Baoule prospects where highlights include:

- 21m at 1.70% Li<sub>2</sub>O from 62m in drill KLRC001, Ngoulana
- 22m at 1.64% Li<sub>2</sub>O from 45m in drill KLRC004, Ngoulana
- 21m at 1.72% Li<sub>2</sub>O from 11m in drill KLRC024, Ngoulana
- 18m at 2.06% Li<sub>2</sub>O from 140m in drill KLRC027, Ngoulana
- 47m at 1.51% Li<sub>2</sub>O from 32m in drill KLRC028, Ngoulana
- 41.5m at 1.71% Li<sub>2</sub>O from 45.39m in drill KLDH001, Ngoulana
- 27.25m at 1.61% Li<sub>2</sub>O from 28.65m in drill KLDH005, Ngoulana
- 12m at 1.68% Li<sub>2</sub>O from 216m in drill MDRC015, Sogola-Baoule
- 12m at 1.59% Li<sub>2</sub>O from 241m in drill MDRC015, Sogola-Baoule
- 17m at 1.79% Li<sub>2</sub>O from 277m in drill MDRC015, Sogola-Baoule
- 11m at 1.65% Li<sub>2</sub>O from 131m in drill MDRC008, Sogola-Baoule

It is noted that the drilling is still at an exploration stage and the Company continues to review the drilling with the focus being on extension and definition drilling of the Ngoulana prospect, extension of the Sogola-Baoule prospect and identification of additional exploration targets. The Company has continued to focus on the Bougouni Project with the objective of defining a future “mining hub” where multiple pegmatite veins provide source for a central processing plant.

The Company is currently planning the new drilling programme to commence following the cessation of the annual rains, and will immediately follow-up the high-grade intersections at Sogola-Baoule, Ngoulana and Boumou. In addition, the Company has been undertaking preparation work at other prospects, including ground magnetics, and this will be used to prioritise other prospects for initial drill testing.

A summary of the completed drilling across the Stage 1 and Stage 2 programmes is provided below:

#### ***Bougouni Lithium Project – Summary of Completed Drilling***

Prospect	Reverse Circulation Drilling		Diamond Drilling	
	Holes	Metres	Holes	Metres
Ngoulana	46	5,936	5	362
Sogola	1	415		
Sogola-Baoule	4	2,327		
Boumou	6	842		
Orchard	4	544		
Kola	4	196		
<b>TOTAL</b>	<b>76</b>	<b>10,260</b>	<b>5</b>	<b>362</b>

In addition to the drill testing, the Company has completed geological mapping, a total of 121 rock chip samples and a total of 14 trench excavations for 862m. This reconnaissance geological work continues to define targets for drill testing and demonstrate the prospectivity of the Bougouni Project.

#### *Metallurgical Test work*

In June 2017, the Company announced the results of initial metallurgical test work on a sample of core from the RC drilling at the Ngoulana prospect. This indicated that the ore could produce high grade spodumene concentrate with good levels of recovery.

The metallurgical recoveries ranged from 80% to 87% using only a flotation process and produced high grade spodumene concentrate with grades ranging between 5.5% and 6.7%  $\text{Li}_2\text{O}$ . The level of mineralisation is of suitable grade and quality for the production of lithium carbonate which is used in the manufacture of lithium batteries and other industrial applications.

The metallurgical testing was completed at the Shandong Ruifu Lithium Co Ltd ("Shandong Ruifu") which operates a lithium carbonate and lithium hydroxide production plant in China. Shandong Ruifu has a close relationship with Kodal's major shareholder Suay Chin International Pte Ltd and is looking to secure supply of quality lithium bearing minerals following a recently completed upgrade to its processing plant.

This initial test work used flotation tests only, as the samples comprised reverse circulation drill chips which contain a significant portion of very fine material not suitable for other techniques.

Further metallurgical test work is planned utilising diamond drill core to seek to further enhance overall recoveries through a comprehensive process utilising gravity separation as well as flotation.

#### **Gold Projects**

The Group's Gold Projects are located in Cote d'Ivoire and Mali and consist of licences either directly 100% owned by the Group, or held via option agreements granting the Group exclusive rights to explore and exploit minerals over the area and containing a right to purchase the licences. In Mali, the licences are held through subsidiary company IGS Mali SARL ("IGS Mali"), a Malian registered company, and in Cote d'Ivoire by IGS CIV SARL ("IGS CIV") and Corvette SARL ("Corvette"), Cote d'Ivoire registered companies.

In Mali, the Group has two projects, the Nangalasso Project (including the Nangalasso and Sotian licence areas) and the SLAM Project (including the Djelibani Sud and Kambali licences). The Nangalasso Project licences are held through option to purchase agreements that grant the Company exclusive rights to explore and operate over the licences and allow the Company to acquire the licence outright. For the SLAM Project, the Djelibani Sud licence is held outright following the completion of the final option payment during the year, while the Kambali licence is subject to the DNGM granting an extension, and this licence remains subject to an Option to Purchase Agreement.

In Côte d'Ivoire, the Group is the 100% owner of the Korhogo licence having secured the licence via direct Government application and is applying for the Boundiali licence. The Group is also continuing with two active joint ventures in Cote d'Ivoire, with joint venture partners, Resolute and Newcrest, each responsible for the maintenance and good standing of the licences.

# STRATEGIC REPORT (continued)

## for the year ended 31 March 2017 – Operational Review (continued)

The gold exploration licences are tabled below:

**Table of Licences – Gold Exploration projects**

Tenements Country		Kodal Group Ownership	Project/ Joint Venture	Validity
Djelibani Sud	Mali	100% direct ownership	SLAM Project	Licence valid and in good standing with expiry date 29 October 2017. Application to transfer licence to IGS Mali has been submitted and pending completion. The Group intends to lodge an application for extension of prior to the expiry in October 2017 and, in addition, is reviewing the potential for new licence application.
Kambali	Mali	Held through Option Agreement giving right to acquire 100% ownership	SLAM Project	Licence expired in 2016. Application for additional year has been lodged; awaiting formal acceptance letter from DNGM.
Nangalasso	Mali	Held through Option Agreement giving right to acquire 100% ownership	Nangalasso Project	Permit is valid and in good standing. First renewal expired on 4 February 2017. Application for renewal for further 2 years submitted and awaiting formal approval; all fees paid.
Sotian	Mali	Held through Option Agreement giving right to acquire 100% ownership	Nangalasso Project	Licence expired in 2017. Application for an additional year of validity over the whole licence has been submitted and is under discussion with DNGM. Due to change of Government regulations on licence size, two new applications have also been lodged for 100km <sup>2</sup> each, to cover the majority of existing licence area. These applications are awaiting formal approval by DNGM if application for additional year of validity for the whole licence is rejected.
Boundiali	Côte d'Ivoire	100% direct ownership (under application)		Licence application submitted and in process.
Korhogo	Côte d'Ivoire	100% direct ownership		Licence valid and in good standing. Renewal granted in September 2017 for a further 3 year period.

Nielle	Tenements Country		Kodal Group Ownership	Project/ Joint Venture	Validity
	Dabakala	Côte d'Ivoire	100% direct ownership may reduce to 25% under JV agreement	Newcrest JV	Licence valid and in good standing Renewal granted in September 2017 for a further 3 year period.
		Côte d'Ivoire	100% direct ownership may reduce to 25% under JV agreement	Resolute JV	Licence valid and in good standing. Initial licence term expired on 7 January 2017. Renewal application lodged and all fees paid. Government field visit completed in September 2017 and now awaiting formal notification of renewal.
	Tiebissou	Côte d'Ivoire	100% direct ownership may reduce to 25% under JV agreement	Resolute JV	Licence valid and in good standing. Initial term expires 30 September 2018.
	M'Bahakro	Côte d'Ivoire	100% direct ownership (under application) may reduce to 25% under JV agreement	Resolute JV	Licence application submitted and in process.

All licences remain valid and in good standing pending receipt of formal documents for renewals or arrêtés. The Company is continuing to pursue the Boundiali and M'Bahakro applications with the Direction General des Mines et de la Géologie in Côte d'Ivoire and is looking to advance the process this year.

# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Operational Review (continued)



Figure 2: Location of Kodal Gold Exploration projects, West Africa

## Norway Projects

Kodal retains full rights to the two projects located in Norway, namely the Kodal Project, a phosphate and titano-magnetite project located in southern Norway and the Grimeli copper-zinc project located in western Norway.

### *Kodal Project*

The Kodal Project is a phosphate and titano-magnetite project located in southern Norway. Previous exploration and development activity completed by the Company has defined a JORC compliant total Indicated Resource of 14.6 million tonnes (Mt) at 2.26% P (5.18%  $P_{2O5}$ ) and 24.12% Fe with an Inferred Resource of 34.3 million tonnes at 2% P (4.59%  $P_{2O5}$ ) and 20.38% Fe.

The Group is maintaining the Kodal Project and has continued discussions with local municipalities and stakeholders in the area. The Group will continue to review options for development or other opportunities in the region to realise value for this project.

### *Grimeli Project*

The Grimeli Project is a copper-zinc exploration project around the site of former copper mines in western Norway. Kodal has completed exploration consisting of channel sampling, geophysical survey and drilling. Following an impairment review, the Group has determined not to invest further in this project or renew its licences and has fully impaired the carrying value as at 31 March 2017.

### *Work programme for 2017/18*

The Group has an extensive work programme for 2017/18 which is principally focussed on its lithium exploration projects in West Africa, as well as a process of review and prioritisation of exploration opportunities for the Gold exploration projects.

The primary target of the exploration programme is the continued exploration and definition of lithium mineralisation at the Bougouni Project. Kodal has completed two phases of drilling to date that have returned very encouraging results and we plan to continue to define and extend these mineralised zones as well as continue exploration for new targets.

A significant portion of the planned exploration programme is based on direct drilling of targets, however, additional work planned also includes surface geochemical sampling, ground geophysical programmes targeting extensions of identified structural zones, and geological mapping of the project area. In addition, the Company will continue with the metallurgical testing and process review that will be of great importance in demonstrating the development potential of the project.

In addition to the proposed exploration on existing projects, the Group will continue the process of review, and potential acquisition, of additional high-value projects that may be complementary to the existing portfolio and identification of joint venture partners or realisation of value for the existing projects.

### *Future Strategy*

The focus of the Company is on the immediate exploration and definition of the lithium mineralisation at the Bougouni Project in southern Mali. The Company is currently well-funded to undertake an aggressive exploration programme of prospect definition and continued exploration drilling. The Company will continue to review and assess the potential for future development of the Bougouni Project.

The Company holds a highly prospective suite of gold assets in West Africa. The active joint ventures in Cote d'Ivoire are ensuring that funds are spent advancing exploration on our projects with the potential for new discovery. The Company is continuing to assess and rank the projects it holds directly to determine priorities for further exploration or for ways to deliver value for our shareholders.

I look forward to being able to report back with positive news.

Bernard Aylward  
Chief Executive Officer

27 September 2017

# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Description of Projects

## Description of Projects

### Lithium Projects

#### Bougouni Project

The Bougouni Project in Mali consists of two licences, the Kolassokoro and Madina licences, which cover a contiguous area of 500km<sup>2</sup>. The Project area is located approximately 180km south of Bamako, the capital of Mali, with excellent access via sealed road from Bamako. In August and September 2017, Kodal entered into agreements that grant Kodal exclusive rights to explore and develop any identified mineralisation within the Project area with the option to acquire a 90% interest. A summary of each licence and agreement is provided below.

#### Madina licence

Kodal acquired its interest in the Madina licence in August 2017 through its wholly owned subsidiary Future Minerals which entered into an agreement with Gorutumu Mining SARL (“Gorutumu”) a Malian company with interests in mining licences and related businesses in Mali. Madina is a mining licence owned by Gorutumu and issued by the government of Mali granting exclusive mineral exploration rights, both surface and sub-surface, over an area of approximately 250km<sup>2</sup>. The Madina licence was granted for an initial three-year term from July 2011, was renewed in April 2015, and can be further renewed in 2017 for an additional two years. An application for this renewal has been submitted and is awaiting formal approval. Under the terms of the agreement, Gorutumu has granted Future Minerals exclusive access to the licence area and rights to explore and mine all minerals within it. As consideration, Future Minerals has committed to making the following payments to Gorutumu:

- US\$25,000 which was paid upon signing of the agreement in August 2016;
- US\$40,000 which has been paid on the first anniversary of the agreement; and
- US\$75,000 on the second anniversary of the agreement.

The payments grant Future Minerals exclusive access and exploration rights, including access to all existing data on the licence held by Gorutumu. Once all three payments have been made, Future Minerals will have a 90% interest in the licence transferred to its ownership. Until Future Minerals completes all payments to exercise the option, the Madina licence will remain wholly owned by Gorutumu. Under the Agreement, the Group is responsible for all exploration costs up to and including the cost of producing a feasibility study, progression to which will be dependent on the success of early stage exploration work.

If an economic resource is identified, the Agreement anticipates that Future Minerals and Gorutumu will form a new mining company in Mali (“MiningCo1”), conduct the appropriate environmental studies and apply to the government of Mali for a mining licence. On application for a mining licence by MiningCo1, Future Minerals must make a further payment to Gorutumu of:

- US\$1 million if a resource (indicated or better) of less than 5 million ounces (“Moz”) of gold has been defined; or
- US\$2 million plus US\$2 for each ounce above 5 Moz of gold if a larger resource is defined.

Under the agreement, Gorutumu will have the option of receiving 5% of the shares in MiningCo1 (and contributing pro rata to any future equity contributions into MiningCo1) or receiving a 2% net smelter royalty on MiningCo1’s production (the “NSR”). Future Minerals will hold 75% of the shares in MiningCo1, or 80% if Gorutumu chooses the NSR. The remaining 20% will be held by the government of Mali; this in turn is made up of 10% received in return for the mining licence on which no future capital contributions are required, and 10% that is subscribed for and on which future contributions are required pro-rata to, and on the same terms as,



other shareholders. Future Minerals may return ownership of Madina to Gorutumu prior to application for a mining licence if it does not wish to proceed, with no consideration being paid by either party.

#### *Kolassokoro licence*

The Kolassokoro licence is immediately adjacent to the Madina licence and together the two licences form a combined landholding of 500km<sup>2</sup> in this high prospective region. Kodal acquired its interest in the Kolassokoro licence in September 2017 through its wholly owned subsidiary Future Minerals which entered into an agreement with EMAS Mining SA (“EMAS”), a Malian company with interests in mining licences and related businesses in Mali. Kolassokoro is a mining licence owned by EMAS and issued by the government of Mali granting exclusive mineral exploration rights, both surface and sub-surface, over an area of approximately 250km<sup>2</sup>. The Kolassokoro licence was granted on 29 July 2010, and had a first renewal granted on 27 March 2015, and can be further renewed in 2017 for an additional two years. An application for this renewal has been submitted and is awaiting formal approval. Under the terms of the agreement, EMAS has agreed to grant Future Minerals exclusive access to the project and rights to explore and mine the project (which includes any mining permits or licences granted in respect of the project). As consideration, Future Minerals has committed to making the following payments to EMAS:

- US\$20,000 which was paid in August 2016;
- US\$30,000 which was paid on the first anniversary of signing and which entitles Future Minerals to a 51% ownership of the licence; and
- US\$50,000 on the second anniversary of signing. Upon this payment Future Minerals will be entitled to a 70% ownership of the licence; and
- US\$60,000 on the third anniversary of signing to acquire a 90% interest in the licence.

The Payments grant the Group exclusive access and exploration rights, including access to all existing data on the licence held by EMAS. Once the payments have been made, Future Minerals will have a 90% interest in the project transferred to its ownership. Kodal has reached an agreement with EMAS to accelerate future payments under the agreement and once the pending renewal has been completed, the licence will be transferred to Future Minerals. Under the agreement, Future Minerals is responsible for all exploration costs up to and including the cost of producing a feasibility study, progression to which will be dependent on the success of early stage exploration work.

If an economic resource is identified, the agreement anticipates that Future Minerals and EMAS will form a new mining company in Mali (“MiningCo2”), conduct the appropriate environmental studies and apply to the government of Mali for a mining licence. Additional payments to EMAS will be made on the commencement of mining:

- US\$300,000 payment on the commencement of a gold mining operation; and/or
- US\$50,000 payment on the commencement of mining for any other minerals.

Under the agreement, Future Minerals and EMAS will subscribe for 80% of the shares in MiningCo2 (and 90% of any future equity contributions into MiningCo2). The remaining 20% ownership (and 10% future equity contributions) will be held by the government of Mali; this in turn is made up of 10% received in return for the mining licence on which no future capital contributions are required, and 10% that is subscribed for and on which future contributions will be required pro-rata to, and on the same terms as, other shareholders. In addition, EMAS will have a 2% NSR on MiningCo2’s gold production from the licence.

