Registered number: 07800337

AFRICAN BATTERY METALS PLC
(formerly known as Sula Iron and Gold plc)

ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

AFRICAN BATTERY METALS PLC

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AFRICAN BATTERY METALS PLC

COMPANY INFORMATION

Directors:	R D Murphy	*Chief Executive Officer (Appointed 28 October 2016)*
	N S Warrell	*Chief Operating Officer (Resigned 13 November 2017)*
	M G Wood	*Finance Director*
	H T Baker	*Non-Executive Technical Director (Resigned 9 October 2017)*
	J Macpherson	*Non-Executive Director (Appointed 28 October 2016)*
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CHIEF EXECUTIVE'S REVIEW
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Highlights from the year under review:

Operational

- New Board appointments with Roger Murphy and Iain Macpherson joining as Chief Executive Officer and Non-Executive Director, respectively;

- Renewal of the Company's 153km^2 Ferensola exploration licence from Sierra Leone Government for a period of three years with right to extend for a further two years ("SL Licence");

- Completed second drill programme of 3,783m on the gold project at Ferensola (the "Ferensola Gold Project") with some high grade intersections generated at Sanama Hill and a new discovery zone in the Southern Target;

- Completed a third drill programme of 5,185m on the Ferensola Gold Project with further high grade gold intersections generated at both Sanama Hill and the Southern Target;

- Structural geological interpretation of the Ferensola Gold Project carried out by Tect Geological Consulting which identified 19 targets, including Sanama Hill and Southern Target; and

- Conducted soil sampling programme on eight of the 19 targets, returning anomalous levels of gold in most targets, providing additional evidence that Ferensola hosts further gold sources.

Financial

- Loss for the year to 30 September 2017 of £3.9 million (2016: £1.8 million);

- Total equity of £5.4 million at year end (2016: £5.6 million); and

- Raised, gross of issue costs, £3.9 million in new equity financing, including £0.4 million via an equity swap facility, from a combination of new and existing shareholders, including the Directors, the net proceeds of which were used exclusively to further the exploration activities and drill programmes on the Ferensola Gold Project.

Post-year end:

- Raised £1.75 million in new equity to acquire cobalt assets, progress the Ferensola Gold Project and repay equity swap facilities;

- Adopted a lower-cost and slimmed down Board of Directors following the resignations of Howard Baker (Non-executive Technical Director) and Nick Warrell (Chief Operating Officer);

- Company's exploration activities strengthened through the exercise of an option over 70% of an exploration licence prospective for cobalt-copper ("Kisinka") in the Democratic Republic of the Congo ("DRC") and securing an option over a second cobalt-copper licence in the DRC;

- Incorporation of ABM Kobald SAS, the Company's 70% owned subsidiary in the DRC, which holds the Kisinka licence, and through which the Company commenced cobalt exploration activities in January 2018; and

- Company's name changed to African Battery Metals plc to reflect its immediate focus of exploration activities on battery metals, with a farm out or JV of Ferensola being pursued.

As at 30 September 2017, African Battery Metals plc (the "Company") had one wholly owned subsidiary in Sierra Leone, which holds the SL Licence, Blue Horizon (SL) Ltd ("Blue Horizon"). As at the date of this report, the Company had two subsidiaries, Blue Horizon and ABM Kobald SAS, the 70% owned subsidiary in the DRC which holds the Kisinka licence ("ABM Kobald"), (together "ABM" or the "Group").

Introduction

It gives me pleasure to write my second annual review as the CEO of African Battery Metals, the Company's newly adopted name. As the highlights above illustrate, FY2017 and the post year-end period, was again a period of very significant change for the Group, and a challenging period for everyone associated with the Group. I am confident that we have met the challenges and emerged a stronger Group as a result. I am optimistic about the future of our Company.

As stated in last year's report, our activities at the start of the year were focussed on the Group's most prospective commodity, gold, found in our Ferensola Gold Project ("FGP") in Sierra Leone. To that end, we completed 8,968m of diamond drilling split into two drill campaigns between early March 2017 and late July 2017, before the onset of the heavy rains, when drilling can be efficiently and safely conducted. We followed this up with an extensive period of review, analysis and planning during the rainy season when field work is difficult and potentially unsafe.

Pleasingly, as detailed in the section on gold below, we intersected some very high grade gold on Sanama Hill and also hit gold in another new area, known as the Southern Target (TZ4). The Eastern Target, in which we drilled six holes along a 4km long Induced Polarisation ("IP") anomaly, failed to return significant gold grades, although drilling did confirm the presence of the large anomaly that remains a target for future programmes. Surface sampling on the Eastern Target returned gold grades, but pinpointing the gold bearing zones within the anomaly remained elusive.

We noted in last year's report that the gold mineralisation within the FGP was not controlled by one single, steeply-dipping, sub planar zone, but rather by multiple, potentially stacked shears. The drilling during the year under review confirmed that the controls on mineralisation are structurally complex, indeed more complex than we had previously anticipated. This point is further developed in the gold section below.

The story of the year can also be seen in our share price. The first half of FY2017 witnessed some strong price appreciation on the back of the restructured management team and encouraging early drill results, but as we announced further results later in the year, which revealed the complexities of the gold mineralisation on FGP, our share price appreciation reversed and with that the ability to fund the Company became more challenging. This situation intensified through the second half of the year.

The structural complexity of the geology on FGP, coupled with increasingly challenging capital markets, led to the Board's decision to diversify the Group through the injection of additional assets. This resulted, post year end, in the acquisition of a 70% interest in a cobalt opportunity in the DRC and securing an option to acquire a second licence in order to broaden the focus of the Group into battery metals. We are grateful to our technical advisers, Madini Minerals, for introducing us to this opportunity and for their experience of operating in the DRC.

We also saw significant changes in your Board post-year end, with both Howard Baker, Non-executive Technical Director, and Nick Warrell, COO, leaving the Company. We thank them both for all their considerable efforts and wish them well for the future.

<u>Operations Review</u>

Projects

Ferensola Gold Project

The bulk of our exploration activities during the year under review were focussed on the FGP and consisted of two diamond drill programmes totalling 8,968m. These were completed at the end of July 2017 during the dry season ensuring efficient and safe drilling before a planned period of review and analysis during West Africa's rainy season which makes field work very difficult and inefficient. The drilling we completed was all oriented core diamond drilling. It is acknowledged that there is an intimate control between gold mineralisation and geological structure (folding, faulting and shearing) in Greenstone rocks like those found at Ferensola. Consequently, in order to predict mineralisation, it is essential to understand structure and oriented core and detailed structural logging helps to provide that understanding.

Most pleasingly, the 9km of drilling delivered some extremely positive assay results, with the best drill result from borehole FDD0014 on Sanama Hill intersecting 15.9g/t over 3.1m true width within a wider mineralised envelope of 3.65g/t over 21m true width. We also made several other high grade gold intersections, albeit of lower thickness at Sanama Hill. Targeting gold within Greenstone mineralisation is complex, requiring high drilling intensity. It is testament to the skill of our technical teams, both in Sierra Leone and elsewhere, that our success rate runs at well in excess of 50%.

Also on the positive side, we drilled into a new target area within the FGP, TZ4 (the Southern Target), with our first hole encountering 5.2g/t over 1.22m true width. A subsequent hole hit very high grade gold at 19.3g/t over 1.2m true width which confirmed our expectations and established that Ferensola hosts a complex gold bearing structure with multiple targets over a large area.

Unfortunately, however, the six holes drilled on another target within the FGP, the large IP anomaly TZ2, known as the Eastern Target, did not encounter significant gold mineralisation in spite of the fact that surface sampling confirmed the presence of gold. This was particularly frustrating as we had expected that the IP would provide a reliable means of rapidly increasing the gold inventory for future gold exploration throughout the FGP. Drilling on the Eastern Target did confirm the presence of the anomaly identified by geophysical means, but honing in on the contained gold rich zones remains challenging.

Another disappointment was that step out drilling on Sanama Hill has so far failed to pinpoint the continuation of the high grade gold intersected at FDD0014 referenced above. This led us to conclude that the controls on mineralisation are more structurally complex than we had first hoped.

