# Bezant Resources Plc

(Company Registration Number 02918391)

## Annual Report

## and

## Financial Statements

## For the year ended 31 December 2018

# Bezant Resources Plc

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# Bezant Resources Plc

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| **Directors**: | C Bird | *Executive Chairman* |
| | L Read | *Chief Executive Officer* |
| | E Kirby | *Non-Executive Director* |
| | R Siapno | *Non-Executive Director* |

**Secretary**:
York Place Company Secretaries Limited
3rd Floor
White Rose House
28a York Place
Leeds, LS1 2EZ

**Registered office:**
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4 Thomas More Square
London, E1W 1YW

**Registered number:**
02918391 (England & Wales)

**Nominated adviser:**
Strand Hanson Limited
26 Mount Row
London, W1K 3SQ

**Broker**:
Novum Securities Limited
8-10 Grosvenor Gardens
London, SW1W 0DH

**Solicitors**:
Joelson JD LLP
30 Portland Place
London, W1B 1LZ

**Auditors**:
UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London, E1W 1YW

**Registrars**:
Link Market Services Limited
34 Beckenham Road
Beckenham
Kent, BR3 4TU

**Bankers**:
National Westminster Bank Plc
66 High Street
Maidenhead
Berks, SL6 1QA

National Australia Bank
Capital Office, Ground Floor
100 St Georges Terrace
Perth
Western Australia 6000

Dear Shareholder,

I am pleased to present the Group's results for the 12 months ended 31 December 2018. I was appointed as Chairman on 1 March 2018 and the year under review has been one of consolidation with our main focus being on enhancing our financial and technical understanding of the Mankayan copper-gold project in the Philippines, and making our copper-gold asset portfolio more attractive to potential partners. The result is that we now have a stronger handle on the Mankayan project and have been able to update the market and mining industry players on the project which we consider to be well placed in the global league table of emerging copper projects.

We conducted significant internal analysis and interpretation before releasing an updated block cave model for the project in October 2018 and commissioning a new independent mining study from Mining Plus Pty Ltd ("**Mining Plus**") in late November 2018. The results of Mining Plus' new study were announced on 12 February 2019 which involved a wide ranging examination of the various alternatives for bringing the Mankayan project into potential future production with the objective of determining key parameter susceptibility. The study demonstrated that it is possible to reduce the capital cost involved to approximately US$630 million whilst still maintaining an internal rate of return ("**IRR**") of 21%. The medium production rate scenario with lower start-up costs has an estimated capital expenditure requirement of US$896m and an IRR of 27%. The pleasing result from such workstreams was that the planned potential future mining operation appears robust over a number of alternative development scenarios and could be attractive for investment from a mid-tier or major copper producer.

The industry has noted the results of our studies and the Mankayan project is now on the radar screen of a number of companies and I remain positive that we will ultimately be able to secure a major investment into/partner for the project notwithstanding the difficulties presented by current modest copper prices and regional perception.

We exited from our Colombian alluvial gold-platinum operations during April 2018 and I am pleased to report that the disposal was completed both professionally and effectively without any local repercussions or ongoing liability.

In Argentina, we have been progressing the regulatory process towards finalisation of the requisite environmental impact assessment ("**EIA**") approvals which we anticipate being completed in the second quarter of 2019. Such approvals will provide for a two year exploration period to enable, amongst other things, work on topography, geophysics, soil geochemistry, geological mapping and up to 2,000 metres of diamond drilling and, once in place, the project will be eminently more attractive to both the Company and prospective joint venture partners.

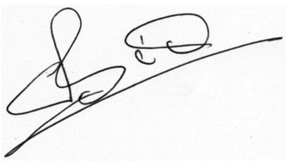
Most recently, on 23 April 2019, the Company announced an important step into copper/gold exploration in Zambia following the signing of an option agreement to potentially acquire a 50% interest in the Buffalo exploration project located in north central Zambia. This project has good copper/gold showings and local artisanal miners have discovered significant mineralised outcrops. The occurrences are known as IOCG (iron oxide copper-gold) and academia has expressed similarities between such Zambian style of mineralisation and the Olympic Dam mineralisation in Australia. The Central Zambian IOCG belt concept has not been pursued progressively since this style of mineralisation is off the well established main trend Zambian Copper Belt system which has led to numerous mines with lives in excess of 70 years regularly being replaced with new mines on their depletion or economics deteriorating through depth or other practical, technical considerations. We are very excited about this option since the project has the potential for early development and large system discovery, whilst the Company's upfront expenditure in assessing the licence area and determining whether to exercise its option is capped at US$200,000 with such funds to be spent on the ground in assessing the project rather than being paid to the project's sponsors.