## STRATEGIC REPORT (continued)

### for the year ended 31 March 2017 – Description of Projects (continued)

#### **The Diendio Project**

The 109km<sup>2</sup> Diendio Project is comprised of three contiguous licence areas located approximately 280km south of Bamako, the capital of Mali. Access to the project is by sealed road from Bamako, then good access throughout the licence area by local road and track.

Kodal acquired up to a 90% interest in the Diendio Project through its wholly owned subsidiary Future Minerals which entered into an agreement with Minefinders Mali SARL ('Minefinders'), which has a 100% beneficial interest in the three licences Diendio Sud, Diossyan Sud and Manankoro Nord. Minefinders is a local Malian company with interests in mining licences and related businesses. Under the terms of the agreement, Minefinders has agreed to grant Future Minerals exclusive access to the project and rights to explore and mine the project (which includes any mining permits or licences granted in respect of the project). As consideration for the Agreement, Future Minerals has committed to making the following payments to Minefinders:

- . US\$30,000 which was paid upon signing of the agreement in November 2016; and
- . US\$35,000 on the first anniversary of signing.

In addition, Future Minerals is responsible for costs associated with the renewal of the three licences. For the Diendio Sud and Diossyan Sud licences, the applications to renew the licences for a further two years have been submitted and are awaiting final approval. The Manankoro Nord licence is in the form of a signed convention and an application has been submitted to receive the arrêté which will be valid for three years.

Upon completion of the acquisition and access payments to Minefinders, Future Minerals will be the beneficial owner of 90% of the Diendio Project, with Minefinders holding 10% and with the right to continue in the project as a free carried partner until completion of a feasibility study.

Upon the granting of a mining licence and incorporation of a new special purpose mining company, Future Minerals will hold 72%, Minefinders 8% and the State of Mali 20%. Minefinders retains the option of choosing between its 8% holding in the mining company and a 3% NSR.

If Minefinders chooses to retain 8% in the newly formed entity, it will contribute to the equity funding pro-rata to its shareholding.

#### **Exploration Drilling Programmes**

Kodal has completed two drilling programmes at the Bougouni Project, with a total of six prospects tested. Drilling has consisted of reverse circulation drilling ("RC") and diamond drilling, with a total of 76 RC drill holes for 10,260m completed and 5 diamond drill holes for 362m completed. This has been the major focus of Kodal since the acquisition of the Lithium Projects.

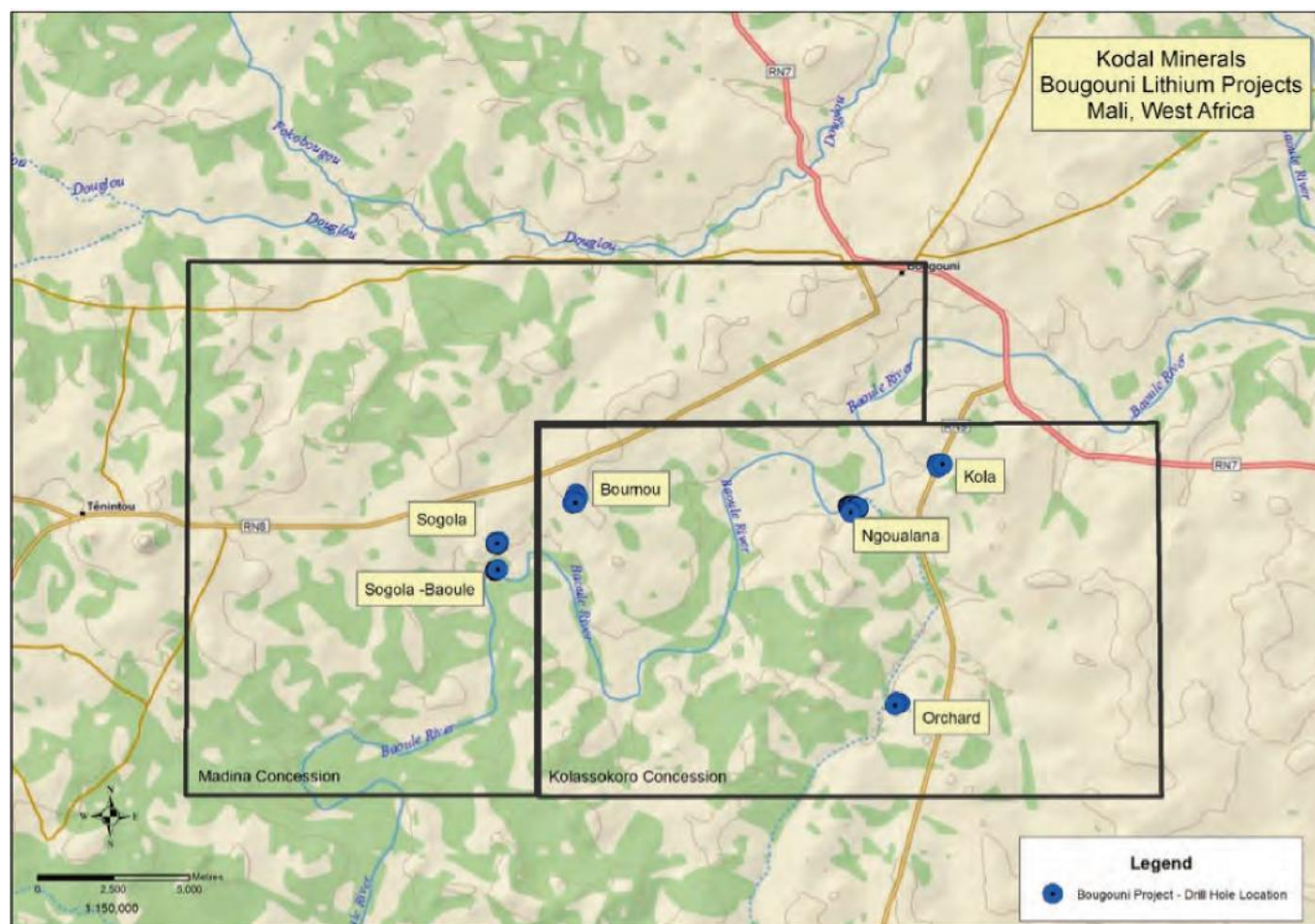


Figure 3 – Bougouni Project and Prospects with drilling completed

### Stage 1 Drilling

The initial RC drilling programme targeted three prospects at Bougouni consisting of the Sogola, Ngoulana and Kola pegmatite veins and was completed in mid-December 2016. The programme consisted of 18 drill holes for 1,323m completed (6 holes for 415m at Sogola, 8 holes for 712m at Ngoulana and 4 holes for 196m at Kola) with all geological logging and sampling completed. The stage 1 drill programme was completed during December 2016 with results reported in February 2017.

The results of this programme highlighted the Ngoulana prospect as having potential for definition of lithium mineralisation with assay results returning wide, high grade mineralisation from near surface. Logging of the drill holes indicated coarse spodumene minerals within the pegmatite, confirming the surface outcrop. The Ngoulana vein is hosted in a sequence of metasedimentary rocks.

At the Sogola prospect, drilling intersected a series of pegmatite veins of variable width (>8m) and strike length exceeding 300m. The mineralised zone remains open along strike and at depth, with coarse spodumene again identified in the drill chips. The Sogola vein is hosted in a granodiorite unit.

At the Kola prospect, the drilling intersected an extensive pegmatite vein that was continuous from surface to depth, and has a strike length exceeding 400m. The mineralised zone remains open along strike and at depth, however the vein is narrow where currently explored.

# STRATEGIC REPORT (continued)

## for the year ended 31 March 2017 – Description of Projects (continued)

A summary of the drill intersections from this programme is tabled below:

Prospect	Hole Id	Northing	Easting	Hole Depth m	From m	To m	Thickness m	Li <sub>2</sub> O %
Ngoulana	KLRC001	664270	1255407	132 includes	15.00	22.00	7.00	1.41
					62.00	83.00	21.00	1.70
					69.00	81.00	12.00	1.81
					113.00	114.00	1.00	1.24
Ngoulana	KLRC002	664245	1255303	120	15.00	17.00	2	1.96
					72.00	100.00	28	1.85
Ngoulana	KLRC003	664196	1255333	114	69.00	72.00	3	1.67
					77.00	78.00	1	1.28
					83.00	95.00	12	1.83
Ngoulana	KLRC004	664285	1255382	72	20.00	22.00	2	1.99
					25.00	34.00	9	1.57
					45.00	67.00	22	1.64
Ngoulana	KLRC005	664134	1255433	72	43.00	47.00	4	1.35
					60.00	64.00	4	1.73
Ngoulana	KLRC006	664173	1255403	60	11.00	27.00	16	1.76
Ngoulana	KLRC007	664226	1255393	46	17.00	35.00	18	1.8
					40.00	41.00	1	1.54
Ngoulana	KLRC008	664223	1255315	96 includes	14.00	15.00	1	1.05
					69.00	86.00	17	1.57
					74	85	11	1.75
Kola	KLRC010	667048	1256824	40	25.00	27.00	2.00	1.94
Sogola	MDRC001	652856	1254120	20 includes	0.00	3.00	3.00	1.92
					0.00	1.00	1.00	2.92
Sogola	MDRC002	652856	1254120	21	0.00	4.00	4.00	1.51
Sogola	MDRC003	652777	1254125	92	1.00	7.00	6.00	1.23
					54.00	56.00	2.00	1.71
Sogola	MDRC004	652777	1254175	96	8.00	9.00	1.00	1.22
					29.00	30.00	1.00	1.77
Sogola	MDRC005	652886	1254200	120 includes	101.00	105.00	4.00	1.41
					102.00	104.00	2.00	2.01

Notes: Drill holes are reverse circulation drill holes completed by specialist contractor Geodrill Limited. Drill holes have been sampled on a 1m basis, with samples collected via a cyclone and riffle splitter. Drill hole collars are surveyed using a hand-held GPS with sub 1-metre accuracy, coordinate system WGS84 – Zone 29N, and all holes are surveyed down-hole for dip and azimuth on approximately 30m intervals. All drill holes are geologically logged, and sampling for analysis based on geological boundaries. Samples of pegmatite rock are collected every 1m via riffle splitter, and composite samples of metasediment host rock are taken every 3 metres. Sample intervals are downhole thickness. Samples have been analysed by ALS Global. Assay results are reported as Li% and converted to Li<sub>2</sub>O% by applying a factor of 2.153. Intersections are reported using a 1% Li<sub>2</sub>O lower-cut-off, and allowing for a maximum of 2m internal dilution.

## Stage 2 drilling

Following on from the stage 1 drill programme results, and in conjunction with results from the trenching and ongoing geological mapping and rock-chip sampling, a second drill programme was undertaken at the Bougouni Project during April to June 2017. The major component of this second phase of drilling was to provide definition and target extensions to the high-grade lithium mineralisation at the Ngoualana prospect. It also targeted three new prospect areas, the Sogola-Baoule, the Boumou and the Orchard prospects. The drill programme comprised a total of 58 RC drill holes for 8,937m and 5 diamond drill holes for 362m completed.

At Ngoualana, a total of 33 RC drill holes for 4,802m were completed together with the 5 diamond drill holes for 362.1m. Including the stage 2 drilling results, the mineralised zone at Ngoualana has now been confirmed over a strike length of 650m, and remains open along strike. Field investigation has demonstrated the presence of subcrop, or low-quality rock material, that represents the extension of the pegmatite vein beyond the current drilling. The consistent lithium mineralisation returned in assay results confirms the geological logging where a high percentage of spodumene was noted in the drill chips, with a relatively low amount of mica noted. The mineralised zone remains open at depth, with drilling having tested to greater than 225 vertical metres.

The Ngoualana prospect consists of one wide main vein that is continuous throughout the prospect, and multiple parallel and subsidiary pegmatite veins. Drilling is continuing to intersect pegmatite veins that have no outcropping evidence and the potential exists for additional veins to be delineated. The pegmatite veins are high-grade, with assays up to 3.12% Li<sub>2</sub>O returned, and review of the assay results indicates consistent mineralisation throughout the pegmatite veins. The coarse spodumene minerals within the pegmatite observed in surface outcrop is confirmed in drilling with a high percentage of spodumene noted in the drill chips and this is reflected in the high-grade assay results. The pegmatite veins are hosted in a sequence of metasedimentary rocks with minor granodiorite intrusions and quartz veins identified.

A summary of all intersections returned for the stage 2 Ngoualana RC drilling is tabled below:

Prospect	Hole Id	Northing	Easting	Hole Depth m	From m	To m	Thickness m	Li <sub>2</sub> O %
Ngoualana	KLRC023	664158.5	1255426	72	49	58	9	1.89
Ngoualana	KLRC024	664202.3	1255403	54	11 40	32 50	21 10	1.72 1.68
Ngoualana	KLRC025*	664253.3	1255442	144	23	38	15	1.62
Ngoualana	KLRC026	664282.1	1255428	172 Includes	79 84 153	94 92 164	15 8 11	1.73 2.01 1.77
				Includes	155	161	6	1.94
Ngoualana	KLRC027	664306.1	1255420	241 Includes Includes	140 140 152 183 208	158 146 158 201 214	18 6 6 18 6	2.06 2.29 2.40 1.69 1.28
Ngoualana	KLRC028	664311	1255381	84	32	79	47	1.51
Ngoualana	KLRC029	664343	1255374	108	37 96	55 102	18 6	1.69 1.97
Ngoualana	KLRC030 KLRC030 KLRC030	664331	1255417	246	193 203 217	199 210 227	6 7 10	1.25 1.63 1.32



# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Description of Projects (continued)

Prospect	Hole Id	Northing	Easting	Hole Depth m	From m	To m	Thickness m	Li <sub>2</sub> O %
Ngoualana	KLRC031	664359.9	1255421	235	187	204	17	1.58
Ngoualana	KLRC032	664176.5	1255460	163	14	20	6	1.80
	KLRC032				110	117	7	1.76
Ngoualana	KLRC033	664197.6	1255454	181	17	24	7	1.80
	KLRC033				144	155	11	1.76
	KLRC033				163	176	13	1.74
Ngoualana	KLRC034	664225.7	1255448	172	121	126	5	1.57
	KLRC034				146	154	8	1.76
Ngoualana	KLRC035	664264.8	1255463	211	84	94	10	1.86
Ngoualana	KLRC036	664291.2	1255451	226	115	127	12	1.41
	KLRC036				120	129	9	1.55
	KLRC036				167	175	8	1.99
	KLRC036				190	196	6	1.69
Ngoualana	KLRC038	664366	1255368	73	37	61	24	1.73
Ngoualana	KLRC039	664393	1255359	73	28	34	6	1.50
	KLRC039				41	46	5	1.23
Ngoualana	KLRC040	664419.5	1255358	91	54	66	12	1.84
Ngoualana	KLRC041	664443	1255354	103	54	66	12	1.77
	KLRC041				88	96	8	1.73
Ngoualana	KLRC042	664469	1255350	103	67	81	14	1.67
Ngoualana	KLRC043	664385.8	1255411	241.00	178	206	28	1.96
Ngoualana	KLRC044	664417.3	1255409	307.00	269	274	5	1.32
Ngoualana	KLRC045	664480.1	1255379	223.00	156	172	16	1.82
Ngoualana	KLRC046B	664465.72	1255388.26	217.00	134	152	18	1.54
Ngoualana	KLRC047	664226.75	1255269.23	223.00	150	167	17	1.68
Ngoualana	KLRC047				192	198	6	1.47
Ngoualana	KLRC049	664561.77	1255303.59	145	54	66	12	1.69
Ngoualana	KLRC050	664513.41	1255326.24	149	31	43	12	1.70
Ngoualana	KLRC051	664455.46	1255260.68	163	52	66	14	1.73
Ngoualana	KLRC052	664438.16	1255398.52	307	136	147	11	1.75
	KLRC052				170	191	21	1.80
Ngoualana	KLRC055	664549.81	1255336.27	229.00	79	86	7	1.52

Notes: Drill holes are reverse circulation drill holes completed by specialist contractor Geodrill Limited. Drill holes have been sampled on a 1m basis, with samples collected via a cyclone and riffle splitter. Drill hole collars are surveyed using a hand-held GPS with sub 1-metre accuracy, coordinate system WGS84 – Zone 29N, and all holes are surveyed down-hole for dip and azimuth on approximately 30m intervals. All drill holes are geologically logged, and sampling for analysis based on geological boundaries. Samples

of pegmatite rock are collected every 1m via riffle splitter, and composite samples of metasediment host rock are taken every 3 metres. Sample intervals are downhole thickness. Samples have been analysed by ALS Global. Assay results are reported as Li% and converted to Li<sub>2</sub>O% by applying a factor of 2.153. Intersections are reported using a 1% Li<sub>2</sub>O lower-cut-off, and allowing for a maximum of 2m internal dilution and a minimum 5m intersection is reported. Drill hole KLRC025 terminated early due to drift of drill hole and has not tested the main zone.