Nevertheless, as noted in previous commentary, there is abundant evidence of gold mineralisation across the FGP as confirmed by our relatively limited drilling to date, supported by surface sampling and the active presence of local artisanal miners panning for gold in most of the rivers that cross the licence.

The structural geology interpretation we commissioned from Tect Geological Consulting ("TGC") towards the end of the year under review corroborates this. TGC's report identified 19 gold targets, including Sanama Hill and Southern Target. Interestingly, the Eastern Target, which the IP had identified as a gold target, did not feature in the TGC report. We subsequently conducted a soil sampling programme on eight of the commissioned structural geology interpretation from TGC's report which returned anomalous levels of gold in most targets, providing encouragement that FGP hosts further gold sources.

Although we have identified some very high grade bore hole intersections and discovered a new gold bearing area in TZ4, we have so far been unable to establish detailed continuity between the intersections. Accordingly, we have concluded that the structural controls are more complex than we initially understood. This appreciation of the structural complexity and the need for more detailed work has led us to conclude that the best way to add further value to the FGP is through a farm out or joint venture with a partner who has, not only the requisite geological skills to supplement our own capability, but also has access to capital to undertake the necessary intensive drilling programmes clearly required to build gold inventory.

Whilst we pursue this JV or farm out deal, we intend to maintain a work programme on the SL Licence to increase our understanding. As I write this report, we are initiating a new programme of soil sampling and mapping, in conjunction with deeper investigation of artisanal activities, to focus on the regional picture, with the objective of further developing our understanding of the gold controls to enable us to generate further gold targets and enhance future exploration.

Iron

Whilst no work was conducted on our iron ore resource during the financial year under review, we remain very aware of the potential value of our JORC compliant Mineral Resource Estimate ("MRE") of total oxide resource of 55.5Mt @ 45.39% with a total resource of 514.5Mt @ 31.8% that we declared on the SL Licence. We also note that iron ore prices have strengthened over the financial year – rising from around $55/tonne at the beginning of the period to upwards of $75/tonne as at the date of this report. Iron ore is a bulk commodity and our location would necessitate access to rail to reach port. Shandong Iron & Steel Group, the Chinese mining group, are mining Tonkolili which is contiguous with our iron ore resource. Furthermore Tonkolili is well served by infrastructure as the railway goes from Tonkolili to the port. Should the iron ore price continue to rise, the Board will consider commencing discussions with potential joint venture partners to unlock this potential value for the benefit of all the Company's shareholders.

Cobalt

As outlined in the report above, the Board recognised the challenges presented by the Company's historical exclusive focus on the FGP and resolved to target alternative commodities in other jurisdictions leveraging the Company's capability and experience.

We were delighted to announce in December 2017 that the Company acquired 70% of the Kisinka licence in the Katanga Province of the Democratic Republic of the Congo (DRC) for the payment of $50,000 with a second tranche of $50,000 to be paid in May 2018. ABM has also acquired the option to acquire 70% of a second licence in the DRC, Sakania, on the same payment terms. We originally had until the end of January 2018 to exercise the Sakania option and pay the first tranche, but this deadline has since been extended to 30 April 2018.

Kisinka is a 55km^2 licence on the Roan, the type of rocks which host most of the DRC's copper and cobalt mineralisation. It is within 30km of the large regional city, Lubumbashi, and has at least seven large producing copper-cobalt mines within 25km as well as a larger number of smaller artisanal mines close by.

Sakania is a 150km^2 licence in south east of the DRC, an area that is seeing a lot of new artisanal mining activity for cobalt and copper. We initiated an exploration programme on Kisinka in late January 2018.

Coltan

No work was performed on coltan in the year under review.

Corporate Social Responsibility ("CSR")

The Company maintains a prominent CSR programme in the region and we continued to provide funding and resources for projects in Sierra Leone, in particular in the Diang, Samia Bendugu and Nieni Chiefdoms.

Financial Review

The Group recorded an audited loss before tax for the year to 30 September 2017 of £3.9 million (2016: £1.8 million). The loss per share was 0.13p (2016: 0.24p).

The Group's exploration activities during the financial year under review were funded through the issue of shares to either raise cash or in lieu of fees. In aggregate, 2,216,087,141 new ordinary shares were issued during the financial year, raising a total of approximately £4.3 million of cash or cash equivalent before placement costs (2016: £1.0 million).

As announced on 21 August 2017, requiring funds to complete the drill programme on the FGP, the Company entered into an equity swap agreement with Riverfort Global Capital Limited, which was subsequently repaid and terminated as part of the £1.75 million equity fund raise as announced in December 2017.

We ended the financial year with a cash balance of £0.1 million (2016: £0.2 million), which was enhanced post year end by a further equity issue of approximately £1.75 million (before costs) in December 2017, through a combination of direct subscriptions and institutional placements.

Targets for 2018

Our operational targets for 2018 are:

- To complete the first round of exploration on Kisinka, our first DRC cobalt-copper operation. This is expected to include geophysics, soil sampling, trenching, pitting and drilling. The first phase of exploration is expected to be completed by mid-2018 and, dependent on results therefrom, could be followed by a second round of exploration which may include additional drilling;

- Dependent on the results of our due diligence, to exercise the option to acquire the second cobalt-copper exploration licence area in the DRC, Sakania. If we determine to acquire, Sakania, exploration activities are expected to start towards the end of Q2 2018 and will involve a similar programme of work to that of Kisinka;

- To enhance the value of our SL Licence either through a joint venture or farm-out; and

- To continue to gather information on other battery metals assets in Africa, including considering additional cobalt licences in the DRC. We would consider lithium licences, where Zimbabwe has a number of interesting projects including some producing mines. It could also include vanadium, which is more widely used in stationary batteries. Both Zimbabwe and South Africa have vanadium assets and mines.

Board Changes

At the beginning of the year under review Iain Macpherson and I joined the Board as Non-Executive Director and CEO, respectively.

I am a geologist by background with field exploration experience in gold in Africa. However, I have spent most of my career in the equity markets in London, focused on raising capital for resources companies in particular. I was previously Head of Sales for Canaccord Adams and a Member of its London Executive Committee and most recently I was Managing Director, Investment Banking and Head of London, for Dundee Securities Europe Ltd.

Mr Macpherson, a highly experienced mining engineer, has run and built mines across Africa, including gold mines in West Africa in a career spanning over 30 years. Iain was previously CEO of ASX-listed Elemental Minerals, which was exploring and developing a potash project in The Republic of Cameroon. Iain is a founding shareholder of Madini Minerals, ABM's strategic partner and largest shareholder, through its subsidiary, Madini Occidental.

Post year end, the Board was slimmed down with the resignations of Howard Baker and Nick Warrell.

Outlook

2017 was a year of significant change for ABM, culminating in the recent change in direction of the Group and its name change to African Battery Metals Plc.

In 2018, we expect to significantly advance our exploration activities in battery metals, especially cobalt. The strong global drive to move away from internal combustion engines and to replace these with electric vehicles powered by batteries is underway and will not be derailed. Cobalt is integral to the make up of the batteries used in electric vehicles and, although there may be attempts to substitute away from cobalt towards more widely available and lower cost metals, in our view this trend will occur slowly and will be more than offset by the growth in demand for batteries.

Whilst our own exploration activities will be largely focussed on battery metals, we remain committed to our assets in Sierra Leone, in particular the significant gold potential and the proven iron reserve within the Ferensola licence. We are currently carrying out a sampling programme on the licence and remain in discussions with a number of interested parties concerning a possible JV or farm out of the licence and we will keep shareholders updated on developments as they progress. The board remains optimistic for the future of the Group.

Finally, I would like to take this opportunity to express my gratitude to my fellow directors, management and professional advisers, past and present, for their dedication. I would also like to thank our shareholders for their loyal support. I look forward to providing future updates on the Group's development in due course.

R Murphy
Chief Executive Officer
14 March 2018

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Overview of the business

The financial year to 30 September 2017 resulted in a loss for the year of £3.9 million (2016: £1.8 million). The loss for the year resulted from administrative and exploration costs, primarily incurred in Sierra Leone. Net assets at the year end stood at £5.4 million (2016: £5.6 million). The Group's cash position of £0.1 million as at 30 September 2017 improved post year end following various equity issuances in the period to 31 December 2017, which raised approximately £1.75 million, before expenses.