In addition to the RC drilling at Ngoulana, a programme of diamond drilling designed to provide detailed geological information and confirmation of the pegmatite intersections and structural controls on mineralisation was completed in June 2017. A total of five diamond drill holes for 362.1m have been completed.

Geological logging of the diamond core confirmed the information from the RC drilling and highlighted the width and continuity of the pegmatite vein. The pegmatite is rich in spodumene and analysis of the assays confirms the high-grade results are clearly associated with the spodumene rich zones. The review of assay results further confirms that the mineralisation is consistent throughout the pegmatites, with the complete vein mineralised.

Further detailed metallurgical test work will be completed on the mineralised zones of the drill core, and a composite bulk sample is being collected.

A summary of the diamond core intersections for Ngoulana is given below:

Prospect	Hole Id	From m	To m	Thickness m	Li <sub>2</sub> O%	Comment
Ngoulana	KLDH001	45.89	87.39	41.50	1.71	Pegmatite containing abundant spodumene Contact zone with metasediment and pegmatite
Ngoulana		87.50	88.75	1.25	1.72	
Ngoulana	KLDH002	30.46	56.71	26.25	1.51	Pegmatite containing abundant spodumene and minor garnet
Ngoulana	KLDH003	25.55	42.55	17.00	1.69	Pegmatite containing abundant spodumene, mica and minor garnet
Ngoulana	KLDH004	14.20	40.45	26.25	1.22	Pegmatite containing abundant spodumene, mica and minor garnet
Ngoulana	KLDH005	28.65	55.90	27.25	1.61	Pegmatite containing abundant spodumene, mica and minor garnet

Notes: Drill holes are diamond core drill holes completed by specialist contractor Geodrill Limited. Drill holes have been sampled on a geological basis with zones of pegmatite identified in geological logging and selectively sampled on a 0.25m interval (or shorter for geological contacts). Samples are half-core HQ core size. Drill hole collars are surveyed using a hand-held GPS with sub 1-metre accuracy, coordinate system WGS84 – Zone 29N, and all holes are surveyed down-hole for dip and azimuth on approximately 30m intervals. All drill holes are geologically logged, and sampling for analysis based on geological boundaries. Samples have been analysed by ALS Global. Assay results are reported as Li% and converted to Li<sub>2</sub>O% by applying a factor of 2.153. Intersections are reported using a 1% Li<sub>2</sub>O lower-cut-off, and allowing for a maximum of 2m internal dilution and a minimum 5m intersection reported.



# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Description of Projects (continued)

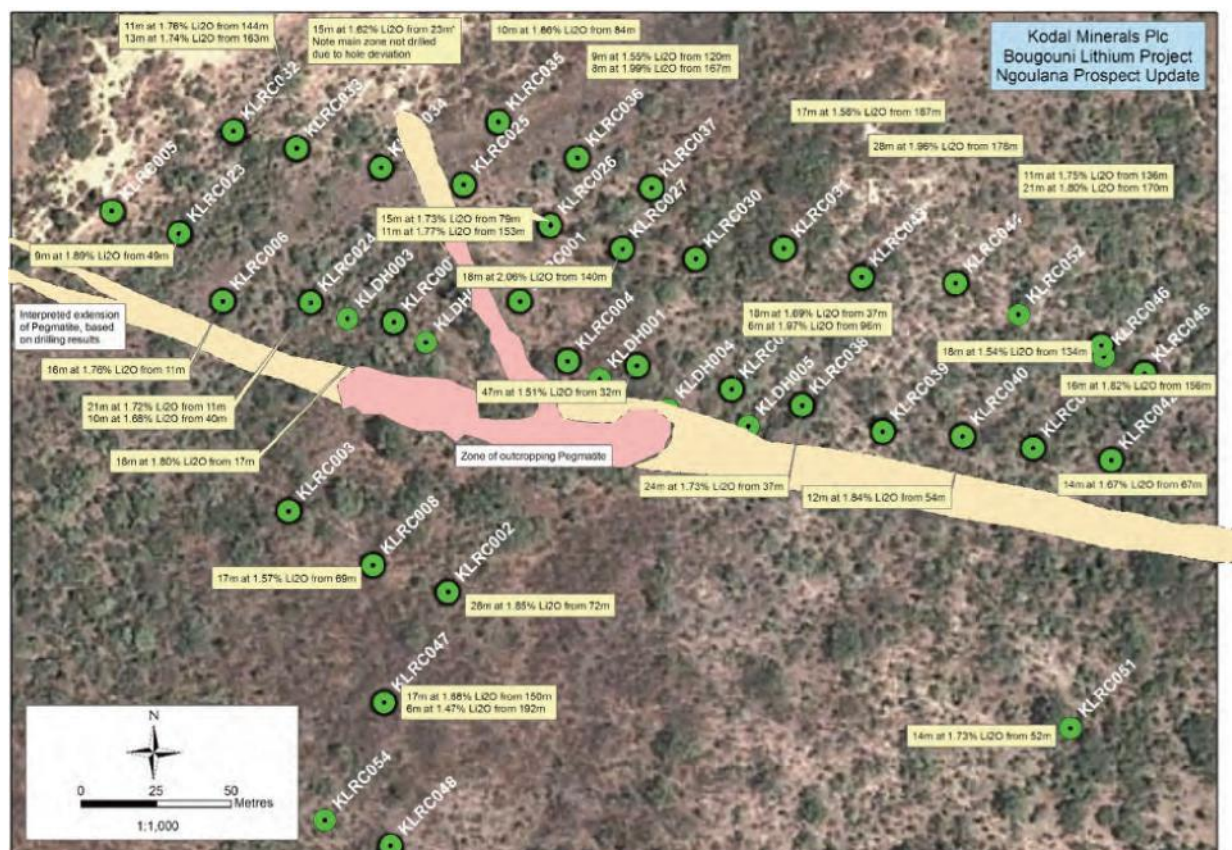


Figure 4 – Ngoulana Prospect summary

## Other Bougouni Prospects

The second stage of drilling completed at the Bougouni Project also targeted three new prospect areas, the Sogola-Baoule, the Boumou and the Orchard prospects.

A summary of the drilling completed at the new prospects is:

- **Sogola-Baoule:** A total of 14 RC drill holes were completed for 2,327m in two separate phases. The first phase comprised five drill holes for 864m completed in April 2017, with down hole pegmatite intersections up to 25m. The drilling returned multiple pegmatite veins, and preliminary review is indicating continuity along strike of good with and grade pegmatites. A programme of follow-up drilling targeting the Sogola Baoule prospect was completed in May 2017 with an additional 9 RC drill holes for 1,463m completed. This follow-up drilling consisted of extension drilling along strike and testing of additional zones of identified pegmatite outcrop. All assay results have been received, with all drill holes returning lithium mineralised intersections. The mineralised zone remains open along strike and at depth, with areas for priority follow-up located to the south west where drill hole MDRC015 has intersected multiple zones of pegmatite hosted mineralisation and the drill hole has ended in high grade lithium mineralisation. The key target at this prospect will be to understand the structural controls of the pegmatite bodies and target areas of close spaced pegmatite bodies at shallow depth. It is anticipated that further drilling will be completed at Sogola-Baoule in the new field season.
- **Boumou:** Six RC drill holes for 842m were completed in April 2017, with down hole pegmatite intersections of up to 28m. Drilling has indicated that the Boumou area is heavily weathered, with the depth of weathering exceeding 50m. The significant intersections in drill hole KLRC013 demonstrate good width and grade of lithium mineralisation, as well as multiple other pegmatite veins within the drill hole. The prospect remains open along strike and at depth, and geological mapping of the area

continues to reveal further zones of significant pegmatite intrusion that will require first-pass drill testing. The Boumou prospect is defined over a significant area, and the number of pegmatite veins is an indication of the high prospectivity of this area.

I Orchard: Four RC drill holes for 544m were completed in May 2017, with all drill holes returning lithium mineralised pegmatite intersections. This drilling programme was designed to target previous high-grade rock chip samples in excess of 2% Li<sub>2</sub>O and trench results that returned up to 6m at 1.61% Li<sub>2</sub>O. Drilling has intersected a complex geological zone with multiple pegmatite veins up to 8m in width. Geological logging has indicated spodumene rich pegmatite zones that confirm the high-grade rock chip samples and the trenching results. The prospect remains open along strike and at depth and further drilling is being assessed and prioritised against other prospects.

Initial intersections returned for the drilling at the Boumou, Sogola-Baoule and Orchard prospects are tabled below:

Prospect	Hole Id	Northing	Easting	Hole Depth m	From m	To m	Thickness m	Li <sub>2</sub> O %
Boumou	KLRC013	655325.7	1255643	140	50.00	60.00	10.00	1.61
					67.00	72.00	5.00	1.13
					79.00	84.00	5.00	1.03
					106.00	112.00	6.00	1.45
Baoule	MDRC007	652754.2	1253264	186.00	56.00	62.00	6.00	1.39
					98.00	108.00	10.00	1.39
					156.00	165.00	9.00	1.84
Baoule	MDRC008	652777	1253261	168.00	70.00	79.00	9.00	1.47
					131.00	142.00	11.00	1.65
Baoule	MDRC009	652806.2	1253270	168.00	28.00	39.00	11.00	1.13
					66.00	72.00	6.00	1.25
					117.00	125.00	8.00	1.53
Orchard	KLRC019	665792	1248989	138	38	46	8	1.68
					78	86	8	1.73
Orchard	KLRC020	665842	1249005	162	95	100	5	1.42
					147	152	5	1.25
Orchard	KLRC021	665744	1249033	124	55	61	6	1.61
Baoule	MDRC012B	652656.15	1253149.58	199.00	17	22.00	5	1.52
Baoule	MDRC013	652610.81	1253181.33	157.00	129	141.00	12	1.27
	MDRC013				145	150.00	5	1.68
Baoule	MDRC014	652604.89	1253140.93	229.00	19	24.00	5	1.17
	MDRC014				113	121.00	8	1.52
Baoule	MDRC015	652754.92	1253016.55	307.00	216	228.00	12	1.68
	MDRC015				241	253.00	12	1.59
	MDRC015				277	294.00	17	1.79
	MDRC015				301	307.00	6	1.42*
Baoule	MDRC017	652912.4	1253363.18	139.00	58	71	13	1.30
	MDRC017				92	97	5	1.35



## STRATEGIC REPORT (continued)

### for the year ended 31 March 2017 – Description of Projects (continued)

Notes: Drill holes are reverse circulation drill holes completed by specialist contractor Geodrill Limited. Drill holes have been sampled on a 1m basis, with samples collected via a cyclone and riffle splitter. Drill hole collars are surveyed using a hand-held GPS with sub 1-metre accuracy, coordinate system WGS84 – Zone 29N, and all holes are surveyed down-hole for dip and azimuth on approximately 30m intervals. All drill holes are geologically logged, and sampling for analysis is based on geological boundaries. Samples of pegmatite rock are collected every 1m via riffle splitter, and composite samples of metasediment host rock are taken every 3 metres. Samples have been analysed by ALS Global. Assay results are reported as Li% and converted to Li<sub>2</sub>O% by applying a factor of 2.153. Intersections are reported using a 1% Li<sub>2</sub>O lower-cut-off, and allowing for a maximum of 2m internal dilution and a minimum 5m intersection reported.



Figure 5 – Sogola-Baoule prospect summary

#### Gold Projects Exploration

##### Nangalasso Project - Mali

The 345km<sup>2</sup> Nangalasso Project consists of two adjacent licences, the Nangalasso and Sotian licences, over which Kodal holds its interest via exclusive access and option to purchase agreements. The project is located in Southern Mali, approximately 250km from the capital of Bamako and 15km to the west of the world-class Syama Gold mine operated by Resolute Mining Limited.

The Group acquired its interest in the Nangalasso Project in Mali as part of the acquisition of IG Bermuda in May 2016. Exploration work had previously been undertaken on both licences and had defined significant targets suitable for follow-up drilling.

The Group holds exclusive access rights for exploration and development of the Nangalasso and Sotian licence areas by agreements with Gold Corporation Mali SARL and La Société Dramera et Frères SARL ("SDF") respectively.

Under the terms of the agreement with Gold Corporation Mali SARL, the Group pays an annual fee of US\$30,000 for its rights over the Nangalasso licence area, has an option to acquire the Nangalasso licence for US\$500,000 and has agreed to pay a net smelter royalty of 3 per cent. on any future gold production from the licence area.

Under the terms of the agreement with SDF, the Group pays an annual fee of US\$40,000 for its rights over the Sotian licence area, has an option to acquire the Sotian licence for US\$500,000 and has agreed to pay a net smelter royalty of 2 per cent. on any future gold production from the licence area.

Previous exploration at Nangalasso has consisted of surface geochemical sampling, auger geochemical drilling, trench sampling and wide-spaced reconnaissance aircore drilling. A large geochemical gold anomaly has been defined at Nangalasso and results from the reconnaissance drilling include 3m at 7.1g/t gold within a broader zone of 21m at 1.25g/t gold, 3m at 7.84g/t gold, 1m at 7.8g/t gold and broad anomalous zones from trench samples including 7m at 3.84g/t gold.

The trench sampling programme undertaken in mid-2016 consisted of 5 separate trench locations for a total of 264m. Trenches were dug to a depth of 2m below surface, and samples were collected on a 3m composite basis. This sampling is considered a surface geochemical test and provided information regarding the depth of transported cover, information on the geological structure and alteration as well as confirmation of the surface gold anomalism.

The trench sampling programme consisted of:

Trench Number	Length	Maximum Assay returned
NNTR005	60m	0.27g/t gold
NNTR006	60m	0.14g/t gold
NNTR007	60m	0.10g/t gold
NNTR008	60m	0.06g/t gold
NNTR009	24m	0.37g/t gold

This programme has confirmed the widespread surface gold anomalism at Nangalasso. The identification of the strong alteration, quartz veining and shearing highlight targets of geological interest and the results from the very wide-spaced and reconnaissance drilling completed to date indicates that the surface gold anomalism does reflect the sub-surface gold mineralisation.

#### Korhogo licence – Cote d'Ivoire

Kodal is the 100% owner of the 360.6km<sup>2</sup> Korhogo licence located in central Cote d'Ivoire, approximately 250km north of the capital city Yamoussoukro.

The exploration completed at Korhogo to date is at a very early stage, with no previous modern exploration completed prior to the grant of the licence. Initial surface geochemical sampling had been completed by its previous owner and this surface geochemical sampling programme was designed to test multiple targets and assess priority areas on a very wide-spaced 1km x 200m reconnaissance grid. This surface sampling has consisted of conventional surface sampling, with a 2kg sample collected from approximately 50cm below surface and a series of termite mound samples. A total of 644 samples have been collected and analysed at SGS Laboratories, Bamako by Fire Assay for gold only. The total geochemical sampling for the licence is 933 samples with a range of assay results from below detection to a maximum of 92ppb Au.

## STRATEGIC REPORT (continued)

### for the year ended 31 March 2017 – Description of Projects (continued)

The interpretation of the geochemistry indicates that the programme has defined four anomalous gold zones:

- Zone 1 – 3.5km x 1.2km anomaly defined with values up to 39ppb Au and remains open along strike. This anomaly is associated with a zone of shearing and geological contact between metasedimentary units and intrusive granodiorites. The aeromagnetic data is indicating a continuous structure that is consistent with the geochemistry.
- Zone 2 – 3km x 2km anomaly defined with values up to 92ppb Au. This zone is associated with a northeast fault zone and areas of aeromagnetic anomaly. The geochemical anomaly is consistent with the interpreted geology and geophysics.
- Zone 3 – 2km x 1km anomaly defined with values up to 36ppb Au. This anomaly is related to a shear zone and potential contact zone between granodiorite and metasediments.
- Zone 4 – 3.5km x 1km anomaly defined and remains open along strike. This anomaly is hosted within sheared granodiorite units, and may be related to the same shear zone as Zone 1. This area has identified artisanal workings and remains open along strike.

#### *SLAM Project - Mali*

The Company acquired an interest in the SLAM Project in Mali as part of the acquisition of IG Bermuda in May 2016. The project consists of two nearby licence areas in south-west Mali, Djelibani Sud and Kambali.

Following a final payment of US\$25,000 in May 2017, the Group owns the Djelibani Sud licence outright and the licence is being transferred in to the name of IG Mali. The Group holds its interest in the Kambali licence by way of an agreement with Tourekounda SARL ("Tourekounda") granting exclusive access rights for exploration and development of the licence.

Under the terms of the agreement with Tourekounda the Group has an option to acquire the Kambali licence following a final payment of US\$80,000 (however, a reduction of this amount is expected to be negotiated). The Kambali licence expired in July 2016 and a one year extension has been applied for via Tourekounda which is pending formal acceptance by the DNGM. No further payment will be made to Tourekounda until the licence has been extended.

The SLAM Project is located in south-western Mali, approximately 100km from the capital Bamako in the "Siguiri Basin" sequence, which hosts extensive gold mineralisation including the Siguiri Mine (Anglogold Ashanti Limited), the Lefa Gold Mine (NordGold N.V) and the Tri-K Project (Avocet Mining plc).

The former owner of the SLAM Project announced results of an aircore drilling programme at the Kambali licence which highlighted the prospectivity of the SLAM Project, with gold mineralisation returned from shallow depth, and the mineralised system remains open along strike. An extensive zone of artisanal workings is located within the Kambali exploration licence area, and reconnaissance drilling confirmed primary gold mineralisation beneath the shallow workings.

Results of the wide-spaced reconnaissance drilling included:

- 3m at 5.64g/t gold from 3m within a zone of 6m at 2.88g/t gold from 3m; and
- 6m at 1.12g/t gold from 30m to end of hole within a broad zone of 15m at 0.62g/t from 21m.

The next stage of work to be undertaken by the Group for the SLAM Project will require follow-up drilling at Kambali (subject to receiving an extension to the licence term) to attempt to define and extend the gold mineralised structure. It is anticipated that a second stage of reconnaissance aircore drilling will be completed prior to RC drilling.

No drilling has been completed on the Djelibani Sud exploration licence area. Review of the surface geochemistry has highlighted a strong surface anomaly that is associated with laterite material, and minor artisanal workings. This area requires infill geochemistry to define targets for drill testing.

## Joint Venture Update

### *Resolute Mining Limited Joint Venture*

The joint venture between Resolute and Kodal (the "Resolute Joint Venture") covers three licences in Cote d'Ivoire held by the Kodal subsidiary company Corvette. The licences are the Tiebissou, Nielle and M'Bahaikro (application) located in central and northern Cote d'Ivoire and covering an area of approximately 1,100km<sup>2</sup>.

The summary terms of the Joint Venture are:

- Resolute to spend US\$3 million to earn 75% of the holding company Corvette within 4 years from 26 February 2015.
- Resolute to spend a minimum of US\$500,000 prior to electing to withdraw from the joint venture.
- Upon Resolute earning its 75% interest, Kodal is free carried to completion of a feasibility study.

Resolute is the operator of the joint venture and is actively exploring the Nielle licence, with a programme of additional surface geochemistry and trenching planned prior to first pass reconnaissance drilling.

The gold anomalies defined at Nielle extend for over 3km of strike, with widths exceeding 1.5km. The maximum assay value returned for the Nielle sampling is 470ppb gold, and the anomalies are supported by multiple samples.

During 2017, Resolute has completed surface geochemical sampling comprising 474 surface geochemical samples, 38 rock chip samples and 92 stream sediment samples. Surface geochemical sampling has defined new gold anomalous zones located in this northern area of Cote d'Ivoire. Follow-up exploration is planned to include infill geochemical sampling and trenching to define anomalies prior to reconnaissance drill testing.

At Tiebissou, in 2016 Resolute completed 99 aircore drill holes on a wide-spaced grid for 4,320m drilling completed. Results include 12m at 0.34g/t gold from 4m, 4m at 0.70g/t gold from 48m and 2m at 0.10g/t gold from 48m to end of hole. A total of 1,797 surface geochemical samples have been collected within the licence. The geochemical samples defined an anomalous zone extending across the licence and have been interpreted to relate to a major structural zone.

### *Newcrest Mining Limited Joint Venture*

The joint venture between Newcrest and Kodal (the "Newcrest Joint Venture") covers the Dabakala licence, located in central Cote d'Ivoire and covering an area of approximately 390km<sup>2</sup>. The summary terms of the joint venture are:

- Newcrest to spend US\$1.75 million to earn 75% of the Dabakala licence;
- Newcrest to spend a minimum of US\$750,000 in the first year of operation (initially December 2016 but this time frame has been extended as discussed below);
- Upon Newcrest earning its 75%, Kodal can elect to contribute to ongoing exploration, or dilute to a minimum 5%, with the potential to convert to a royalty.

Newcrest and Kodal have agreed an extension of the first year expenditure commitment due to access difficulties on site, and this has consequently delayed the completion of the initial programme. Newcrest has indicated its intention to continue with the joint venture and its expectation of meeting its commitments.

# STRATEGIC REPORT (continued)

## for the year ended 31 March 2017 – Description of Projects (continued)

Newcrest is continuing with the auger drilling programme at Dabakala which is targeting a surface geochemical anomaly and interpreted complex geological structural zones. Newcrest has built an exploration camp on site and has two auger drilling crews operating to complete the programme as soon as possible.

### Norway Projects

#### Kodal Project

The Kodal Project is a phosphate and titano-magnetite project situated in the Lågen valley, 20 km north of Larvik. The Kodal Project forms part of the Vestfold-Ringerike Graben geological structure and is located approximately 85 km south-west of Oslo.

The Kodal Project area is covered by three contiguous extraction licences issued by the Norwegian Directorate of Mining which expire in July 2023. The Group also owns an exploration licence issued in March 2014 covering an area adjacent to the extraction licences.

The Kodal Project has a JORC compliant total Indicated Resource of 14.6 million tonnes (Mt) at 2.26% P (5.18% P<sub>2</sub>O<sub>5</sub>) and 24.12% Fe with an Inferred Resource of 34.3 Mt at 2% P (4.59% P<sub>2</sub>O<sub>5</sub>) and 20.38% Fe. Table 4 below sets out a summary of the Kodal Project resource by status.

Category	Gross					Net attributable				Fe (Mt)	Operator	
	Tonnes (millions)	Grade		Contained Tonnes Metal		Tonnes (millions)	Grade		Contained Metal			
		P <sub>2</sub> O <sub>5</sub> (%)	Fe (%)	P <sub>2</sub> O <sub>5</sub> (Mt)	Fe (Mt)		P <sub>2</sub> O <sub>5</sub> (%)	Fe (%)				P <sub>2</sub> O <sub>5</sub> (Mt)
Ore/Mineral reserves												
per asset	–	–	–	–	–	–	–	–	–			
Proved	–	–	–	–	–	–	–	–	–			
Probable	–	–	–	–	–	–	–	–	–	–		
Sub-total	–	–	–	–	–	–	–	–	–	–		
Mineral resources										–		
per asset												
Measured	–	–	–	–	–	–	–	–	–			
Indicated	14.6	5.18	24.1	0.76	3.52	14.6	5.18	24.1	0.76	–		
Inferred Sub-	34.3	4.59	20.0	1.58	6.99	34.3	4.59	20.0	1.58	3.52	Kodal Minerals	
total	48.9	4.77	21.49	2.34	10.51	48.9	4.77	21.49	2.34	6.99	Kodal Minerals	
Total	48.9	4.77	21.49	2.34	10.51	48.9	4.77	21.49	2.34	10.51	Kodal Minerals	
Table 4: Summary resources at the Kodal Project by status											10.51	Kodal Minerals

Table 4: Summary resources at the Kodal Project by status



In connection with the preparation of the financial statements for the year ended 31 March 2015, the directors undertook an impairment review of the carrying value of the Kodal Project in response to the significant fall in the price of iron ore, by performing a value in use calculation. As a result of this review, the Kodal Project was fully impaired and its value in the financial statements written down to nil. No further expenditure is being incurred on the Kodal Project other than the costs of maintaining the extraction and exploration licences and limited consulting work to maintain the status of the Norwegian planning application.

In October 2016, the Group announced that it had requested a temporary withdrawal from the planning process for its non-core Kodal Project in southern Norway so as to avoid expending further management time or incurring additional costs. The Kodal Project was fully impaired by the Group in its financial statements for the year ended 31 March 2015 in response to the dramatic fall in the price of iron ore. The Group was seeking to continue to progress the planning process but was not undertaking any further exploration or development work on the project. The Group has written to the relevant municipalities requesting a temporary withdrawal from the planning process on the basis that the Kodal Project is not currently economically viable and that this is unlikely to change in the short term. The Group understands that, subsequent to receipt of the withdrawal request, one of the municipalities proceeded to consider the planning application and voted against it. The Group has received no formal notification of this vote and has been advised that it is inconsequential. In any event, the licences remain valid until July 2023 and the Group has been advised that it can restart the planning process at any time if the economics of the project improve in the future.

Given the fall in iron ore prices the Kodal Project is not currently economically viable. Should iron ore prices recover the Board will evaluate the project and may restart development. Until that time the Group intends to retain the Kodal extraction licences as they represent a good option on world phosphate prices, have low holding costs and are well located.

# STRATEGIC REPORT (continued)

## for the year ended 31 March 2017 – Finance Review

### Finance Review

#### Results of operations

For the year ended 31 March 2017, the Group reported a loss for the year of £1,178,000 compared to a loss of £466,000 in the previous year. Excluding the impairment charges, outlined further below, the loss for the year was £503,000 compared to £415,000 in 2016, reflecting the higher administrative charges of £488,000 compared to £375,000 in 2016 as operational activity has expanded, including the running of an office in Mali, following the acquisition of the gold and lithium exploration assets in West Africa.

In June 2017, in connection with the preparation of the financial statements for the year ended 31 March 2017, the directors undertook an impairment review of the carrying value of the Grimeli Project in Norway. This has resulted in an impairment charge in the year to 31 March 2017 of £669,000 (2016: £nil), being the full carrying value of the Grimeli Project. In the year to 31 March 2017, the Group has recognised a further impairment charge on the Kodal Project of £6,000 (2016: £50,000), representing exploration and evaluation costs in the year associated with the Kodal Project.

During the year, the Group invested £1,392,000 in exploration and evaluation expenditure on its various projects, the large majority of which related to its West African Gold Projects acquired in May 2016 and its Mali Lithium Projects acquired in August and September 2016. As a result, the carrying value of the Group's capitalised exploration and evaluation expenditure, net of the impairment charge relating to the Kodal Project and Grimeli Project, increased from £597,000 to £1,323,000. At 31 March 2017, the carrying value of the Gold Projects was £714,000 (2016: £nil) and of the Lithium Projects was £609,000 (2016: nil).

Cash balances as at 31 March 2017 were £1,723,000, an increase of £1,588,000 on the previous year's level of £135,000. Further funds have been raised subsequent to the [year-end. Net](#) assets of the Group at the year-end were £2,737,000 (2016: £704,000).

#### Financing

During the year, the Group has successfully completed a number of equity fundraisings. In May 2016, it raised £680,000 in connection with the acquisition of the Gold Projects. Subsequently, it completed a capital raising in October 2016 of £750,000 to support the initial acquisition of the Lithium Projects, then a further share placing of £1,000,000 in January 2017 to expand the lithium exploration programme. Most significantly, in March 2017, Kodal Minerals announced an initial investment of £500,000 by Singapore-based investment company Suay Chin International Pte Limited, followed after the end of the financial year in May 2017 with the conclusion of a formal subscription agreement with Suay Chin for a further £4,325,000 investment in the Company together with a binding off-take term sheet covering the Group's lithium production. This subscription agreement is continuing, with Suay Chin having completed staged investments since the year end for a total of £3,994,000, bringing its total investment to date of £4,494,000 million out of its overall committed investment of £4,825,000. Suay Chin is now the largest shareholder in the Company, with a holding of 18.92%. The net proceeds of the subscriptions from Suay Chin will be used to continue exploration work on the lithium projects and for general corporate purposes.

#### Going concern and funding

The Group has not earned revenue during the year to 31 March 2017 as it is still in the exploration and development phases of its business. The operations of the Group are currently being financed from funds which the Company has raised from the issue of new shares.

As at 31 March 2017, the Group held cash balances of £1,723,000 and since the end of the financial year the Company raised £3,994,000 by way of a subscription of new shares by Suay Chin. The Group's cash balances at 31 August 2017 were £4,121,000.

The Directors have prepared cash flow forecasts for the period ending 30 September 2018. The forecasts include the costs of progressing the Lithium Projects and the corporate and operational overheads of the Group. The forecasts demonstrate that the

Group has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements without the need for a further fund raising. Accordingly, the financial statements have been prepared on a going concern basis.

### **Utilising key performance indicators (“KPIs”)**

At this early stage of its exploration and development activities, Kodal Minerals does not consider KPIs to be a relevant performance metric.

### **Financial risk management objectives and policies**

The Group's principal financial instruments comprise cash and trade and other payables. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk, price risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Group's exploration and operating activities. Management prepares and monitors forecasts of the Group's cash flows and cash balances monthly and ensures that the Group maintains sufficient liquid funds to meet its expected future liabilities. The Group intends to raise funds in discrete tranches to provide sufficient cash resources to manage the activities through to revenue generation.

#### *Price risk*

The Group is exposed to fluctuating prices of commodities, including gold and lithium, and the existence and quality of these commodities within the licence and project areas. The Directors will continue to review the prices of relevant commodities as development of the projects continues and will consider how this risk can be mitigated closer to the commencement of mining.

#### *Foreign exchange risk*

The Group operates in a number of overseas jurisdictions and carries out transactions in a number of currencies including Sterling, CFA Franc BCEAO, US dollars and Norwegian Kroner. The Group does not have a policy of using hedging instruments but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Principal Operating Risks and Uncertainties

## Principal Operating Risks and Uncertainties

The Group is exposed to a number of operational risks which it seeks to mitigate as set out in the table below:

Risk	Comment and Mitigating Actions
<p><b>Exploration and Development Risk</b></p> <p>The Group is a mineral exploration company and the success of the company is dependent on the discovery and/or acquisition of Mineral Reserves and Mineral Resources and the successful development of mines therefrom. Significant risk exists within technical, legal and financial aspects of the exploration for and the development of mines, which may have an adverse effect on the Group's business.</p>	<p>There is no assurance that the Group's exploration and potential future development activities will be successful, and statistically few properties that are explored are ultimately developed into profitable producing mines.</p> <p>The Group ensures that there is regular review of projects, expenditure and exploration activity to maintain focus on targets and ensure best possible information in decision process to focus resources and expenditure upon key exploration and development targets.</p>
<p><b>Licensing and title risk</b></p> <p>The Group's exploration and future development opportunities are dependent upon maintaining clear tenure and access to licences as well as ensuring the relevant operation licences, permits and regulatory consents are valid. The licences and regulatory permits may be withdrawn or made subject to limitations.</p> <p>The granting of licences and permits are a practical matter subject to the discretion of the applicable Government or Government office. 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.</p>	<p>The Group complies with existing laws and regulations.</p> <p>The Group ensures that the regulatory reporting and the government compliance for each licence are met.</p> <p>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.</p> <p>The Group regularly monitors the good standing of its licences.</p>
<p><b>Political Risk</b></p> <p>The Group's activities are subject to various laws and regulations governing the mining industry. Although all activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Group's current activities and development plans and have a material adverse impact on the Group's financial position.</p>	<p>The Group maintains an active focus on the all regulatory developments applicable to the Group, in particular in relation to the mining codes.</p> <p>Norway is a politically and economically stable country. The Group monitors all relevant legislation and maintains contact with the relevant authorities.</p> <p>Mali is engaged in political recovery and stabilisation after a military coup in March 2012 and a French-led military intervention against the separatist Tuareg rebels in the north of Mali in January 2013.</p>