During the financial year to 30 September 2017, the Company undertook a strategic review assessing among other matters, the Company's resources (both internal and through various strategic partnerships), its assets, positioning in the market and market fundamentals within the Company's operating sector. This review was undertaken by the Directors, supported by the Company's advisers.

The Directors concluded that the Company's hitherto narrow focus on gold exploration in Sierra Leone would not position the Company optimally to take advantage of the Company's resources and an increasingly dynamic market that was becoming more focused on sourcing and producing a variety of strategic metals, most notably those required to service the dramatic growth projections in the electric vehicles sector.

The Group therefore resolved to take a strategic step into the discovery and supply of battery metals with an initial focus on African cobalt. The cobalt market is discussed elsewhere in this report, but the key drivers behind the Group's move to cobalt supply included:

- A recognition of a number of cobalt market fundamentals, most notably a current and projected undersupply;
- Although a number of explorers have reached the same conclusion, to date few have taken the decision to explore in the DRC because of the deemed geopolitical risks associated with the region despite the fact that the DRC hosts the world's largest cobalt resources and will undoubtedly be central to meeting global demand;
- Your Group, through its strategic partners, has strong capabilities in operating across Africa, including in particular within the DRC. The Board is therefore confident that the Group is well positioned to manage any geopolitical risk efficiently and ethically; and
- While the Group is an explorer and understands the risks associated with exploration, there is an element of exploration de-risking afforded by targeting the DRC for cobalt. This is because cobalt in the DRC is inevitably associated with copper and the DRC has been a massive supplier of copper for well over a century, which in turn means that the geological fundamentals of the so called Coppperbelt are well understood. While there remains no certainty at this stage that the Group's activities in the DRC will deliver a substantial cobalt

- resource, it certainly de-risks target selection and early exploration. As at the date of this report, therefore, the Group's principal activity is exploring for gold and cobalt in West and Central Africa, respectively.

The Group's gold assets are known as Ferensola, which is located in the Sula-Kangari Greenstone Belt in the Northern Province of Sierra Leone, 55km south of the nearest town, Kabala and 290km north east of the capital, Freetown. The region is highly prospective for iron and gold.

The Group's cobalt asset, Kisinka, is located on the Katangan Copperbelt of the DRC, some 30km from the regional capital, Lubumbashi. The Katangan Copperbelt has been a globally dominant supplier of copper and cobalt for well over a century and is host to the world's largest copper and cobalt resources.

Further information on the Group's operations is set out in the Chief Executive's Review on page 2 to 9.

<u>Principal risks</u>

Exploration risk

The Group's business is mineral exploration and evaluation, which are speculative activities. Whilst the Directors are satisfied that good progress is being made, for example, ABM obtained its maiden independent JORC Compliant MRE in December 2014 on iron ore, there is no certainty that ABM will proceed to the development of any of its projects or otherwise realise their full value. The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available and where leading exploration consultants believe there is strong evidence of high class mineral deposits.

Resource risk

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

Environmental risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Having already defined a JORC Compliant MRE on its banded iron formation, the Group is currently in the exploration stage on other parts of its licence in Sierra Leone, in particular on the area known as the Ferensola Gold Project. Any disturbance to the environment during the exploration phase is generally minimal and will be rehabilitated in accordance with the prevailing regulations of Sierra Leone. The Directors have assessed that no provision is necessary, as no mining has taken place, only exploration, for which the licences permit it to do so. The Group's environmental risk extends to the Group's newly acquired Kisinka licence in the DRC where the Group has very recently commenced surface exploration activities. Any disturbance to the environment during the exploration phase on Kisinka generally minimal and will be rehabilitated in accordance with the prevailing regulations of the DRC.

Financing & liquidity risk

The Group has an ongoing requirement to fund its activities through the equity capital markets. There is no certainty such funds will be available when needed. To date the Group has managed to raise the required funds, primarily through equity placements, despite the very difficult market that currently exists for raising funding in the junior mining industry. The Group continues to seek out a suitable financial JV or farm out partner for its operations in Sierra Leone, but there can be no certainty at this stage that such a partner will be secured. In the event that the Group is unable to secure a financial partner for its operations in Sierra Leone, it may be forced to cease its operations in Sierra Leone and in order to preserve its cash position. This course of action, whilst not the Board's intended position, may have a detrimental impact on the Group's future ability to raise funds for its ongoing exploration activities in battery metals.

Political risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets. The Company has long standing working knowledge of Sierra Leone and has appointed a DRC national to the board of the Group's operating subsidiary in the DRC an experienced operator who has long standing working knowledge of the DRC. This helps the Group to reduce possible political risk.

Health risk

A reoccurrence of the Ebola Virus Disease ("EVD") outbreak may represent a threat to maintaining a skilled workforce in the mining industry in Africa and become a healthcare challenge. Should the EVD reoccur, there can be no assurance that we would not lose members of our workforce, see our workforce productivity substantially reduced or be faced with increased demand from expatriate employees wanting to return to the UK or refusing to go to Africa, which could have a material adverse effect on our financial condition and results of operation. The Group, however, is not currently reliant on a significant number of expatriate employees in Sierra Leone. The Group's in-country health risk has been significantly reduced following the World Health Organisation declaring Sierra Leone EVD free in November 2015.

Internal controls & risk management

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

Review of business and financial performance
The ongoing performance of the Company is managed and monitored using a number of key financial and non-financial indicators ("KPIs") on a monthly basis:

i. Cash position

"Cash is king" for an exploration company and it must be managed accordingly. Monthly we analyse the expenditure of each subsidiary. We also manage monthly cash flow for the Group versus budget and forecast. The financial strategy is to ensure that, wherever possible, there are sufficient funds to cover corporate overheads and as much of the exploration expenditure for a 12-month period as possible

ii. Exploration expenditure by project.

The Company controls its exploration spend by project versus budget and in relation to its available cash resources. If the results of exploration do not meet expectations, then budgeted activities are re-evaluated or even cancelled. Evaluation of early stage projects is approached in a cost effective way. The Group determines whether there are any indicators of impairment of its exploration assets on an annual basis.

iii. Share price

The Company monitors its share price monthly versus a peer group of explorers. Many factors outside the Company's control can affect the share price but the Company appreciates that this KPI is important to shareholders and the market in general in assessing the Company's performance.

On behalf of the board

Roger Murphy,
Director
14 March 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Directors present their report together with the audited consolidated financial statements of African Battery Metals plc (the "Company") and its subsidiary, Blue Horizon (SL) Ltd ("Blue Horizon") (together "ABM" or the "Group") for the year ended 30 September 2017. Post the year end, the Company incorporated a new subsidiary, ABM Kobald SAS, in the DRC, in which its 70% interest in the Kisinka licence is held.

The Group's focus is in exploring for cobalt in the DRC and gold in Sierra Leone.

Results

The Group reports a loss before and after tax of £3,945,000 (2016: £1,778,000) for the year ended 30 September 2017.

Major events after the reporting date

The following events occurred after the year end date:

- In October 2017, Howard Baker resigned as a non executive technical director;
- In October 2017, the Company issued 152,977,298 shares as consideration for the completion of the drill programme on Ferensola;
- In October 2017, as part of a strategic review, the Company announced its intention to seek a JV or farm out partner in order to progress the Ferensola Gold Project;
- In November 2017, Nick Warrell resigned as Chief Operating Officer;
- In December 2017, the Company issued 3,500,000,000 new ordinary shares to raise an aggregate £1.75 million to fund the acquisition of the Kisinka cobalt licence in the DRC and to terminate the equity swap facility previously entered into in August 2017 with Riverfort. As part of the share issue, the Company undertook a capital reorganisation to split its existing ordinary shares of 0.1p each into one ordinary shares of 0.001p each and one deferred A share of 0.099p;
- In December 2017, the Company acquired 532,438,356 of its own ordinary shares from D-Beta, part of the Riverfort equity swap arrangements which were cancelled in January 2018, reducing the number of ordinary shares in issue in the Company to 6,450,536,315; and
- In January 2018, the Company changed its name from Sula Iron & Gold plc to African Battery Metals Plc.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 30 September 2017 (2016: £nil).