Risk	Comment and Mitigating Actions
<p><b>Political risk (continued)</b></p> <p>The Group has projects in Norway. Norway is a politically and economically stable country, but although unlikely, it cannot be guaranteed that this stability will exist during the entire life of Kodal Minerals' operations in Norway. In addition, the Norwegian Government may decide in the future to increase taxation on businesses in general or extractive industries in particular to a level where Kodal Minerals' operations in Norway no longer remain economic.</p> <p>The Group has significant activities in Mali and Côte d'Ivoire in West Africa. The success of the Group will be influenced by associated legal, political and economic situation in Mali, Côte d'Ivoire and the wider African region. Countries in the region have experienced political instability and economic uncertainty in the past. Government policy in the countries in which the Group operates can be unpredictable, and the institutions of government and market economy may be unstable and subject to rapid change, which may result in a material adverse effect on the Group's operations.</p> <p>The renewal of exploration and exploitation licences is an area of risk given the countries in which the Group operates. Whilst the Group has in place legal titles on the assets in its portfolio, there remains a risk to the Group that changes within regimes could put the ownership of these assets at risk.</p> <p>The Group is also at risk of taxation reviews that may change or apply more stringently the laws and regulations of the countries in which it operates.</p>	<p>In general, the security risk in Mali remains high and The United Nations peacekeeping mission in Mali, established in April 2013 and consisting of over 11,000 military and police, has helped maintain the security situation throughout the remainder of the country but the situation in the north of the country remains fragile. Talks between the government and separatist rebels aimed at bringing about peaceful resolution ended inconclusively in March 2015 and there has been an increase in violence in the region including some isolated incidents in the south of the country during 2015. The most serious incidents have been the terrorist attack on a restaurant in Bamako in March 2015 in which seven people were killed, including six expatriates, and an attack on the Radisson Blu hotel in Bamako on 20 November 2015 in which 19 people were killed.</p> <p>In Côte d'Ivoire, the political situation has been calm since 2011. The election in 2015 returned the Government of President Ouattara with increased popular support. The economic situation in Côte d'Ivoire is improving dramatically with significant Government expenditure on infrastructure and development activity.</p> <p>The Company is undertaking a review of the tax regulations in Mali and its compliance with them. The initial results of this review are that there are no significant or material instances of non-compliance.</p>
<p><b>Financial Risk</b></p> <p>The Group is an exploration company and does not generate revenue or self-sustaining funding at this stage. The Group requires funds to support ongoing exploration and possible future development of mineral properties. The Group's access to funding will depend on its ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means.</p> <p>There is no assurance that the Group will be successful in obtaining the necessary financing in a timely manner on acceptable terms to complete its investment strategy.</p> <p>If the Group is unable to obtain additional financing as needed, some interests may be relinquished and/or the scope of the operations reduced.</p>	<p>The Board regularly reviews the levels of discretionary spending on capital items and exploration expenditure. This includes regularly updating working capital models, reviewing actual costs against budget and assessing potential impacts on future funding requirements and performance targets.</p> <p>In the past, the Group has been successful in raising additional equity finance to support its ongoing activities.</p>

# STRATEGIC REPORT (continued)

for the year ended 31 March 2017 – Principal Operating Risks and Uncertainties (continued)

Risk	Comment and Mitigating Actions
<p><b>Reliability of Mineral Resources and Mineral Reserves</b>  The Group has reported mineral resources for the Kodal Deposit in Norway. The estimates are based on a range of assumptions, including geological, metallurgical and technical factors; there can be no assurance that the anticipated tonnages or grades will be achieved.</p> <p>No mineral resource has been declared for the Grimeli Project in Norway or the West African projects.</p>	<p>The Mineral Resource estimates are prepared either by third party consultants who have considerable experience and are certified by appropriate bodies.</p> <p>Mineral Resources are reported as general indicators and should not be interpreted as assurances of minerals or the profitability of current or future operations.</p>
<p><b>Commodity Prices</b>  A significant fall in the commodity prices could have a potential impact on the economic viability of the Group's projects and the Group's ability to raise funds for the development of its exploration properties.</p>	<p>The Group regularly reviews changes in the commodity prices to ensure that feasibility studies take into account the Group's long term view on commodity prices.</p>
<p><b>Operational Risk</b>  A violation of health and safety laws or regulations could have a material adverse effect on the Group's business due to a requirement to implement new compliance measures.</p> <p>Exploration and development sites have inherent risks and liabilities associated with environmental laws and regulations, which are subject to ongoing Government review and modification.</p>	<p>The Group has a priority focus on the health and safety of its employees and the environment.</p> <p>The Group ensures all work practices are within Government guidelines and regulations and are subject to the required permits and licences.</p>
<p><b>Exposure to Cost Pressures</b>  The Group is exposed to increases in the prices for services and equipment (e.g. drilling contractors, drilling consumables and the price of diesel).</p>	<p>The Group maintains strong relationships with experienced contractors who provide high quality service and reliability. The Group monitors all costs in relation to its activities and negotiates rates.</p>

Signed on behalf of the Board

Bernard Aylward  
Chief Executive Officer

27 September 2017

# REPORT OF THE DIRECTORS

for the year ended 31 March 2017

The Directors present their report, together with the audited consolidated financial statements for Kodal Minerals Plc for the year ended 31 March 2017.

## Principal activity

The Company was incorporated for the purposes of exploring and developing mineral assets. The Company's shares are traded on AIM.

## Domicile and principal place of business

Kodal Minerals Plc is domiciled in the United Kingdom. Its principal place of business as at 31 March 2017 was West Africa.

## Directors

The current membership of the board and the Directors who held office during the year are set out below:

Bernard Aylward	Appointed 20 May 2016
Luke Bryan	
Robert Wooldridge	
David Jones	Resigned 15 July 2016
Markus Ekberg	Resigned 20 May 2016

## Biographical details of the Directors

### Bernard Michael Aylward (Chief Executive Officer)

Bernard is a geologist with over 20 years' experience as a manager and exploration geologist in the mining and exploration industry in a variety of commodities. Bernard's experience includes serving as the Managing Director of Taruga Gold Limited from its initial listing on the ASX, Chief Operating Officer of International Goldfields Ltd, General Manager of Azumah Resources Ltd (Ghana), and Exploration Manager for Croesus Mining NL. Bernard has been involved in the discoveries and management of the Bepkong, Julie, Collette and Kunche deposits in Ghana, as well as the Deep South gold deposit, Gladstone North deposit, St Patrick's, Norseman Reef, and the Safari Bore gold deposit in Western Australia. Bernard has experience operating in Europe (Greece Sappes deposit), Siberia, South America and extensive experience throughout West Africa.

### Luke Robert Bryan (Technical Director)

Luke is a mining engineer with over 20 years of international experience. Most recently he was chief executive officer of North River Resources plc, an AIM quoted mineral exploration company and prior to that he worked as an independent consultant. Luke has worked in Africa, Australia, the Former Soviet Union and Europe. He holds degrees in Mining Engineering and Economics from Auckland University. Luke is based in London and is a Fellow of the Geological Society.

### Robert Ian Wooldridge (Non-executive Chairman)

Robert is currently a partner at SP Angel Corporate Finance LLP. After graduating with a degree in Natural Sciences from Cambridge University, he spent eight years at PricewaterhouseCoopers International Limited, qualifying as a chartered accountant in 1989. He left in 1994 to join the international equity capital markets division of HSBC Investment Bank where he spent a further eight years and was responsible for completing a number of landmark equity transactions across Europe, India and the Middle East & Africa. In 2003 he joined an investment banking boutique, to head up its corporate finance and securities operation and was then one of the founding partners of SP Angel in 2006. SP Angel is an independent corporate finance and broking operation which focuses on advising small and mid-cap companies in the mining, oil and gas, property and technology sectors.



# REPORT OF THE DIRECTORS (continued)

## for the year ended 31 March 2017

### Directors' interests

The beneficial interests in the Company's shares and share options of the current Directors and their families, as at 31 March 2017 are as follows:

Directors	Shares	Shares	Notes
	31 March 2017	31 March 2016	
Bernard Aylward	<b>94,834,948</b>	–	
Luke Bryan	<b>48,500,000</b>	48,500,000	1, 2
Robert Wooldridge	<b>50,417,949</b>	50,417,949	3

Notes:

- 1: These shares are held by Novoco Mine Engineering Limited ("Novoco"), a company wholly owned by Luke Bryan.
- 2: Under an option agreement between the Group and Novoco, the Company has granted to Novoco options over 25,000,000 Shares ("Option Shares") at an exercise price of 0.7 pence per share. The options become exercisable in respect of one third of the total number of Option Shares on each of the first, second and third anniversaries of 30 December 2013. The options are exercisable for a period of ten years from the date on which they vest and become exercisable.
- 3: Subsequent to the year end, Robert Wooldridge acquired a further 26,520,195 shares.

### Events after the reporting period

Events after the reporting period are outlined in note 17 to the financial statements on page 67.

### Directors' and Officers' liability insurance

The Group has Directors' and Officers' liability insurance to cover claims up to a maximum of £1.0 million.

### Strategic Report

The Directors have chosen to include information required by s414(c) of the Companies Act in the Strategic Report. **Statement**

#### as to disclosure of information to auditors

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that he 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 it has been communicated to the auditor.

### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Corporate Governance Report and Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company 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 ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and the Company 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 Group and Company 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Auditors and Annual General Meeting**

RSM UK Audit LLP offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006. A resolution to reappoint RSM UK Audit LLP will be proposed at the Annual General Meeting.

Approved by the board of directors and signed on behalf of the board on 27 September 2017.

Robert Wooldridge  
Director  
27 September 2017

# CORPORATE GOVERNANCE REPORT

for the year ended 31 March 2017

## Introduction

While not mandatory for an AIM company, the Directors take due regard, where practical for a company of this size and nature, of certain provisions of the principles of good governance and code of best practices under the UK Corporate Governance Code. The disclosures presented herein are limited and are not intended to constitute a corporate governance statement.

## Directors

The Company supports the concept of an effective board leading and controlling the Group. The Board is responsible for approving Group policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved for decision. Procedures are in place for operational management to supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary.

The Directors that served during the year are detailed on page 35. The Non-Executive Chairman of the Board is Robert Wooldridge. **Relations**

## with shareholders

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

## Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit and Risk Committee comprises Robert Wooldridge and Bernard Aylward and is chaired by Robert Wooldridge. It meets at least twice a year to consider the integrity of the financial statements of the Group, including its annual and interim accounts, the effectiveness of the Group's internal controls and risk management systems, auditor reports, and terms of appointment and remuneration for the auditors.

The Remuneration Committee performs both remuneration and nomination functions and comprises Robert Wooldridge and Luke Bryan and is chaired by Robert Wooldridge. It meets as and when required. The purpose of the remuneration function is to ensure that the executive directors are fairly rewarded for their individual contributions to the overall performance of the Group, to determine all elements of the remuneration of the executive directors and to demonstrate to the Group's shareholders that the remuneration of the executive directors is set by a Board committee whose members have no personal interest in the outcome of the committee's decision and who will have appropriate regard to the interests of the shareholders.

The purpose of the nomination function is to identify and nominate new directors to the Board as considered necessary.

The Board has considered the need for an internal audit function but has decided the size and complexity of the Group do not justify it at present. However, it will keep this decision under annual review.

# REMUNERATION REPORT

for the year ended 31 March 2017

## Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Group operates within a competitive environment and its performance depends on the individual contributions of the Directors.

## Policy on Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives.

The amounts shown as "Share option expense" relate to a theoretical calculation of the non-cash cost to the Group of the share options granted to the directors, further details of which are provided in Note 5. These do not represent cash payments to the Directors either made in the past or due in the future.

The remuneration of the Directors of the Company who served during the year ended 31 March 2017 was as follows:

	Fees and salary year to 31 March 2017 £	Share based payments year to 31 March 2017 £	Total year to 31 March 2017 £	Total year to 31 March 2016 £
Luke Bryan <sup>(1)</sup>	24,077	14,667	38,744	75,347
Markus Ekberg	1,667	–	1,667	20,000
David Jones	8,769	–	8,769	30,000
Robert Wooldridge	30,635	–	30,635	20,000
Bernard Aylward <sup>(2)</sup>	31,667	–	31,667	–
	96,815	14,667	111,482	145,347

1 In addition to the amounts included above, Novoco Mine Engineering Limited, a company wholly owned by Luke Bryan, provided consultancy services to the Group during the year and received fees of £24,300 (2016: £46,750).

2 In addition to the amounts included above, Matlock Geological Services Pty Ltd, a company wholly owned by Bernard Aylward, provided consultancy services to the Group during the year and received fees of £91,106 (2016: £nil).

## Notice periods of the Directors

Bernard Aylward's appointment will continue until the earlier of: (i) the termination of the consultancy agreement between the Company and Matlock Geological Services Pty Ltd (a company wholly owned by Mr Aylward); and (ii) termination by either the Company or Mr Aylward on three months' prior written notice. Luke Bryan's service agreement is subject to three months' notice of termination by either party and Robert Wooldridge's to 3 months' notice of termination by either party.

## Pensions

In compliance with the Pensions Act 2008 the Company has established a Workplace Pension Scheme for its UK based employees and Directors with effect from 1 July 2017. Prior to this date, the Company has not made any pension contributions on behalf of the Directors.

# INDEPENDENT AUDITOR'S REPORT

for the year ended 31 March 2017

## Opinion on financial statements

We have audited the group and parent company financial statements ("the financial statements") on pages 42 to 67. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006. **Scope**

## of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

We have nothing to report in respect of the following matters where 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.

## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

Graham Ricketts (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date: 27 September 2017



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017

	Note	Year ended 31 March 2017 £	Year ended 31 March 2016 £
<b>Continuing operations</b>			
Revenue		–	–
Impairment of exploration and evaluation assets	7	(675,236)	(50,426)
Administrative expenses		(488,376)	(374,651)
Share based payments	5	(14,667)	(40,556)
<b>OPERATING LOSS</b>		<b>(1,178,279)</b>	<b>(465,633)</b>
Finance income		–	11
<b>LOSS BEFORE TAX</b>	2	<b>(1,178,279)</b>	<b>(465,622)</b>
Taxation	6	–	–
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(1,178,279)</b>	<b>(465,622)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation loss		(5,497)	(1,142)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(1,183,776)</b>	<b>(466,764)</b>
<b>Loss per share</b>			
Basic and diluted – loss per share on total earnings (pence)	4	(0.0299)	(0.0458)

The loss for the current and prior years and the total comprehensive income for the current and the prior years are wholly attributable to owners of the parent company.

# CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

as at 31 March 2017

Registered number: 07220790

		<b>G r o u p</b>	<b>G r o u p</b>	<b>C o m p a n y</b>	<b>C o m p a n y</b>
		<b>3 1</b>	<b>3 1</b>	<b>3 1</b>	<b>3 1</b>
		<b>M a r c h</b>	<b>M a r c h</b>	<b>M a r c h</b>	<b>M a r c h</b>
	<b>Note</b>	<b>2 0 1 7 £</b>	<b>2 0 1 6 £</b>	<b>2 0 1 7 £</b>	<b>2 0 1 6 £</b>
<b>NON CURRENT ASSETS</b>					
Intangible assets	7	<b>1,323,226</b>	601,391	–	–
Property, plant and equipment	8	–	63,581	–	–
Amounts due from subsidiary undertakings		–	–	<b>921,198</b>	180,324
Investments in subsidiary undertakings	9	–	–	<b>512,373</b>	476,752
		<b>1,323,226</b>	664,972	<b>1,433,571</b>	657,076
<b>CURRENT ASSETS</b>					
Other receivables	10	<b>16,229</b>	2,984	<b>33,238</b>	15,983
Cash and cash equivalents		<b>1,722,950</b>	134,801	<b>1,693,016</b>	134,523
		<b>1,739,179</b>	137,785	<b>1,726,254</b>	150,506
<b>TOTAL ASSETS</b>		<b>3,062,405</b>	802,757	<b>3,159,825</b>	807,582
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	<b>(325,213)</b>	(98,859)	<b>(321,898)</b>	(98,767)
<b>TOTAL LIABILITIES</b>		<b>(325,213)</b>	(98,859)	<b>(321,898)</b>	(98,767)
<b>NET ASSETS</b>		<b>2,737,192</b>	703,898	<b>2,837,927</b>	708,815
<b>EQUITY</b>					
Attributable to owners of the parent:					
Share capital	12	<b>1,683,206</b>	328,080	<b>1,683,206</b>	328,080
Share premium account	12	<b>6,784,682</b>	4,937,405	<b>6,784,682</b>	4,937,405
Share based payment reserve		<b>169,334</b>	154,667	<b>169,334</b>	154,667
Translation reserve		<b>(3,597)</b>	1,900	–	–
Retained deficit		<b>(5,896,433)</b>	(4,718,154)	<b>(5,799,295)</b>	(4,711,337)
<b>TOTAL EQUITY</b>		<b>2,737,192</b>	703,898	<b>2,837,927</b>	708,815

The Company's loss for the year ended 31 March 2017 was £1,087,958 (2016: £537,084).