Financial risk management

The Group's operations are exposed to a variety of financial risks and these are detailed in note 23 to these financial statements.

Political donations

There were no political donations during the year ended 30 September 2017 (2016: £nil).

Corporate governance statement

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. The Company complies as far as the Directors consider appropriate with the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published by the Quoted Companies Alliance. The Company has established an Audit Committee. The Remuneration Committee comprises the board as a whole.

Audit Committee

The Audit Committee, comprising M Wood and I Macpherson, is chaired by M Wood, a qualified chartered accountant, and is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing their reports relating to the accounts. Meetings of the Audit Committee are held at least twice a year, at appropriate times in the reporting and audit cycle. The Audit Committee is required to report formally to the board on its proceedings after each meeting on all matters for which it has responsibility. The members of the Audit Committee will be re-elected annually by the board.

Remuneration Committee

The Remuneration Committee is formed of the board as a whole and meets not less than twice each year. The board is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of shareholders and the performance of the Company.

Bribery legislation

The Directors have adopted appropriate procedures to ensure compliance with the Bribery Act 2010.

Directors

The Directors of the Company who served during the year and since the reporting date are as follows:

R Murphy (appointed 28 October 2016)
I Macpherson (appointed 28 October 2016)
N Warrell (resigned 13 November 2017)
M Wood
H Baker (resigned 9 October 2017)

Directors' interests

The beneficial interests of the Directors holding office on 30 September 2017 in the issued share capital of the Company as at 30 September 2017 were as follows:

	30 September 2017	
	Number of ordinary shares of £0.01p each	**Percentage of issued ordinary share capital**
N Warrell	56,063,010	1.80%
M Wood	5,763,727	0.18%
R Murphy	15,714,286	0.50%
H Baker	16,888,494	0.54%
I Macpherson	128,743,370	4.13%

Details of share options and warrants granted to Directors are disclosed in note 19 to the financial statements.

Directors' remuneration and service contracts

Details of Directors' emoluments including share-based payments are disclosed in note 10 to these financial statements.

	Salary/ fees 2017 £'000	**Share-based payments 2017 £'000**	**Benefits 2017 £'000**	**Total 2017 £'000**	**Total 2016 £ '000**
N Warrell	142	2	7	151	148
M Wood	27	1	-	28	29
R Murphy	47	1	-	48	-
H Baker	21	1	-	22	30
I Macpherson	16	-	-	16	-
Total	**253**	**5**	**7**	**265**	**207**

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Going concern

The Directors have adopted the going concern basis in preparing these financial statements. This is further explained in note 2 to the financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results for that period.

In preparing these financial statements, the Directors are required to:

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

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

Statement of disclosure to auditor

So far as the Directors are aware:

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

Auditor

A resolution to re-appoint Moore Stephens LLP as auditor of the Company will be proposed at the Annual General Meeting.

By order of the Board
Roger Murphy
Chief Executive Officer
14 March 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AFRICAN BATTERY METALS PLC (continued)

Financial statements subject to audit

We have audited the consolidated financial statements for the year ended 30 September 2017 which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and company statements of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated and company statements of cash flows; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the consolidated and parent company financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Our opinion

In our opinion, African Battery Metals plc's ("the company" or "the parent company") financial statements ("the financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union and, in respect of the parent company, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

An overview of the scope of our audit

The group operates through a trading subsidiary undertaking which is considered a significant component for the purposes of the consolidated financial statements. The financial statements consolidate this entity with the parent company. In establishing our overall approach to the group audit, we determined the type of audit work that needed to be performed on this component. This included carrying out a review of the component auditors' working papers on the significant risk areas, with the whole component being subject to a full scope audit.

As part of the audit the component auditors documented the systems and performed walk-through tests on the key areas, and then used largely substantive techniques to the extent considered necessary to provide appropriate audit evidence to draw their conclusions.

Our detailed review of these procedures gave us the evidence that we need for our opinion on the financial statements as a whole and, in particular, helped mitigate the risks of material misstatements mentioned below.

Our assessment of key risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

group **The risk is that asset is over stated so should be impaired** **The directors consider is any potential by calculating a present value of the mine based on 3rd party resource statements and**	• the by management in the valuation model. to supporting 3rd party documents resources statements.

current commodity prices along with projected extraction costs to obtain a NPV for the mining asset.	• on the key assumptions, being resources available current commodity prices, used in the 3rd party valuation of the intangible mining asset to confirm no impairment is required at the financial reporting date.
Rights and Obligations and Valuation of subsidiary investments (parent company only) **Assessment of the carrying value of subsidiary investments requires the Directors to exercise judgement as to whether there has been an indication of impairment.**	In response to the risk: • We have reviewed the legal title relating to share ownership for subsidiary entities. • We reviewed the financial performance and position of each of the investments to gain assurance that no impairment is required at the financial reporting date. • We reviewed management's budgets and forecasts as part of our review of going concern to gain assurance that there is no potential impairment of the investments.
Compliance with the mining exploration licence overseas.	In response to the risk: • We have obtained a copy of the renewed mining exploration licence and reviewed the key terms to gain assurance that there are no material areas of non-compliance in the year.

Our application of materiality

We set certain thresholds for materiality. These help us to establish transactions and misstatements that are significant to the financial statements as a whole, to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually on balances and on the financial statements as a whole.

We determined the materiality for the consolidated financial statements as a whole to be £217,000, calculated with reference to a benchmark of net assets, of which it represents 4%. This is the threshold above which missing or incorrect information in financial statements is considered to have an impact on the decision makers of users. The parent company was audited to a materiality of £46,000 based on a 1.5% of the gross assets.

We agreed to report to the Audit and Risk Committee all potential adjustments in excess of £11,000 being 5% of the consolidated financial statements materiality as a whole, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The audit team set the materiality for the full-scope audit of the subsidiary which was audited using a materiality of £42,000, based on 1.5% of the gross assets.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AFRICAN BATTERY METALS PLC (continued)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AFRICAN BATTERY METALS PLC (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Michael Simms, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP,
Chartered Accountants and Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

14 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses	**8**	(3,312)	(1,778)
Loss from operating activities		(3,312)	(1,778)
Finance costs	**22**	(633)	-
Loss before tax		(3,945)	(1,778)
Taxation	**11**	-	-
Loss for the year		(3,945)	(1,778)
Other comprehensive income			
Items that will or may be reclassified to profit or loss;			
Exchange translation		(41)	400
Total comprehensive expense for the year		(3,986)	(1,378)
Basic and diluted loss per share (pence)	**18**	(0.18)	(0.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Assets			
Property, plant and equipment	**12**	141	179
Intangible assets	**13**	5,661	5,716
Non-current assets		5,802	5,895
Trade and other receivables	**15**	111	60
Cash and cash equivalents	**16**	180	101
Current assets		291	161
Total assets		6,093	6,056
Equity			
Share capital	**17**	6,330	4,114
Share premium		9,049	7,422
Shares to be issued		-	152
Warrant reserve		365	197
Share based payment reserve		648	648
Exchange reserve		531	572
Retained deficit		(11,497)	(7,552)
Total equity		5,426	5,553
Liabilities			
Trade and other payables	**20**	519	472
Short term borrowings	**21**	15	31
Derivative financial liability	**22**	133	-
Current liabilities		667	503
Total liabilities		667	503
Total equity and liabilities		6,093	6,056

The financial statements of African Battery Metals plc, company number 07800337, were approved by the board of Directors and authorised for issue on 14 March 2018. They were signed on its behalf by:

Roger Murphy
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital	Share premium	Shares to be issued	Warrant Reserve	Share based payment reserve	Exchange reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2015	3,635	7,178	-	-	565	172	(5,774)	5,776
Loss for the year	-	-	-	-	-	-	(1,778)	(1,778)
Total other comprehensive income	-	-	-	-	-	400	-	400
Total comprehensive income / (expense) for the year	-	-	-	-	-	400	(1,778)	(1,378)
Issue of ordinary shares	479	324	152	197	-	-	-	1,152
Costs of share issues	-	(80)	-	-	-	-	-	(80)
Share-based payments	-	-	-	-	83	-	-	83
	479	244	152	197	83	-	-	1,155
Balance at 30 September 2016	4,114	7,422	152	197	648	572	(7,552)	5,553