The financial statements were approved and authorised for issue by the board of directors on 27 September 2017 and signed on its behalf by

Robert Wooldridge  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

Attributable to the owners of the Parent

	Share capital £	Share premium account £	Share based payment reserve £	Translation reserve £	Retained deficit £	Total equity £
<b>GROUP</b>						
<b>At 31 March 2015</b>	243,186	4,562,017	114,111	3,042	(4,252,532)	669,824
<b>Comprehensive income</b>						
Loss for the year	–	–	–	–	(465,622)	(465,622)
<b>Other comprehensive income</b>						
Currency translation loss	–	–	–	(1,142)	–	(1,142)
<b>Total comprehensive income for the year</b>	–	–	–	(1,142)	(465,622)	(466,764)
<b>Transactions with owners</b>						
Shares in settlement of services	15,449	68,837	–	–	–	84,286
Share based payment	–	–	40,556	–	–	40,556
Proceeds from share issue	69,444	330,552	–	–	–	399,996
Share issue expenses	–	(24,000)	–	–	–	(24,000)
<b>At 31 March 2016</b>	<b>328,080</b>	<b>4,937,405</b>	<b>154,667</b>	<b>1,900</b>	<b>(4,718,154)</b>	<b>703,898</b>
<b>Comprehensive income</b>						
Loss for the year	–	–	–	–	(1,178,279)	(1,178,279)
<b>Other comprehensive income</b>						
Currency translation loss	–	–	–	(5,497)	–	(5,497)
<b>Total comprehensive income for the year</b>	–	–	–	(5,497)	(1,178,279)	(1,183,776)
<b>Transactions with owners</b>						
Shares in settlement of services	8,771	22,629	–	–	–	31,400
Share based payment	–	–	14,667	–	–	14,667
Proceeds from share issue	1,346,355	1,993,645	–	–	–	3,340,000
Share issue expenses	–	(168,997)	–	–	–	(168,997)
<b>At 31 March 2017</b>	<b>1,683,206</b>	<b>6,784,682</b>	<b>169,334</b>	<b>(3,597)</b>	<b>(5,896,433)</b>	<b>2,737,192</b>

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Share capital £	Share premium account £	Share based payment reserve £	Retained deficit £	Total equity £
<b>COMPANY</b>					
<b>At 31 March 2015</b>	243,186	4,562,017	114,111	(4,174,253)	745,061
<b>Comprehensive income</b>					
Loss for the year	–	–	–	(537,084)	(537,084)
<b>Total comprehensive income for the year</b>	–	–	–	(537,084)	(537,084)
<b>Transactions with owners</b>					
Shares in settlement of services	15,449	68,837	–	–	84,286
Share based payments	–	–	40,556	–	40,556
Proceeds from shares issued	69,444	330,552	–	–	399,996
Share issue expenses	–	(24,000)	–	–	(24,000)
<b>At 31 March 2016</b>	<b>328,080</b>	<b>4,937,405</b>	<b>154,667</b>	<b>(4,711,337)</b>	<b>708,815</b>
<b>Comprehensive income</b>					
Loss for the year	–	–	–	(1,087,958)	(1,087,958)
<b>Total comprehensive income for the year</b>	–	–	–	(1,087,958)	(1,087,958)
<b>Transactions with owners</b>					
Shares in settlement of services	8,771	22,629	–	–	31,400
Share based payment	–	–	14,667	–	14,667
Proceeds from shares issued	1,346,355	1,993,645	–	–	3,340,000
Share issue expenses	–	(168,997)	–	–	(168,997)
<b>At 31 March 2017</b>	<b>1,683,206</b>	<b>6,784,682</b>	<b>169,334</b>	<b>(5,799,295)</b>	<b>2,837,927</b>

# CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 March 2017

	Note	Group Year ended 31 March 2017 £	Group Year ended 31 March 2016 £	Company Year ended 31 March 2017 £	Company Year ended 31 March 2016 £
<b>Cash flows from operating activities</b>					
Loss before tax		(1,178,279)	(465,622)	(1,087,958)	(537,084)
Adjustments for non-cash items:					
Loss on sale of property, plant and equipment		41,994	–	–	–
Impairment of exploration and evaluation assets	7	675,236	50,426	–	–
Impairment of investments in subsidiaries and intercompany balances		–	–	653,887	11,485
Share based payments		14,667	40,556	14,667	40,556
Equity settled transactions		20,000	–	20,000	–
Operating cash flow before movements in working capital		(426,382)	(374,640)	(399,404)	(485,043)
<b>Movement in working capital</b>					
(Increase)/decrease in receivables		(13,245)	25,111	(17,255)	13,707
Increase/(decrease) in payables		220,858	(14,856)	223,131	5,955
Net movements in working capital		207,613	10,255	205,876	19,662
Net cash outflow from operating activities		(218,769)	(364,385)	(193,528)	(465,381)
<b>Cash flows from investing activities</b>					
Purchase of subsidiary undertakings		–	–	(102,373)	–
Disposal of property, plant and equipment		10,000	–	–	–
Purchase of intangible assets		(961,205)	(182,764)	–	(11,485)
Loans to subsidiary undertakings		–	–	(906,609)	(66,038)
Net cash outflow from investing activities		(951,205)	(182,764)	(1,008,982)	(77,523)
<b>Cash flow from financing activities</b>					
Interest received		–	11	–	–
Net proceeds from share issues	12	2,761,003	375,996	2,761,003	375,996
Net cash inflow from financing activities		2,761,003	376,007	2,761,003	375,996
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>1,591,029</b>	<b>(171,142)</b>	<b>1,558,493</b>	<b>(166,908)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>134,801</b>	<b>306,843</b>	<b>134,523</b>	<b>301,431</b>
<b>Exchange loss on cash</b>		<b>(2,880)</b>	<b>(900)</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at end of the year</b>		<b>1,722,950</b>	<b>134,801</b>	<b>1,693,016</b>	<b>134,523</b>

Cash and cash equivalents comprise cash on hand and bank balances.

# PRINCIPAL ACCOUNTING POLICIES

for the year ended 31 March 2017

The Group has adopted the accounting policies set out below in the preparation of the financial statements. All of these policies have been applied consistently throughout the period unless otherwise stated.

## **Basis of preparation**

The consolidated financial statements of Kodal Minerals Plc are prepared in accordance with the historical cost convention and in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 2006. The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange.

## **Going concern**

The Group has not earned revenue during the year to 31 March 2017 as it is still in the exploration and development phases of its business. The operations of the Group are currently being financed from funds which the Company has raised from the issue of new shares.

As at 31 March 2017, the Group held cash balances of £1,723,000 and following the end of the financial year the Company raised £3,994,000 by way of a subscription of new shares. The Group's cash balances at 31 August 2017 were £4,121,000.

The Directors have prepared cash flow forecasts for the period ending 30 September 2018. The forecasts include the costs of progressing the Lithium Projects and the corporate and operational overheads of the Group. The forecasts demonstrate that the Group has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements without the need for a further fund raising. Accordingly, the financial statements have been prepared on a going concern basis.

## **Basis of consolidation**

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiary undertakings are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

## **Foreign currency translation**

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in pounds sterling ("£"), which is the functional and presentational currency of the Parent Company and the presentational currency of the Group. End of year balances in the Group's Norwegian subsidiary undertakings were converted using an end of year rate of NOK 1 : £0.0926 (2016: NOK 1 : £0.0841) and its West African subsidiary undertakings were converted using an end of year rate of XOF 1 : £0.0013.



# PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 31 March 2017

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains or losses on translation are included in profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation, which is included in administrative expenses, is charged so as to write off the costs of assets, over their estimated useful lives, using the straight line method, on the following basis:

Plant and machinery	4 years
Motor vehicles	4 years
Fixtures, fittings and equipment	4 years

Where property, plant and equipment are used in exploration and evaluation activities, the depreciation of the assets is capitalised as part of the cost of exploration and evaluation assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognised.

## Exploration and evaluation expenditure

In accordance with IFRS 6 (Exploration for and Evaluation of Mineral Resources), exploration and evaluation costs incurred before the Group obtains legal rights to explore in a specific area (a "project area") are taken to profit or loss.

Upon obtaining legal rights to explore in a project area, the fair value of the consideration paid for acquiring those rights and subsequent exploration and evaluation costs are capitalised as exploration and evaluation assets. The costs of exploring for and evaluating mineral resources are accumulated with reference to appropriate cost centres being project areas or groups of project areas.

Upon the technical feasibility and commercial viability of extracting the relevant mineral resources becoming demonstrable, the Group ceases further capitalisation of costs under IFRS 6.

Exploration and evaluation assets are not amortised prior to the conclusion of appraisal activities, but are carried at cost less impairment, where the impairment tests are detailed below.

Exploration and evaluation assets are carried forward until the existence (or otherwise) of commercial reserves is determined:

- where commercial reserves have been discovered, the carrying value of the exploration and evaluation assets are reclassified as development and production assets and amortised on an expected unit of production basis; or
- where a project area is abandoned or a decision is made to perform no further work, the exploration and evaluation assets are written off in full to profit or loss.

## **Exploration and evaluation assets – impairment**

Project areas, or groups of project areas, are determined to be cash generating units for the purposes of assessment of impairment.

With reference to a project area or group of project areas, the exploration and evaluation assets (along with associated production and development assets) are assessed for impairment when such facts and circumstances suggest that the carrying amount of the assets may exceed the recoverable amount.

Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 and include the point at which a determination is made as to whether or not commercial reserves exist.

The aggregate carrying value is compared against the expected recoverable amount, generally by reference to the present value of the future net cash flows expected to be derived from production of the commercial reserves. Where the carrying amount exceeds the recoverable amount, an impairment is recognised in profit or loss.

## **Intangible assets and impairment**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives. Amortisation, which is included in administrative expenses, is charged so as to write off the costs of intangible assets, over their estimated useful lives, using the straight line method, on the following basis:

Software	3 years
----------	---------

## **Deferred taxation**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

## **Financial instruments**

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

IFRS 7 (Financial Instruments: Disclosures) requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed. The required disclosures have been made in Note 14 to the financial statements.

The Group's policies include that no trading in derivative financial instruments shall be undertaken.

## **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand.

## PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 31 March 2017

### Other receivables

Other receivables are carried at amortised cost less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in profit or loss.

### Trade and other payables

Trade payables and other payables 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. These amounts are carried at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### Equity settled transactions (Share based payments)

The Group has issued shares as consideration for services received. Equity settled share based payments are measured at fair value at the date of issue.

The Group has also granted equity settled options to employees. The cost of equity settled transactions is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the employee becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

In valuing equity settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the recipients to become fully entitled to an award are considered to be non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account in determining the grant value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous reporting date is recognised in profit and loss, with a corresponding entry in equity.

Where the terms of the equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in profit and loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense.

### **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, which has been identified as the Chief Operating Decision Maker. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments in line with the strategic direction of the company.

### **Critical accounting judgements and estimates**

The preparation of these consolidated financial statements in accordance with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRSs also require management to exercise its judgement in the process of applying the Group's accounting policies.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

#### *Licence renewals*

The Group's exploration activities and future development opportunities are dependent upon maintaining the necessary licences and permits to operate, which typically require periodic renewal or extension. In Mali and Cote d'Ivoire, the process of renewal or extension of a licence can only be initiated on expiry of the previous term and takes time to be processed by the relevant government authority. Until formal notification is received there is a risk that renewal or extension will not be granted.

At the date of these financial statements, the majority of the Group's exploration licences in Mali and Cote d'Ivoire are due for renewal or extension. The Group complies with the prevailing laws and regulations relating to these licences and ensures that the regulatory reporting and government compliance requirements for each licence are met. In all cases, applications for renewal or extension of these licences have been submitted, and associated fees paid, as they became due. Accordingly, the directors have no reason to believe that the applications for these renewals and extensions will not be successful.

#### *Exploration and evaluation expenditure*

In accordance with the Group's accounting policy for exploration and evaluation expenditure, after obtaining licences giving legal rights to explore in the project area, all exploration and evaluation costs for each project are capitalised as exploration and evaluation assets.

The exploration and evaluation assets for each project are assessed for impairment when such facts and circumstances suggest that the carrying value of the assets may exceed the recoverable amount.

## PRINCIPAL ACCOUNTING POLICIES (continued)

### for the year ended 31 March 2017

In connection with the preparation of the financial statements for the year ended 31 March 2017, the directors undertook an impairment review of the carrying value of the Grimeli Project in Norway. The impairment review was conducted following an assessment by the directors of the exploration data on the Grimeli Project which led to a decision not to commit any further expenditure to the project. The Company expects to relinquish these licence areas at the next renewal date. The impairment review has resulted in an impairment charge in the year to 31 March 2017 of £669,000 (2016: £nil), being the full carrying value of the Grimeli Project.

The directors have assessed the Group's Gold Projects in Mali and Cote d'Ivoire that are not part of the joint venture agreements and determined that they remain prospective. Accordingly, the directors have determined to continue to maintain these licences and explore ways for the Company to advance these prospective areas most effectively. Accordingly, no impairment review has been conducted on these assets.

In connection with the preparation of the financial statements for the year ended 31 March 2015, the directors undertook an impairment review of the carrying value of the Kodal Project in Norway in response to the significant fall in the price of iron ore, by performing a value in use calculation. As a result of this review, the Kodal Project was fully impaired and its value in the financial statements written down to nil. In the year to 31 March 2017, the Group has recognised a further impairment charge on the Kodal Project of £6,000 (2016: £50,000), representing exploration and evaluation costs in the year associated with the project. At 31 March 2017 the carrying value of the Kodal Project was £nil compared to £nil in 2016. No further expenditure is being incurred on the Kodal Project other than the costs of maintaining the extraction and exploration licences and limited consulting work to advance the Norwegian planning application.

#### *Acquisition of International Goldfields (Bermuda) Limited ("IG Bermuda")*

On 20 May 2016, Kodal Minerals Plc completed the acquisition of IG Bermuda which through its four subsidiaries has interests in a number of gold exploration projects in Mali and Côte d'Ivoire in Western Africa. Including fees and expenses, the total cost of the acquisition was £512,373. Due to the lack of processes and outputs relating to IG Bermuda at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of IG Bermuda as an asset purchase.

#### *Going concern*

The Group has not earned revenue during the year to 31 March 2017 as it is still in the exploration and development phases of its business. The operations of the Group are currently being financed from funds which the Company has raised from the issue of new shares.

As at 31 March 2017, the Group held cash balances of £1,723,000 and following the end of the financial year the Company raised £3,994,000 by way of a subscription of new shares. The Group's cash balances at 31 August 2017 were £4,121,000.

The Directors have prepared cash flow forecasts for the period ending 30 September 2018. The forecasts include the costs of progressing the Lithium Projects and the corporate and operational overheads of the Group. The forecasts demonstrate that the Group has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements without the need for a further fund raising. Accordingly, the financial statements have been prepared on a going concern basis.

## New standards and interpretations not applied

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. These are listed below.

The Board anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so-called 'own credit' issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. It is a change from incurred to expected loss model.	1 January 2018
IFRS 10 Consolidated Financial Statements	Amendments regarding the application of the consolidation exception	1 January 2016 December 2014
IFRS 11 Joint Arrangements	Amendments regarding the accounting for acquisitions of an interest in a joint operation	1 January 2016 May 2014
IFRS 12 Disclosure of Interests in Other Entities	Amendments regarding the application of the consolidation exception	1 January 2016 December 2014
IFRS 15 Revenue from Contracts with Customers (IFRS 15 clarifications not EU-endorsed)	Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple-element arrangements.	1 January 2018
IFRS 16 Leases	The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.	1 January 2019



# PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 31 March 2017

Standard	Details of amendment	Annual periods beginning on or after
IFRS 2: Classification and Measurement of Share- based Payment Transactions	Amendments to provide requirements on the accounting for the effects of 1 January 2018 vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Provides requirements about which exchange rate to use in reporting foreign 1 January 2018 currency transactions (such as revenue transactions) when payment is made or received in advance.	
IAS 1 Presentation of Financial Statements	Amendments resulting from the disclosure initiative in December 2014	1 July 2016
IAS7 Disclosure Initiative	Amendments regarding the information provided to users of financial 1 January 2017 statements about an entity's financing activities	
IAS 27 Equity Method in Separate Financial Statements	Restoration of the option to use the equity method to account for 1 January 2016 investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	
IAS 34 Interim Financial Reporting	Amendments resulting from September 2014 Annual Improvements to IFRSs 1 January 2016 in September 2014	
IAS 38 Intangible Assets	Amendments regarding the clarification of acceptable methods of depreciation 1 January 2016 and amortisation in May 2014	

There are other standards in issue but not yet effective, which are not likely to be relevant to the Group which have therefore not been listed.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 1. SEGMENTAL REPORTING

The operations and assets of the Group in the year ended 31 March 2017 are focused in the United Kingdom, West Africa and Norway and comprise one class of business: the exploration and evaluation of mineral resources. Management have determined that the Group had four operating segments being the West African Gold Projects, the West African Lithium Projects, the Norway Projects and the UK administration operations. The Parent Company acts as a holding company. At 31 March 2017, the Group had not commenced commercial production from its exploration sites and therefore had no revenue for the year.