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Warrant Reserve £'000	Share based payment reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 1 October 2016	4,114	7,422	152	197	648	572	(7,552)	5,553
Loss for the year	-	-	-	-	-	-	(3,945)	(3,945)
Total other comprehensive expense	-	-	-	-	-	(41)	-	(41)
Total comprehensive expense for the year	-	-	-	-	-	(41)	(3,945)	(3,986)
Issue of ordinary shares	2,064	1,882	-	168	-	-	-	4,114
Issue of shares held for issue	152	-	(152)	-	-	-	-	-
Costs of share issues	-	(255)	-	-	-	-	-	(255)
	2,216	1,627	(152)	168	-	-	-	3,859
Balance at 30 September 2017	6,330	9,049	-	365	648	531	(11,497)	5,426

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Cash flows used in operating activities			
Loss for the period		(3,945)	(1,778)
Adjustments for:			
- Depreciation		90	132
- Impairment of fixed assets		15	-
- Expenses settled in shares		175	-
- Loss on disposal of fixed assets		-	10
- Equity settled share-based payments		-	83
- Foreign exchange differences		4	87
- Loss on derivative		633	-
		(3,028)	(1,466)
Changes in:			
- Trade and other receivables		(55)	12
- Trade and other payables		55	229
Net cash from operating activities		(3,028)	(1,225)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(70)	(29)
Net cash flows from investing activities		(70)	(29)
Cash flows from financing activities			
Proceeds from issue of share capital		3,939	1,000
Proceeds from issue of shares to be admitted		-	152
Issue costs		(255)	(80)
Funds from short term loans		-	31
Funds applied to short term loans		(16)	-
Loan under equity agreement		(500)	-
Net cash flows from financing activities		3,168	1,103
Increase/(decrease) in cash and cash equivalents		70	(151)
Cash and cash equivalents at beginning of period		101	250
Exchange gains on cash and cash equivalents		9	2
Cash and cash equivalents at 30 September*	**16**	180	101

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Assets			
Investments	**14**	3,687	3,687
Non-current assets		3,687	3,687
Trade and other receivables	**15**	10,224	7,134
Bank balances	**16**	157	160
Current assets		10,381	7,294
Total assets		14,068	10,981
Equity			
Share capital	**17**	6,330	4,114
Share premium		9,049	7,422
Shares to be issued		-	152
Warrant reserve		365	197
Share based payment reserve		648	648
Retained deficit		(2,807)	(1,892)
Total equity		13,585	10,641
Liabilities			
Trade and other payables	**20**	350	340
Derivative financial liability	**22**	133	-
Current liabilities		483	340
Total liabilities		483	340
Total equity and liabilities		14,068	10,981

The loss for the financial year dealt with in the financial statements of the parent Company was £915,000 (2016: £371,000).

The financial statements of African Battery Metals plc, company number 07800337, were approved by the board of Directors and authorised for issue on 14 March 2018. They were signed on its behalf by:

Roger Murphy
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Share Capital	Share premium	Shares to be issued	Warrant Reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2015	3,635	7,178	-	-	565	(1,521)	9,857
Loss for the year	-	-	-	-	-	(371)	(371)
Total comprehensive expense for the year	-	-	-	-	-	(371)	(371)
Issue of ordinary shares	479	324	152	197	-	-	1,152
Costs of share issues	-	(80)	-	-	-	-	(80)
Share-based payments	-	-	-	-	83	-	83
	479	244	152	197	83	-	1,155
Balance at 30 September 2016	4,114	7,422	152	197	648	(1,892)	10,641

AFRICAN BATTERY METALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share Capital	Share premium	Shares to be issued	Warrant Reserve	Share based payment reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2016	4,114	7,422	152	197	648	(1,892)	10,641
Loss for the year	-	-	-	-	-	(915)	(915)
Total comprehensive income expense for the year	-	-	-	-	-	(915)	(915)
Issue of ordinary shares	2,064	1,882	-	168	-	-	4,114
Issue of shares held for issue	152	-	(152)	-	-	-	-
Costs of share issues	-	(255)	-	-	-	-	(255)
	2,216	1,627	(152)	168	-	-	3,859
Balance at 30 September 2017	6,330	9,049	-	365	648	(2,807)	13,585

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Loss for the year		(915)	(371)
Adjustments for:			
- Equity settled share-based payments transactions		-	83
- Expenses settled in shares		175	-
- Loss on derivative		633	-
		(107)	(288)
Changes in:			
- trade and other receivables		(3,091)	(1,027)
- trade and other payables		3	176
Net cash from operating activities		(3,195)	(1,139)
Cash flows from financing activities			
Proceeds from issue of share capital and warrants		3,939	1,000
Proceeds from issue of shares to be admitted		-	152
Issue costs		(255)	(80)
Funds applied to short term loans		(500)	-
Net cash flows from financing activities		3,184	1,072
Net decrease in cash and cash equivalents		(11)	(67)
Cash and cash equivalents at beginning of year		160	227
Exchange gains on cash and cash equivalents		8	-
Cash and cash equivalents at 30 September	**16**	157	160

1. Reporting entity

African Battery Metals Plc is a public company limited by shares which is incorporated and domiciled in England and Wales. The address of the Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT. The consolidated financial statements of the Company as at and for the year ended 30 September 2017 include the Company and its subsidiary. The Group is primarily involved in the exploration and exploitation of mineral resources in Sierra Leone.

2. Going concern

After making enquiries and preparing forecasts for 12 months from the date the financial statements were signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group and the Company have adequate resources to continue in existence for the foreseeable future, however for the Company to continue with its exploratory activities, the Directors' believe that it would need to obtain further funding either from a strategic partner or subsequent equity raisings in the next financial year, which the Company has succeded in completing over recent years. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. In forming this judgement, the Directors have taken account of funds raised through to February 2018 and believe these funds are adequate for, inter alia, the Group's ongoing administration costs and drilling programme.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union.

The Company's individual statement of comprehensive income has been omitted from the Group's annual financial statements having taken advantage of the exemption under Section 408(3) of the Companies Act 2006. The Company's total comprehensive expense for the year was £915,000 (2016: £371,000).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis with the exception of the following items; (refer to Note 6 for individual accounting policies and details)

- Derivative financial assets and liabilities

(c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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

- Carrying value of intangible assets – Notes 4(e) and 13
- Valuation of share options – Notes 4(g) and 19
- Receivables from Group undertakings – Note 15

4. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the year presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When the excess is negative, a bargain purchase price is recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation into an entity's functional currency are recognised in profit or loss.

4. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, are translated to pounds sterling at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to pounds sterling at exchange rates at the dates of the transactions.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the exchange reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets as loans and receivables.

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment terms that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 4(f)(i)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

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

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

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

Other financial liabilities comprise trade and other payables, overdrafts and director loans.

(iii) Financial assets and liabilities at fair value through the profit or loss

Financial assets and liabilities at fair value through the income statement comprise derivative financial instruments. Subsequent to initial recognition, financial assets at fair value through the profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss unless they relate to derivatives designated and effective as hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

(iv) Share capital

Ordinary shares

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

4. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

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

- Buildings — Period of lease
- Plant and equipment — 5-10 years
- Fixtures and fittings — 3-5 years

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

4. Significant accounting policies (continued)

(e) Intangible assets

(i) Prospecting and exploration rights

Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and development expenditure are recognised at cost.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Development costs will only be capitalised when the Directors have reasonable beliefs that a JORC compliant resource estimate will be obtained. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure will be measured at cost less accumulated amortisation and impairment losses.

(ii) Other intangible assets

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

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

The estimated useful lives for the current and comparative years are as follows:

- Prospecting and exploration rights Life of mine

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

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

4. Significant accounting policies (continued)

(f) Impairment

(i) Non-derivative financial assets

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

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

Financial assets measured at amortised cost

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

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

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

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit ('CGU') exceeds its recoverable amount.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

4. Significant accounting policies (continued)

(f) Impairment (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

(g) Employee benefits – share based payments

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

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Revenue

Revenue from the sale of precious metals is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, excluding sales taxes.