Year ended 31 March 2017	UK £	West Africa Gold £	West Africa Lithium £	Norway £	Total £
Administrative expenses	(443,035)	(160)	(160)	(45,021)	(488,376)
Impairment charge	–	–	–	(675,236)	(675,236)
Share based payments	(14,667)	–	–	–	(14,667)
<b>Loss for the year</b>	<b>(457,702)</b>	<b>(160)</b>	<b>(160)</b>	<b>(720,257)</b>	<b>(1,178,279)</b>

### At 31 March 2017

Other receivables	13,189	–	1,040	2,000	16,229
Cash and cash equivalents	1,693,016	11,423	11,423	7,088	1,722,950
Trade and other payables	(170,137)	–	(155,076)	–	(325,213)
Intangible assets – exploration and evaluation expenditure	–	714,085	609,141	–	1,323,226
<b>Net assets at 31 March 2017</b>	<b>1,536,068</b>	<b>725,508</b>	<b>466,528</b>	<b>9,088</b>	<b>2,737,192</b>

Year ended 31 March 2016	UK £	West Africa Gold £	West Africa Lithium £	Norway £	Total £
Finance income	–	–	–	11	11
Administrative expenses	(353,980)	–	–	(20,671)	(374,651)
Impairment charge	–	–	–	(50,426)	(50,426)
Share based payments	(40,556)	–	–	–	(40,556)
<b>Loss for the year</b>	<b>(394,536)</b>	<b>–</b>	<b>–</b>	<b>(71,086)</b>	<b>(465,622)</b>

### At 31 March 2016

Other receivables	–	–	–	2,984	2,984
Cash and cash equivalents	134,523	–	–	278	134,801
Trade and other payables	(98,859)	–	–	–	(98,859)
Intangible assets – software	–	–	–	4,836	4,836
Intangible assets – exploration and evaluation expenditure	–	–	–	596,555	596,555
Property plant and equipment	–	–	–	63,581	63,581
<b>Net assets as at 31 March 2016</b>	<b>35,664</b>	<b>–</b>	<b>–</b>	<b>668,234</b>	<b>703,898</b>

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 2. LOSS BEFORE TAX

The loss before tax from continuing activities is stated after charging:

	Group Year ended 31 March 2017 £	Group Year ended 31 March 2016 £
Impairment of intangible assets	675,236	50,426
Fees payable to the Company's auditor	37,500	22,500
Share based payments	14,667	40,556
Directors' salaries and fees	96,815	120,000
Employer's National Insurance	2,311	8,442

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;

	Group Year ended 31 March 2017 £	Group Year ended 31 March 2016 £
Audit services		
– statutory audit of parent and consolidated accounts	27,500	20,000
– statutory audit of subsidiaries	2,500	2,500
– review of interim accounts	7,500	–
	<b>37,500</b>	<b>22,500</b>

## 3. EMPLOYEES' AND DIRECTORS' REMUNERATION

The average number of people employed in the Group is as follows:

	Group 31 March 2017 Number	Group 31 March 2016 Number	Company 31 March 2017 Number	Company 31 March 2016 Number
Average number of employees (including directors):	6	4	3	4

The remuneration expense for directors of the Company is as follows:

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Directors' remuneration	96,815	120,000
Directors' social security costs	2,311	8,442
Total	<b>99,126</b>	<b>128,442</b>

### 3. EMPLOYEES' AND DIRECTORS' REMUNERATION (continued)

	Directors' salary and fees year ended 31 March 2017 £	Share based payments year ended 31 March 2017 £	Total year ended 31 March 2017 £
Luke Bryan <sup>(1)</sup>	24,077	14,667	38,744
Markus Ekberg	1,667	–	1,667
David Jones	8,769	–	8,769
Robert Wooldridge	30,635	–	30,635
Bernard Aylward <sup>(2)</sup>	31,667	–	31,667
	<b>96,815</b>	<b>14,667</b>	<b>111,482</b>

	Directors' salary and fees year ended 31 March 2016 £	Share based payments year ended 31 March 2016 £	Total year ended 31 March 2016 £
Luke Bryan <sup>(1)</sup>	50,000	25,347	75,347
Markus Ekberg	20,000	–	20,000
David Jones	30,000	–	30,000
Robert Wooldridge	20,000	–	20,000
	<b>120,000</b>	<b>25,347</b>	<b>145,347</b>

- 1 In addition to the amounts included above, Novoco Mine Engineering Limited, a company wholly owned by Luke Bryan, provided consultancy services to the Group during the year and received fees of £24,300 (2016: £46,750).
- 2 In addition to the amounts included above, Matlock Geological Services Pty Ltd, a company wholly owned by Bernard Aylward, provided consultancy services to the Group during the year and received fees of £91,106 (2016: £nil).

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 4. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the result and share data used in the computations:

	Loss £	Weighted average number of shares	Basic loss per share (pence)
<b>Year ended 31 March 2017</b>	<b>(1,178,279)</b>	<b>3,942,928,822</b>	<b>0.0299</b>
Year ended 31 March 2016	(465,622)	1,015,307,538	0.0458

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Options in issue are not considered diluting to the loss per share as the Group is currently loss making. Diluted loss per share is therefore the same as the basic loss per share.

## 5. SHARE BASED PAYMENTS

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
<b>Share options outstanding</b>		
Opening balance	40,000,000	40,000,000
Issued in the period	–	–
Closing balance	40,000,000	40,000,000

### Options issued in the year to 31 March 2014

In respect of services provided in connection with the Company's admission to AIM, the Company entered into option agreements dated 20 December 2013 between the Company and Novoco Mine Engineering Limited ("Novoco"), a company wholly owned by Luke Bryan, and between the Company and David Hakes (a consultant to the Group at the time). Under these agreements, the Company granted to Novoco and David Hakes respectively options over 25,000,000 shares and 15,000,000 shares ("Option Shares") at an exercise price of 0.7 pence per share. The options become exercisable in respect of one third of the total number of Option Shares on each of the first, second and third anniversaries of 30 December 2013. The options are exercisable for a period of ten years from the date on which they vest and become exercisable.

## 5. SHARE BASED PAYMENTS (continued)

Details of share options outstanding at 31 March 2017:

Date of grant	Number of options	Option price	Exercisable between
30 December 2013	13,333,333	0.7 pence	30 Dec 2014 – 30 Dec 2024
30 December 2013	13,333,333	0.7 pence	30 Dec 2015 – 30 Dec 2025
30 December 2013	13,333,333	0.7 pence	30 Dec 2016 – 30 Dec 2026

Included within operating losses is a charge for issuing share options and making share based payments of £14,667 (2016: £40,556) which was recognised in accordance with the Group's accounting policies.

Additional disclosure information:

Weighted average exercise price of share options:

- outstanding at the beginning of the period 0.7 pence
- granted during the period N/A
- outstanding at the end of the period 0.7 pence
- exercisable at the end of the period 0.7 pence

Weighted average remaining contractual life of share options outstanding at the end of the period 8.76 years

### Tetra Option Agreement

In December 2013, the Group entered into an option agreement (the "Agreement") with Tetra Minerals Oy ("Tetra") a company registered in Finland, under which it granted to Tetra an option (the "Option") to subscribe for new shares in the Company. Under the terms of the Agreement, which is governed by English law, Tetra could not assign its right to the Option to another party. In March 2017, Kodal was informed that on 1 February 2017, under a demerger plan in accordance with Finnish law, Tetra's assets had been transferred equally to two new Finnish companies and Tetra had been dissolved. The Company believes, based on legal advice, that as a result of the restriction in the Agreement on assigning the Option and the dissolution of Tetra, the Option is no longer capable of being exercised.

The maximum number of shares that are subject to the Option is 714,285,714, corresponding to the number of shares that would be issued for a total amount of £5 million at 0.7 pence per share. Once vested, each tranche of the Option may be exercised by Tetra at a subscription price of 10p per share for a period of three years after the date on which each tranche vests. The Option vests and becomes exercisable in tranches only once the JORC indicated resource for phosphate minerals at the Kodal Project meets certain thresholds from 90m tonnes to 170m tonnes. These thresholds are well beyond the size of the current targeted ore body, which has a JORC mineral resource of 48.9m tonnes. Unless and until further exploration of the Kodal Project identifies a further potential ore body the likelihood of the thresholds being met is considered to be remote.

The Board has reviewed the Tetra option arrangements and determined that the fair value of the Tetra Option is £nil on the grounds that Tetra has been dissolved and is no longer capable of exercising the Option and that the likelihood of the options vesting is remote.



# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 6. TAXATION

	Group Year ended 31 March 2017 £	Group Year ended 31 March 2016 £
Taxation charge for the year	–	–
<b>Factors affecting the tax charge for the year</b>		
Loss from continuing operations before income tax	(1,178,279)	(465,622)
Tax at 20% (2016: 20%)	(235,656)	(93,124)
Expenses not deductible	232	53
Overseas rate differences	–	(3,043)
Losses carried forward not deductible	89,044	78,287
Deferred tax differences	137,981	29,135
Non-current assets temporary differences	8,399	(11,308)
<b>Income tax expense</b>	–	–

The Group has tax losses and other potential deferred tax assets totalling £790,000 (2016: £582,000) which will be able to be offset against future income. No deferred tax asset has been recognised in respect of these losses as the timing of their utilisation is uncertain at this stage.

## 7. INTANGIBLE ASSETS

GROUP	Exploration and evaluation £	Software £	Total £
<b>COST</b>			
<b>At 1 April 2015</b>	<b>3,696,562</b>	<b>27,295</b>	<b>3,723,857</b>
Additions in the year	362,600	–	362,600
Effects of foreign exchange	(517)		(517)
<b>At 1 April 2016</b>	<b>4,058,645</b>	<b>27,295</b>	<b>4,085,940</b>
Additions in the year – acquisition of IG Bermuda	535,134	–	535,134
Additions in the year – other expenditure	857,022	–	857,022
Disposals in the year	–	(27,295)	(27,295)
Effects of foreign exchange	9,751		9,751
<b>At 31 March 2017</b>	<b>5,460,552</b>	<b>–</b>	<b>5,460,552</b>
<b>AMORTISATION</b>			
<b>At 1 April 2015</b>	<b>3,411,664</b>	<b>13,452</b>	<b>3,425,116</b>
Amortisation charge	–	9,007	9,007
Impairment (see note below)	50,426		50,426
<b>At 31 March 2016</b>	<b>3,462,090</b>	<b>22,459</b>	<b>3,484,549</b>
Amortisation charge	–	3,306	3,306
Disposals in the year	–	(25,765)	(25,765)
Impairment (see note below)	675,236		675,236
<b>At 31 March 2017</b>	<b>4,137,326</b>	<b>–</b>	<b>4,137,326</b>
<b>NET BOOK VALUES</b>			
<b>At 31 March 2017</b>	<b>1,323,226</b>	<b>–</b>	<b>1,323,226</b>
At 31 March 2016	596,555	4,836	601,391
At 31 March 2015	284,898	13,843	298,741

In connection with the preparation of the financial statements for the year ended 31 March 2017, the directors undertook an impairment review of the carrying value of the Grimeli Project in Norway. The impairment review was conducted following an assessment by the directors of the exploration data on the Grimeli Project which led to a decision not to commit any further expenditure to the project. The Company expects to relinquish these licence areas at the next renewal date. The impairment review has resulted in an impairment charge in the year to 31 March 2017 of £669,000 (2016: £nil), being the full carrying value of the Grimeli Project.

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 7. INTANGIBLE ASSETS (continued)

In connection with the preparation of the financial statements for the year ended 31 March 2015, the directors undertook an impairment review of the carrying value of the Kodal Project in Norway in response to the significant fall in the price of iron ore, by performing a value in use calculation. As a result of this review, the Kodal Project was fully impaired and its value in the financial statements written down to nil. In the year to 31 March 2017, the Group has recognised a further impairment charge on the Kodal Project of £6,436 (2016: £50,426), representing exploration and evaluation costs in the year associated with the project. At 31 March 2017, the carrying value of the Kodal Project was £nil compared to £nil in 2016. No further expenditure is being incurred on the Kodal Project other than the costs of maintaining the extraction and exploration licences and limited consulting work to advance the Norwegian planning application.

At the date of these financial statements, the majority of the Group's exploration licences in Mali and Cote d'Ivoire are due for renewal or extension. The Group complies with the prevailing laws and regulations relating to these licences and ensures that the regulatory reporting and government compliance requirements for each licence are met. In all cases, applications for renewal or extension of these licences have been submitted, and associated fees paid, as they became due. Accordingly, the directors have no reason to believe that the applications for these renewals and extensions will not be successful.

## 8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Fixtures, fittings and equipment £	Plant and machinery £	Motor vehicles £	Total £
<b>COST</b>				
At 1 April 2015	96,448	30,673	19,758	146,879
Effects of foreign exchange	149	85	93	327
<b>At 1 April 2016</b>	<b>96,597</b>	<b>30,758</b>	<b>19,851</b>	<b>147,206</b>
Disposals in the year	(96,597)	(30,758)	(19,851)	(147,206)
<b>At 31 March 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>DEPRECIATION</b>				
At 1 April 2015	16,383	4,803	5,833	27,019
Depreciation charge	17,036	4,405	4,969	26,410
Impairment charge/write off	20,393	9,738	–	30,131
Effects of foreign exchange	20	18	27	65
<b>At 1 April 2016</b>	<b>53,832</b>	<b>18,964</b>	<b>10,829</b>	<b>83,625</b>
Depreciation charge	8,704	2,248	2,668	13,620
Disposals in the year	(62,536)	(21,212)	(13,497)	(97,245)
<b>At 31 March 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET BOOK VALUES</b>				
At 31 March 2017	–	–	–	–
At 31 March 2016	42,765	11,794	9,022	63,581
At 31 March 2015	80,065	25,870	13,925	119,860

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

For those tangible assets wholly associated with exploration and development projects, the amounts charged in respect of depreciation are capitalised as evaluation and exploration assets within intangible assets. The assets disposed of in the year all related to the projects in Norway.

The Company did not have any Property, Plant and Equipment as at 31 March 2015, 2016 and 2017.

## 9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The consolidated financial statements include the following subsidiary companies:

Company	Subsidiary of	Country of incorporation	Registered office	Equity holding	Nature of business
Kodal Norway (UK) Ltd	Kodal Minerals Plc	United Kingdom	Prince Frederick House, 35-39 Maddox Street, London W1S 2PP	100%	Operating company
Kodal Mining AS	Kodal Norway (UK) Ltd	Norway	c/o Tenden Advokatfirma ANS, 3210 Sandefjord Norway	100%	Mining exploration
Kodal Phosphate AS	Kodal Norway (UK) Ltd	Norway	c/o Tenden Advokatfirma ANS, 3210 Sandefjord Norway	100%	Mining exploration
International Goldfields (Bermuda) Limited	Kodal Minerals Plc	Bermuda	MQ Services Ltd Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda	100%	Holding company
International Goldfields Côte d'Ivoire SARL	International Goldfields (Bermuda) Limited	Côte d'Ivoire	Abidjan Cocody Les Deux Plateaux 7eme Tranche BP Abidjan Côte d'Ivoire	100%	Mining exploration
International Goldfields Mali SARL	International Goldfields (Bermuda) Limited	Mali	Bamako, Faladi, Mali Univers, Rue 886 B, Porte 487 Mali	100%	Mining exploration
Jigsaw Resources CIV Ltd	International Goldfields (Bermuda) Limited	Bermuda	MQ Services Ltd Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda	100%	Mining exploration

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

Company	Subsidiary of incorporation	Country of	Registered office	Equity holding	Nature of business
Corvette CIV SARL	International Goldfields (Bermuda) Limited	Côte d'Ivoire	Abidjan Cocody Les Deux Plateaux 7eme Tranche BP Abidjan Côte d'Ivoire	100%	Mining exploration
Future Minerals Limited	International Goldfields (Bermuda) Limited	Bermuda	MQ Services Ltd Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda	100%	Mining exploration

Carrying value of investment in subsidiaries	Year ended 31 March 2017	Year ended 31 March 2016
Opening balance	476,752	476,752
Acquisition of IG Bermuda (see below)	512,373	–
Impairment in the year	(476,752)	–
Closing balance	512,373	476,752

### Acquisition of International Goldfields (Bermuda) Limited ("IG Bermuda")

On 20 May 2016, Kodal Minerals Plc completed the acquisition of IG Bermuda which through its four subsidiaries has interests in a number of gold exploration projects in Mali and Côte d'Ivoire in Western Africa. The consideration of £410,000 was satisfied by the issue of 1,025,000,000 ordinary shares of the Company, which were issued to Taruga Gold Limited ("Taruga"), a company listed on the Australian Stock Exchange and the previous owner of IG Bermuda. The consideration shares were subsequently distributed by Taruga to its shareholders as an in specie distribution. Due to the lack of processes and outputs relating to IG Bermuda at the time of purchase, the Board does not consider the entities acquired to meet the definition of a business. As such, the Group has accounted for the acquisition of IG Bermuda as an asset purchase.