(j) Finance income and finance costs

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

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4. Significant accounting policies (continued)

(k) Taxation

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

Current tax

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

Deferred tax

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5. New standards and interpretations not yet adopted

Amendments to the following International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been implemented by the Group in the period ended 30 September 2017:

Amendments to IAS 1 Presentation of Financial Statements
Amendments to IFRS 7 Financial Instruments : Disclosures
Amendments to IAS 27 Separate Financial Statements
Amendments to IAS 7 Statement of Cash Flows

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning after 1 October 2016 or later periods, but which the Group has not early adopted.

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

Amendments to IFRS 2 Share-Based Payments
IFRS 9 Financial Instruments
IFRS 11 Joint Arrangements
IFRS 15 Revenue from Contracts with Customers
IFRS 16 Leases

Where relevant, the Group is evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements. The Directors have assessed there to be no material impact of for standards on the Group financial statements of the new standards or interpretations issued.

6. Determination of fair values

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

(i) Intangible assets

The fair value of intangible assets is based on external valuations or on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(ii) Derivative financial assets and liabilities

Derivative financial liabilities are measured at fair value, at initial recognition, for measurement and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the estimated exit price of the derivative based on observable inputs.

(iii) Share-based payments

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

7. Operating segments

The Company acts as the holding company of a group involved in mineral resources exploration and exploitation in Sierra Leone and is, therefore, considered to operate in a single geographical and business segment.

8. Operating expenses

Operating expenses include:	**2017** **£'000**	**2016** **£'000**
Staff costs	874	818
Depreciation	90	132
Impairment of fixed assets	15	-
Foreign exchange (loss)	(10)	(21)
Auditor's remuneration – audit services	25	20

Auditor's remuneration in respect of the Company amounted to £20,000 (2016: £20,000).

9. Staff costs

	2017 £'000	2016 £'000
Wages and salaries	761	486
Social security contributions	2	3
Directors fees	111	48
Equity settled share-based payments –including directors	-	83
	874	620

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

	2017	2016
Directors	4	3
Other employees	58	50
	62	53

Other than Directors, there are no other key management personnel.

10. Directors' emoluments

2017

	Executive £'000	Non-executive £'000	Total £'000
Wages and salaries	142	-	142
Fees	90	21	111
Benefits	7	-	7
	239	21	260

In the year ended 30 September 2017 £5,000 of share based payment expense was included within the warrant reserve (2016 : Nil)

2016

	Executive £'000	Non-executive £'000	Total £'000
Wages and salaries	144	-	144
Fees	24	24	48
Benefits	4	-	4
Equity settled share-based payments	5	6	11
	177	30	207

Emoluments disclosed above include the following amounts paid to the highest Director:

	2017 £'000	2016 £'000
Emoluments for qualifying services	151	148

11. Taxation

Reconciliation of tax expense

	2017 £'000	2016 £'000
Loss before tax from continuing operations	(3,945)	(1,778)
Tax using the Company's effective domestic tax rate of 19.50% (2016: 20%)	(769)	(356)
Effects of:		
Current losses with no recognisable deferred tax asset	769	356
	-	-

Factors that may affect future tax charges

At the year end, the Group had unused tax losses available for offset against suitable future profits of approximately £11,456,790 (2016: £7,511,000). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

12. Property, plant and equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 October 2015	82	515	36	633
Additions	-	27	2	29
Disposals	-	(24)	-	(24)
Effect of movements in exchange rate	15	93	7	115
Balance at 30 September 2016	97	611	45	753
Balance at 1 October 2016	97	611	45	753
Additions	69	2	-	71
Effect of movements in exchange rate	(7)	(18)	(1)	(26)
Balance at 30 September 2017	159	595	44	798
Depreciation				
Balance at 1 October 2015	58	297	23	378
Depreciation	12	105	15	132
Disposals	-	(14)	-	(14)
Effect of movements in exchange rate	11	62	5	78
Balance at 30 September 2016	81	450	43	574
Balance at 1 October 2016	81	450	43	574
Depreciation	19	71	-	90
Impairment	-	15	-	15
Effect of movements in exchange rate	(3)	(18)	(1)	(22)
Balance at 30 September 2017	97	518	42	657
Carrying amounts				
At 30 September 2017	62	77	2	141
At 30 September 2016	16	161	2	179

13. Intangible assets

Group	Prospecting and exploration rights £'000
Cost at 1 October 2015	5,428
Effect of movements in exchange rate	288
Balance at 30 September 2016	5,716
Cost at 1 October 2016	5,716
Effect of movements in exchange rate	(55)
Balance as at 30 September 2017	5,661
Carrying amounts	
Balance at 30 September 2017	5,661
Balance at 30 September 2016	5,716

The opening balance of intangible assets was initially recognised on the acquisition of the subsidiary, Blue Horizon (SL) Ltd.

The Directors regularly assess the carrying value of the Group's assets, including its prospecting and exploitation rights, and write off any exploration expenditure that they believe to be unrecoverable.

At the year end, the Group held one exploration licence, the 153km^2 licence in Sierra Leone, known as Ferensola, which is prospective for gold and iron. The licence was renewed by the Group during the year under review for a period of 3 years, with the right to extend for a further 2 years. It is the Group's policy to capitalise any exploration expenditure which, in the opinion of the Directors, will lead directly to a JORC compliant MRE being declared. To that end, the Group has capitalised the exploration costs relating to its iron exploration activities on which a JORC MRE was declared in 2014 which accounts for all of the Group's total carrying value of £5.6 million at the year end. The estimated value of the iron assets obtained in the JORC MRE significantly exceeded the carrying value of the asset and, as a result, no impairment was made.

At present, no exploration activities relating to the Group's gold exploration activities on the Ferensola Gold Project ("FGP") have been capitalised. All of the Group's exploration activities carried out during the year, which amounted to approximately £1.3 million were expensed during the year due, in the Directors' opinion, to the need for further drilling activities in order to declare a JORC MRE on the FGP in addition to the 9,000m of drilling carried out by the Group to date. Whilst the Directors continue to believe that the exploration activities undertaken by the Group to date on the FGP will deliver a significant financial return to the Company's shareholders, with the Group's current finite financial resources, the Directors believe that the best way to deliver value from the FGP is to enter a JV or farm-out arrangement with a third party such that ABM will be able to take a carry in any success delivered by further exploration activities on the FGP. At present, there are a number of interested parties carrying out due diligence on the FGP, but it is too early to say at this point whether any JV or farm-out arrangement will be finalised. Should the Group be unsuccessful in securing a JV or farm-out partner for Ferensola, the Directors will consider, at that time, the need for any impairment on its carrying value of its intangible assets.

Intangible assets are not pledged as security or held under any restriction of title.

14. Investments

Company

	2017	2016
	£'000	£'000
Non-current investments		
Investment in subsidiary	3,687	3,687

Directly	Activity	Country of incorporation	Ownership interest	Registered office
Blue Horizon (SL) Ltd	Mining and exploration	Sierra Leone	100%	19f Hill Cot Road, Freetown, Sierra Leone

15. Trade and other receivables

Group

	2017	2016
	£'000	£'000
Other receivables	13	14
Prepayments	98	46
	111	60

Company

	2017	2016
	£'000	£'000
Receivables due from group undertakings	10,193	7,105
Other receivables	13	14
Prepayments	18	15
	10,224	7,134

The Group and Company's exposure to credit, market and currency risk related to other receivables is disclosed in note 23.

The Directors consider the Receivables due from group undertakings balance, which relate entirely to Blue Horizon (SL) Ltd, as recoverable, despite the Group's recent strategy being to secure a JV or farm-out partner to continue the exploration activities on the FGP. This is because the current estimated potential value of the Group's iron ore JORC MRE is in excess of the receivables due from Blue Horizon (SL) Ltd. However, should the Group be unsuccessful in securing a JV or farm-out partner for Ferensola, the Directors will consider, at that time, the need for any impairment on its carrying value of receivables due from group undertakings.

16. Cash and cash equivalents

Group

	2017 £'000	2016 £'000
Bank balances	180	160
Bank overdraft	-	(59)
Cash and cash equivalents	180	101

Company

	2017 £'000	2016 £'000
Bank balances	157	160
Cash and cash equivalents	157	160

17. Share capital

	Number of ordinary shares 2017	2016
Ordinary shares in issue at 1 October	902,681,924	423,515,260
Issued for cash	2,216,087,141	479,166,664
In issue at 30 September – fully paid (par value 0.1p)	3,118,769,065	902,681,924

	Number of deferred shares	
Deferred shares	-	-
Issued on subdivision	356,848,594	356,848,594
	356,848,594	356,848,594

	Ordinary share capital 2017 £'000	2016 £'000
Balance at beginning of year	4,114	3,635
Share issues	2,216	479
Balance at 30 September	6,330	4,114

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

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

17. Share capital (continued)

The deferred shares do not entitle the holders thereof to receive notice of or attend and vote at any general meeting of the Company or to receive dividends or other distributions or to participate in any return on capital on a winding up unless the assets of the Company are in excess of £1,000,000,000,000. The Company retains the right to purchase the deferred shares from any shareholder for a consideration of one penny in aggregate for all that shareholder's deferred shares. As such, the deferred shares effectively have no value. Share certificates will not be issued in respect of the deferred shares.

Issue of ordinary shares

On 13 October 2016, the Company announced that it would be raising £300,000 (before expenses), through a placing of 304,642,410 new Ordinary shares of 0.1p each in the Company at a price of 0.1p per share. Additionally, in lieu of the commission payable in cash in relation to the Subscription, 15,232,120 fully paid new Ordinary shares were issued to Madini Minerals or its nominated subsidiary.

On 24 November 2016, the Company raised £1,170,000 (before expenses), through a placing and direct subscriptions for, in aggregate, of 558,733,765 new Ordinary Shares at a price of 0.21p per share. This includes 22,935,932 Ordinary shares issues to Madini Minerals in lieu of placing fees.

On 13 December 2016, the Company issued 65,468,750 new Ordinary shares of 0.1p each at a price of 0.16p per share further to the exercise of certain warrants. The gross proceeds of the exercise amounted, in aggregate, to £104,750.

On 21 December 2016, the Company raised £300,000 (before expenses), through an open offer and rump placing of, in aggregate, 108,657,749 Ordinary shares at an Issue price of 0.21p per share. Further to this, certain members of the group’s directors and advisers were paid, in aggregate, 8,809,524 new Ordinary shares in lieu of certain accrued salaries and fees owed.

On 24 February 2017, the Company issued 9,375,000 new Ordinary shares of 0.1p each at a price of 0.16p per share further to the exercise of certain warrants. The gross proceeds of the exercise amounted, in aggregate, to £15,000.

On 17 March 2017, the Company raised £500,000 (before expenses), through a subscription of 128,594,765 new Ordinary Shares at an issue price of 0.40p per share.

On 26 May 2017, the Company completed payment to Equity Drilling Ltd (“Equity”) by issuing 52,425,474 new Ordinary shares to Equity based upon a price of 0.43p per share.

On 19 June 2017, the Company raised £400,000 (before expenses), through a subscription of 160,000,000 new Ordinary shares at an issue price of 0.25p per share.

On 7 July 2017, the Company issued 7,920,000 new ordinary shares or 0.1p each in settlement of fees incurred from a number of its advisers. The ordinary shares were issued at a price of 0.25 per share.

On 8 August 2017, the Company completed payment to Equity Drilling Ltd (“Equity”) by issuing 67,290,037 new Ordinary shares to Equity based upon a price of 0.225p per share.

On 22 August 2017, the Company raised £900,000 (before expenses), through a subscription of 606,438,356 ordinary shares of 0.1p each at a price of 0.146p per share, to investors secured by Riverfort Global Capital Ltd. (Note 22).

18. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £3,945,000 (2016: £1,778,000), and a weighted average number of ordinary shares in issue of 2,136,646,311 (2016: 753,917,125).

As detailed in note 26, the Company issued a number of shares subsequent to the year end which would have significantly increased the number of ordinary shares in issue if these transactions had occurred prior to the end of the year. The issues would have had an anti-dilutive effect. All existing warrants and options are also anti-dilutive.

No Directors exercised options or warrants in the year ended 30 September 2017 (2016: Nil).

19. Share options and warrants

Reconciliation of outstanding share options:

	Number of options	Weighted average exercise price (£'s)
Outstanding at 1 October 2016	29,750,000	0.05
Granted during the year	-	-
Outstanding and exercisable at 30 September 2017	29,750,000	0.05

The weighted average contractual life of the options outstanding at the reporting date is 1 years 21 days.

Exercise prices of share options outstanding at the end of the period:

20,000,000	£0.045
9,750,000	£0.060

No options were issued to Directors in the year ended 30 September 17 (2016 : Nil)

Reconciliation of outstanding warrants

	Number of warrants	Weighted average exercise price (£'s)
Outstanding at 1 October 2016	321,541,324	0.008
Granted during the year	554,874,527	0.003
Exercised during the year	(152,968,750)	0.0016
Lapsed during the year	(47,142,068)	0.02
Outstanding at 30 September 2017	676,305,036	0.008

19. Share options and warrants (continued)

Included within the warrants issued in the year were warrants issued to Directors,

Directors Warrants
2017

	Exercise price (£'s)	Number of Warrants
Nicholas Warrell	0.002-0.004	25,000,000
Howard Baker	0.002-0.004	15,000,000
Matthew Wood	0.002-0.004	15,000,000
Roger Murphy	0.002-0.004	15,000,000
Iain Macpherson	0.002-0.004	5,000,000
		75,000,000

All warrants were issued on 13 October 2016 and have exercise prices of one third at £0.002, one third at £0.003p and one third at £0.004, a subscription period of 13 October 2016 to 13 October 2021. All warrants vested at date of issue.

2016

	Exercise price (£'s)	Number of Warrants
Howard Baker	0.0045	15,000,000
		15,000,000

All warrants were issued on 27 April 2016 and have an exercise price of £0.0045, and a subscription period of 27 April 2016 to 26 April 2021. All warrants vested at date of issue.

19. Share options and warrants (continued)

Of the total number of warrants outstanding at 30 September 2017, 676,305,036 (2016 : 319,541,324) have vested and are exercisable.

The fair values of the warrants granted during the year were calculated using the Black Scholes Model using the following assumptions:

Risk free interest rate	0.695%
Expected volatility	40% & 70%
Expected dividend yield	0.00%
Life of the option	3 & 5 years
Weighted average share price	0.6p

The weighted average remaining contractual life of the warrants outstanding at the reporting date is 3 years 101 days.

£168,090 has been recognised in the warrant reserve as this relates to the fair value assigned to the warrants issued as part of share placings which took place during the year.

20. Trade and other payables

Group

	2017	2016
	£'000	£'000
Trade payables	226	221
Other payables	144	60
Accrued expenses	149	191
	519	472

Company

	2017	2016
	£'000	£'000
Trade payables	209	178
Accrued expenses	141	162
	350	340

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

21. Short term borrowings

Group

	2017	2016
	£'000	£'000
Short term borrowings – Opening Liability	31	31
Funds applied to short term loans	(16)	-
Short term borrowings – Closing Liability	15	31

Included above is an amount to assist in the short term financing of Blue Horizon (SL), US$16,500 (£12,300) which was advanced by Nicholas Warrell on 1 April 2016 , this amount is unsecured and interest free. It is outstanding at 30 September 2017, with settlement expected in the current financial year. All other short term borrowings are also unsecured and interest free.

The parent company had no short term borrowings at 30 September 2017 (2016: nil)

22. Derivative financial liability

In August 2017, the Company raised £900,000 (before expenses) through the issue of 616,438,356 Ordinary Shares at a price of 0.146p per share to investors ("Investors") designated by RiverFort Global Capital Ltd ('Riverfort'). The Company simultaneously entered into an Equity Sharing Agreement ('ESA') with the Investors, in which £500,000 of the subscription proceeds were loaned to the Investors. The ESA entitled the Company to receive back the payment of £500,000 on a pro-rata monthly basis until September 2018, subject to adjustment upwards or downwards each month depending on the Company's share price at the time as against a benchmark price of 0.161 pence per Ordinary Share ("Benchmark Price").