IG Bermuda and its subsidiaries has interests in four licences in Mali and four exploration licences plus two further licence applications in Côte d'Ivoire including a farm-in agreement with Newcrest Mining Limited over one of the Côte d'Ivoire licences and a joint venture agreement with Resolute Mining Limited over three licences and one licence application in Côte d'Ivoire.

## 9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

Including fees and expenses, the total cost of the acquisition was £512,373. The relative fair values of the identifiable assets and liabilities acquired and included in the consolidation are:

	£
Intangible assets – exploration and evaluation	535,134
Cash	39
Other liabilities	(22,800)
	<b>512,373</b>

## 10. OTHER RECEIVABLES

	Group 31 March 2017 £	Group 31 March 2016 £	Company 31 March 2017 £	Company 31 March 2016 £
Other receivables	<b>16,229</b>	2,984	<b>33,238</b>	15,983
	<b>16,229</b>	2,984	<b>33,238</b>	15,983

All receivables at each reporting date are current. No receivables are past due. The Directors consider that the carrying amount of the other receivables approximates their fair value.

## 11. TRADE AND OTHER PAYABLES

	Group 31 March 2017 £	Group 31 March 2016 £	Company 31 March 2017 £	Company 31 March 2016 £
Trade payables	<b>238,200</b>	73,507	<b>238,200</b>	73,409
Other payables	<b>87,013</b>	25,352	<b>83,698</b>	25,358
	<b>325,213</b>	98,859	<b>321,898</b>	98,767

All trade and other payables at each reporting date are current. The Directors consider that the carrying amount of the trade and other payables approximates their fair value.

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## ,12. SHARE CAPITAL

### GROUP AND COMPANY

Allotted, issued and fully paid:

	Nominal Value	Number of Ordinary Shares	Share Capital £	Share Premium £
<b>At 31 March 2015</b>		<b>778,194,606</b>	<b>243,186</b>	<b>4,562,017</b>
Issue (Note 1)	£0.0003125	222,222,222	69,445	306,551
Issue (Note 2)	£0.0003125	22,867,135	7,146	35,158
Issue (Note 3)	£0.0003125	26,570,886	8,303	33,679
<b>At 31 March 2016</b>		<b>1,049,854,849</b>	<b>328,080</b>	<b>4,937,405</b>
Issue (Note 4)	£0.0003125	1,025,000,000	320,313	89,687
Issue (Note 5)	£0.0003125	1,700,000,000	531,250	108,900
Issue (Note 6)	£0.0003125	771,400,000	241,063	486,237
Issue (Note 7)	£0.0003125	673,333,334	210,417	739,536
Issue (Note 8)	£0.0003125	166,666,667	52,083	422,917
<b>At 31 March 2017</b>		<b>5,386,254,850</b>	<b>1,683,206</b>	<b>6,784,682</b>

Share issue costs have been allocated against the Share Premium reserve.

- Note 1: On 14 May 2015, a total of 222,222,222 shares were issued in a placing at an issue price of 0.18 pence per share.
- Note 2: On 19 May 2015, a total of 22,867,135 shares were issued to a supplier of the Company in part settlement of the services provided at an issue price of 0.185 pence per share.
- Note 3: On 22 June 2015, a total of 26,570,886 shares were issues to a supplier of the Company in part settlement of the services provided at an issue price of 0.158 pence per share.
- Note 4: On 20 May 2016, a total of 1,025,000,000 shares were issued to Taruga Gold Limited in consideration for the acquisition of the issued share capital of International Goldfields (Bermuda) Limited. The shares were issued at an issue price of 0.04 pence per share.
- Note 5: On 20 May 2016, a total of 1,700,000,000 shares were issued in a placing at an issue price of 0.04 pence per share.
- Note 6: On 3 October 2016, a total of 720,000,000 shares were issued in a placing and a total of 51,400,000 shares were issued to suppliers of the Company in part settlement of the services provided, in each case at an issue price of 0.1 pence per share.
- Note 7: On 13 January 2017, a total of 666,666,667 shares were issued in a placing and a total of 6,666,667 shares were issued to a supplier of the Company in part settlement of the services provided, in each case at an issue price of 0.15 pence per share.
- Note 8: On 10 March 2017, a total of 166,666,667 shares were issued in a subscription at an issue price of 0.3 pence per share.



### 13. RESERVES

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	Cumulative fair value of options and share rights recognised as an expense. Upon exercise of options or share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.
Translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of financial position.

### 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalents, other receivables and trade and other payables.

The main purpose of cash and cash equivalents is to finance the Group's operations. The Group's other financial assets and liabilities such as other receivables and trade and other payables, arise directly from its operations.

It has been the Group's policy, throughout the periods presented in the consolidated financial statements, that no trading in financial instruments was to be undertaken, and no such instruments were entered in to.

The main risk arising from the Group's financial instruments is market risk. The Directors consider other risks to be more minor, and these are summarised below. The Board reviews and agrees policies for managing each of these risks.

#### Market risk

Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the Group's results or the value of its assets and liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

#### Interest rate risk

The Group does not have any borrowings and does not pay interest.

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

In regard to its interest rate risk, the Group periodically analyses its exposure. Within this analysis consideration is given to alternative investments and the mix of fixed and variable interest rates. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The Group in the year to 31 March 2017 earned interest of £nil (2016: £nil). Due to the Group's relatively low level of interest bearing assets and the very low interest rates available in the market the Group is not exposed to any significant interest rate risk.

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

### Credit risk

Credit risk refers to the risk that a counterparty could default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are cash balances and other receivables.

The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure to and the credit ratings of its counterparties are continuously monitored. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

Other receivables consist primarily of prepayments and other sundry receivables and none of the amounts included therein are past due or impaired.

### Financial instruments by category

	Loans and receivables £	Other financial liabilities at amortised cost £	Total £
<b>31 March 2017</b>			
<b>Assets</b>			
Other receivables	16,229	–	16,229
Cash and cash equivalents	1,722,950	–	1,722,950
<b>Total</b>	<b>1,739,179</b>	<b>–</b>	<b>1,739,179</b>
<b>Liabilities</b>			
Trade and other payables	–	325,213	325,213
<b>Total</b>	<b>–</b>	<b>325,213</b>	<b>325,213</b>
<b>31 March 2016</b>			
<b>Assets</b>			
Other receivables	2,984	–	2,984
Cash and cash equivalents	134,801	–	134,801
<b>Total</b>	<b>137,785</b>	<b>–</b>	<b>137,785</b>
<b>Liabilities</b>			
Trade and other payables	–	98,859	98,859
<b>Total</b>	<b>–</b>	<b>98,859</b>	<b>98,859</b>

### Foreign exchange risk

Throughout the periods presented in the consolidated financial statements, the functional currency for the Group's Norwegian subsidiaries has been the Norwegian Kronor and for the Group's West African subsidiaries has been the CFA Franc.

The Group incurs certain exploration costs in Norwegian Kronor, the CFA Franc and US Dollars and has exposure to foreign exchange rates prevailing at the dates when Sterling funds are translated into other currencies. The Group has not hedged against this foreign exchange risk as the Directors do not consider that the level of exposure poses a significant risk.

#### 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The Group continues to keep the matter under review as further exploration and evaluation work is performed in West Africa, Norway and other countries, and will develop currency risk mitigation procedures if the significance of this risk materially increases.

The Group's consolidated financial statements have a low sensitivity to changes in exchange due to the low value of assets and liabilities (principally cash balances) maintained in foreign currencies. Once any project moves into the development phase a greater proportion of expenditure is expected to be denominated in foreign currencies which may increase the foreign exchange risk.

##### Financial instruments by currency

	GBP denominated £	NOK denominated £	XOF denominated £	Total £
<b>31 March 2017</b>				
<b>Assets</b>				
Other receivables	15,189	–	1,040	16,229
Cash and cash equivalents	1,693,016	7,088	22,846	1,722,950
<b>Total</b>	<b>1,708,205</b>	<b>7,088</b>	<b>23,886</b>	<b>1,739,179</b>
<b>Liabilities</b>				
Trade and other payables	325,213	–	–	325,213
<b>31 March 2016</b>				
<b>Assets</b>				
Trade and other receivables	2,984	–	–	2,984
Cash and cash equivalents	134,540	261	–	134,801
<b>Total</b>	<b>137,524</b>	<b>261</b>	<b>–</b>	<b>137,785</b>
<b>Liabilities</b>				
Trade and other payables	98,756	103	–	98,859

##### Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The Group has established policies and processes to manage liquidity risk. These include:

- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows;
- Monitoring liquidity ratios (working capital); and
- Capital management procedures, as defined below.

# NOTES TO THE FINANCIAL STATEMENTS

(continued) for the year ended 31 March 2017

## 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

### Capital management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, whilst in the meantime safeguarding the Group's ability to continue as a going concern. This is to enable the Group, once projects become commercially and technically viable, to provide appropriate returns for shareholders and benefits for other stakeholders.

The Group has historically relied on equity to finance its growth and exploration activity, raised through the issue of shares. In the future, the Board will utilise financing sources, be that debt or equity, that best suits the Group's working capital requirements and taking into account the prevailing market conditions.

### Fair value

The fair value of the financial assets and financial liabilities of the Group, at each reporting date, approximates to their carrying amount as disclosed in the Statement of Financial Position and in the related notes.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The cash and cash equivalents, other receivables, trade payables and other current liabilities approximate their carrying value amounts largely due to the short-term maturities of these instruments.

Disclosure of financial instruments and financial risk management for the Company has not been performed as they are not significantly different from the Group's position noted above.

## 15. RELATED PARTY TRANSACTIONS

The Directors represent the key management personnel of the Group.

Robert Wooldridge, a Director, is a member of SP Angel Corporate Finance LLP ("SP Angel") which acts as financial adviser and broker to the Company. During the year ended 31 March 2017, the Company paid fees to SP Angel of £148,891 (2016: £49,000) for its services as broker.

Novoco Mine Engineering Limited ("Novoco"), a company wholly owned by Luke Bryan, a Director, provided consultancy services to the Group during the year ended 31 March 2017 and received fees of £24,300 (2016: £46,750).

Matlock Geological Services Pty Ltd ("Matlock") a company wholly owned by Bernard Aylward, a Director, provided consultancy services to the Group during the year ended 31 March 2017 and received fees of £91,106 (2016: £nil).

## 16. CONTROL

No one party is identified as controlling the Group.

## **17. EVENTS AFTER THE REPORTING PERIOD**

In May 2017, the Company raised £3,994,000 by way of two further subscriptions totalling 1,051,131,025 ordinary shares at 0.38 pence per share by Singapore-based Suay Chin International Pte. The net proceeds of the subscriptions will be used to continue exploration work on the Lithium Projects and for general corporate purposes.

On 8 May 2017, the Company granted share options to directors and certain key personnel over a total of 145 million ordinary shares, including options over 50 million shares to each of Bernard Aylward and Luke Bryan and options over 25 million shares to Robert Wooldridge. All options are exercisable at a price of 0.38 pence per share and have a life of 5 years from vesting. 50 per cent of the options vested immediately with a further 25% vesting after one year and the remaining 25 per cent vesting after two years.

On 22 May 2017, the Company issued warrants over 25,000,000 ordinary shares to SP Angel Corporate Finance LLP in respect of additional services provided by it to the Company since its admission to AIM and for advice and assistance in respect of the investment by Suay Chin International Pte and associated agreements. The warrants are exercisable at 0.38 pence per share and have a life of 5 years from vesting. 50 per cent of the options vested immediately with a further 25% vesting after one year and the remaining 25 per cent vesting after two years.

# NOTICE OF ANNUAL GENERAL MEETING

## **Kodal Minerals plc**

*(Registered in England and Wales No. 07220790)*

Notice is hereby given that the Annual General Meeting of Kodal Minerals plc (the “**Company**”) will be held at Fieldfisher LLP, 9<sup>th</sup> Floor, Riverbank House, 2 Swan Lane, London EC4R 3TT on Tuesday 31 October 2017 at 12.00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and Resolution 5 will be proposed as a special resolution:

### **Ordinary Business**

1. To receive and adopt the audited financial statements of the Company for the financial period ended 31 March 2017 and the reports of the directors of the Company (the “**Directors**”) and the auditors thereon.
2. To re-appoint Bernard Michael Aylward as a Director, who retires in accordance with article 30.3 of the articles of association of the Company (the “**Articles**”) and offers himself for re-appointment.
3. To re-appoint RSM UK Audit LLP as the auditors of the Company until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

### **Special Business**

4. That the Directors, and any committee to which the Directors delegate relevant powers, be and they are hereby, generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (“**Rights**”) up to a maximum aggregate nominal amount of £1,508,762 and this authority will (unless renewed, revoked or varied by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 but the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority expires and the Directors may allot shares or grant Rights pursuant to such offer or agreement as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors pursuant to section 551 of the Act.
5. That, conditional on the passing of Resolution 4, the Directors, and any committee to which the Directors delegate relevant powers, be and they are hereby generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 5 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any previous powers conferred on the Directors pursuant to section 570 of the Act and shall be limited to:
  - (a) the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £1,005,842,

and the power hereby granted shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry but otherwise in accordance with the foregoing provisions of this power in which case the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Weaver Financial Limited  
Company Secretary

*Registered Office:*

Prince Frederick House  
35-39 Maddox Street  
London W1S 2PP

30 September 2017



# NOTICE OF ANNUAL GENERAL MEETING (continued)

## Notes:

### *Entitlement to attend, speak and vote*

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members entered on the register of members at 12:00pm on 27 October 2017 (or in the event that this meeting is adjourned, on the register of members 48 hours excluding non-business days before the time of any adjourned meeting) shall be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares in the capital of the Company held in their name at that time. Changes to the register after 12:00pm on 27 October 2017 shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

### *Appointment of proxies*

2. Members are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Please see the instructions on the enclosed Form of Proxy.
3. The completion and return of a Form of Proxy whether in hard copy form or in CREST will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.

### *Appointment of proxies using hardcopy proxy form*

4. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed Form of Proxy. All forms must be signed and should be returned together in the same envelope.
5. To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR by hand, or sent by post, so as to be received not less than 48 hours excluding non-business days before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).

### *Appointment of proxies using CREST*

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: 7RA36) by 12.00pm on 27 October 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### *Corporate representatives*

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

#### *Resolutions*

11. Resolution 1 – This resolution seeks approval from shareholders of the directors' and auditors' reports and the financial statements for the year ended 31 March 2017.
12. Resolution 2 – This resolution seeks approval from shareholders to re-appoint Bernard Michael Aylward as a director of the Company who retires and offers himself for re-appointment pursuant to Article 30.3 of the Company's Articles of Association.
13. Resolution 3 – This resolution seeks approval from shareholders to reappoint RSM UK Audit LLP as the auditors of the Company and to authorise the directors to fix their remuneration as they see fit.
14. Resolution 4 – This resolution, to be proposed as an ordinary resolution, relates to the grant to the Directors of the authority to allot ordinary shares and grant rights to subscribe for or convert securities into ordinary shares with such authority expiring at the conclusion of the Annual General Meeting of the Company to be held in 2018, unless the authority is renewed or revoked prior to such time. This authority is limited to the issue of a maximum of 4,828,038,400 ordinary shares (representing approximately 75 per cent. of the Company's entire issued share capital as at the date of this notice).
15. Resolution 5 – The Companies Act 2006 (the "Act") requires that, if the Directors decide to allot ordinary shares in the Company for cash, the shares proposed to be issued be first offered to existing shareholders in proportion to their existing holdings. These are known as shareholders' pre-emption rights. However, to act in the best interests of the Company the Directors may require flexibility to allot shares for cash without regard to the provisions of Section 561(1) of the Act. Therefore, this resolution, to be proposed as a special resolution, seeks authority to enable the Directors to allot equity securities for cash free of such pre-emption rights, with such authority expiring at the conclusion of the Annual General Meeting of the Company to be held in 2018. This authority is limited to the allotment of a maximum of 3,218,694,400 ordinary shares for cash, free of pre-emption rights (representing approximately 50 per cent. of the Company's entire issued share capital as at the date of this notice).

#### *Issued shares and total voting rights*

16. As at 6.00 p.m. on 28 September 2017, the Company's issued share capital comprised 6,437,385,875 ordinary shares of £0.0003125 each fully paid. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 28 September 2017 is 6,437,385,875. The Company does not hold any shares in treasury.