The ESA provided for a monthly payment to be made by the Investors to the Company, being £41,666 (the "Monthly Payment"). This payment may be adjusted up or down depending on whether the "Market Price", (calculated as the average of the lowest ten daily volume weighted average prices of the Ordinary Shares during the relevant month), is above or below the Benchmark Price. If the Market Price is above the Benchmark Price, then the Monthly Payment is increased based on the following formula:

Settlement Formula
£41,666 - (51,369,863 Ordinary Shares x 0.75 x (Market Price – Benchmark Price).

If the Market Price is below the Benchmark Price then the Monthly Payment is reduced based on the following formula:

£41,666 - (51,369,863 Ordinary Shares x (Benchmark Price – Market Price)

Assuming the Market Price equals the Benchmark Price on the date of each and every settlement, the Company would have received aggregate repayments of £500,000 from the ESA.

22. Derivative financial liability (continued)

As at the end of the financial year under review, due to the Market Price having been significantly below the Benchmark Price, the Company had received an aggregate of only £9,168 pursuant the ESA. The fair value of the derivative financial liability entered into in 2017 has been determined by reference to the Company's then prevailing share price and has been estimated as follows

	2017	2016
	£'000	**£'000**
Derivative financial asset / (liability)		
Fair Value at inception	500	-
Loss on revaluation of derivative financial asset recognised in the year	(633)	-
Total derivative financial liability	(133)	-

On 8 December 2017, it was mutually agreed by the Company and the Investors that the ESA be settled by a payment of £141,463. This payment represented the fair value of the derivative at the time of settlement.

23. Financial instruments

Financial risk management

Overview
The Group has exposure to the following risks arising from financial instruments.

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The Company's board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

23. Financial instruments (continued)

Financial instruments measured at fair value

The fair value hierarchy of financial instruments is measured at fair value is provided below:

	Level 1		**Level 2**	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Financial Liabilities				
Derivative financial liabilities (fair value through the profit or loss)	-	-	133	-
	-	-	133	-

There were no transfers between levels during the year. (2016: None)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Financial Instrument	Valuation techniques used	Significant unobservable	Inter-relationship between key unobservable inputs and fair value
Derivative financial assets and liabilities	Fair value – based on the estimated exit price cashflows discounted where appropriate	Not applicable	Not applicable

23. Financial instruments (continued)

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

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

Group

	Carrying amount	
	2017	**2016**
	£'000	**£'000**
Trade and other receivables	13	14
Cash and cash equivalents	180	101
	193	115

Company

	Carrying amount	
	2017	**2016**
	£'000	**£'000**
Trade and other receivables	10,224	7,134
Cash and cash equivalents	157	160
	10,381	7,294

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

23. Financial instruments (continued)

Liquidity risk (continued)

Group

30 September 2017

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Short term borrowings	15	-	15	-
Trade payables	519	519	-	-
Derivative financial liabilities				
Financial liability	133	-	133	-
	667	519	148	-

Group

30 September 2016

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Short term borrowings	31	-	31	-
Trade payables	472	472	-	-
	503	472	31	-

Company

30 September 2017

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade payables	350	350	-	-
Derivative financial liabilities				
Financial liability	133	-	133	-
	483	350	133	-

23. Financial instruments (continued)

Liquidity risk (continued)

Company

30 September 2016

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade payables	340	340	-	-
	340	340	-	-

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

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

Due to the nature of the Group's operations, it will be mainly exposed to fluctuations in the price of iron and gold. The Group, where able, will look to hedge its foreign currency exposure.

Currency risk
The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are USD.

The Group places deposits in foreign currencies to manage the exposure to changes in future cash outflows in these currencies

Capital management
The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of equity which at 30 September 2017 for the Group totalled £5,426,000 (2016: £5,553,000) and for the Company totalled £13,585,000 (2016: £10,641,000).

Accounting classifications and fair values

Fair values and carrying amounts
The carrying values of financial assets and liabilities are all approximate to their fair values per the statement of financial position.

24. Contingent Liabilities

During 2017, Blue Horizon (SL) was involved in the following litigation.

A claim was made against Blue Horizon in October 2013 by Lamrana Sall for loss of business and damages to a fuel tanker. Judgement was made by the High Court for the payment of the sum of $43,350USD plus 35% interest on the amount from 19 September 2012 until payment. A counter-claim was submitted by Blue Horizon in August 2016 to appeal this judgement. Based on the grounds of the appeal, counsel to the subsidiary is of the opinion that Blue Horizon has a very high prospect of succeeding in its appeal to overturn the judgement.

An ex-employee of Golden Mining Co. Limited is claiming action against Blue Horizon. It is the view of the counsel to the subsidiary that said action is not maintainable and judgement by the High Court was made against Golden Mining Co. Ltd and not Blue Horizon.

Provisions have not been made in these financial statements for either claim. Final judgement is still pending with regards to these matters.

25. Related parties

In addition to matters reported in Note 9, the following related party transactions took place during the year ended 31 December 2017:

Roger Murphy and Iain Macpherson, both Directors who served during the year, are also Directors of Ongeza Mining, which provided consultancy services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2017 were £65,704 (2016: nil), of which £6,247 was outstanding at the year end.

Matt Wood, a Director who served during the year is also director of ONE Advisory Limited, which provided accounting, audit assistance, company secretarial, registered office and administration services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2017 were £88,873 (2016: £88,000) of which nil was outstanding at the year end.

Howard Baker, a Director who served during the year, is also director of Baker Geological Services, which provided geological consulting services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2017 were £23,026 (2016: £22,000) of which £1,740 was outstanding at the year end.

To assist in the short term financing of Blue Horizon (SL), US$33,000 (£25,000) was advanced by Nicholas Warrell on 1 April 2017. This amount is unsecured and interest free. At 30 September 2017, US$16,500 (£12,751) was outstanding with settlement expected in the current financial year.

During the year, the Company advanced funds to Blue Horizon (SL) Ltd totalling £1,396,948 (2016: £866,000). As at 30 September 2017, the balance outstanding totalled £10,193,201 (2016: £7,105,000). This loan is repayable on demand and incurs a 1% interest charge compounding monthly, the total for the year was £87,197.

26. Subsequent events

In October 2017, the Company announced that Howard Baker, Non-Executive Technical Director resigned.

In October 2017, the Company issued 152,977,298 new ordinary shares to Equity Drilling Ltd in final settlement for the completed Phase 3 drilling of 5,184 metre on its Ferensola gold project.

In November 2017, the Company announced that Nick Warrell, Chief Operating Officer, resigned as director and stepped down from the Board.

At a General Meeting of the Company held on 8 December 2017, the Company's shareholders approved resolutions to, inter alia, subdivide each ordinary share of 0.1p each into 1 new ordinary share of 0.001p each and 1 deferred share of 0.099p each.

The ordinary shares of 0.01p each carry the same rights as those previously attached to the ordinary shares of 0.001p each (save for the reduction in nominal value).

In December 2017, the Company acquired a controlling interest in a Cobalt Licence and had conditionally raised £1,750,000 (before expenses) through the placing of 3,000,000,000 new ordinary shares, and a subscription for 500,000,000 new ordinary shares at a price of 0.05p each.

The proceeds of the above fundraising is to be used to capitalise a new company incorporated in the Dominican Republic of Congo, (70% owned by ABM and 30% by the Vendor which will hold the Cobalt Licence); to buy-back shares from D-Beta, and for general working capital purposes.

In December 2017, it was mutually agreed by the Company and the Investors designated by RiverFort Global Capital Ltd, that the remaining balance due from Investors of £390,832 be waived and an additional settlement payment be made of £141,463 in order terminate the agreement.

In December 2017, the Company announced the purchase of 532,438,356 of its own ordinary shares of 0.001p each from D-Beta, an Investor designated by Riverfort Gloabal Capital Limited and a party to the equity sharing agreement. These shares were then cancelled in January 2018.

In January 2018, the directors announced the Company was renamed to African Battery Metals Plc.