Whilst the year has been one of consolidation, there has been substantial effort invested in improving our understanding of the Mankayan project and marketing its potential in a very systematic manner involving, amongst other things, attendance at major global mining industry events and developing and renewing industry relationships which is typically a time consuming one-on-one process. Marketing mining projects to potential partners or acquirers is an activity that does not lend itself to be measured on a daily or even monthly basis, since feedback is often guarded and whilst the project is clearly very high on our agenda, major mining companies have their own competing priorities as frustrating as that can be for the Company’s management team and shareholders. RNS announcements regarding transactions are made when legally binding agreements are signed not as regular updates on ongoing discussions and negotiations therefore shareholders should not read into the absence of RNS announcements in relation to Mankayan that management is not actively seeking to promote the project to best advantage. I am however confident that the Mankayan project has been well disseminated into the trade and investment arena and that its potential will be recognised as copper prices improve and mid-tier/major industry players renew their search for sizeable emerging copper projects.

I, like my fellow shareholders, am most disappointed in the Company’s recent share price performance but having been involved in the mining industry for 50 years know that it has its cycles, that each mining project is unique and that it is an imperfect market. Accordingly, I believe the best way to drive value creation is to improve both the Company’s and the market’s understanding of the positive characteristics of our project portfolio which is why I applaud the team’s untiring efforts in marketing the Mankayan project which has to be relentless and determined without recognition or reward until the job is done.

The general climate for small resource companies is very difficult and the sector remains very much out of favour. This is quite surprising given major global stockmarkets are generally showing resilience and advancement. Our sector typically tracks such markets and often outperforms when shares suddenly correct as they did towards the end of last year. The small cap sector did not appear to respond to any trends in the main market which we think is a result of trade tensions, investor concerns over China and Brexit and a generally uncertain geopolitical world. As always, we remain optimistic not just for the sake of it but with the knowledge that the correction for our sector is often just around corner with the key driver being growth in metals prices.

I would like to thank my colleagues on the board and management for their consistent and dedicated work against an inopportune and challenging backdrop and look forward to better times ahead to enable us to generate long term value for our shareholders which they most certainly deserve.



**Mr Colin Bird**
Executive Chairman

30 April 2019

**Mr Laurence Read** *(Chief Executive Officer) (Appointed 15 January 2018)*

**Experience and Expertise**

Mr Read, aged 42, has spent the last 19 years advising natural resources companies, investment groups and advisers on strategic development, turn-around situations and global investor relations. He has experience working with off-take groups, producers, resource developers, service providers and explorers across a diverse range of minerals.

He was appointed as Chief Executive Officer on 15 January 2018 following the resignation of Dr. Bernard Olivier. Mr Read was previously a director of the Company having been appointed to the board as a Non-Executive director on 15 October 2012.

**Other current directorships**

Executive Director of Europa Metals Ltd
Non-Executive Director of TomCo Energy plc
Chief Executive Officer of Mowbrai Limited
Non-Executive Director of Capital Metals Limited

**Former directorships in the last 5 years**

Non-Executive Director of Tern Plc
Non-Executive Director of Mineral & Financial Investments Limited
Ixis Resources Limited

Equity Participation in Porta Communications which had a controlling stake in Threadneedle Communications Limited.

**Special responsibilities**

Chief Executive Officer/Executive Committee.

**Interests in shares and options**

1,060,949 fully paid ordinary shares in Bezant Resources Plc.
15,000,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 0.5 pence.
12,500,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 1 pence.

**Mr Colin Bird** *(Executive Chairman) (Appointed 1 March 2018)*

**Experience and Expertise**

Mr Bird, aged 75, joined the board in March 2018, replacing Mr Ed Nealon as Chairman, following a review of Bezant's portfolio and a strategic investment in the Company undertaken in February 2018 by himself as a private individual and also via Tiger Resource Finance Plc, of which he is Chairman.

Colin is a chartered mining engineer with multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public company listings in the UK, Canada and South Africa. His most notable achievement was founding Kiwara Resources Plc and selling its prime asset, a copper property in Northern Zambia, to First Quantum Minerals for US$260 million in November 2009.

### Other current directorships

African Pioneer Plc, Bird Leisure and Admin (Pty) Ltd, Braemore Resources Ltd, Dullstroom Plats (Pty) Ltd, Europa Metals Ltd, Galagen (Pty) Ltd, Galileo Resources Plc, Galileo Resources South Africa (Pty) Ltd, Glenover Phosphate (Pty) Ltd, Holyrood Platinum (Pty) Ltd, Jubilee Metals Group Plc, Jubilee Tailings Treatment Company (Pty) Ltd, Lion Mining Finance Ltd, M.I.T. Ventures Group, Maude Mining & Exploration (Pty) Ltd, New Age Metals Inc, NewPlats (Tjate) (Pty) Ltd, Revelo Resources Corp, Tiger Resource Finance Plc, Tjate Platinum Corporation (Pty) Ltd, Umhlanga Lighthouse Café CC, Windsor Platinum Investments (Pty) Ltd and Xtract Resources Plc.

### Former directorships in the last 5 years

1 Tara Bar and Restaurant CC, Add X Trading 810 CC, Afminco (Pty) Ltd, Dialyn Café CC, Emanual Mining and Exploration (Pty) Ltd, Isigidi Trading 413 CC, Jubilee Smelting & Refining (Pty) Ltd, Mokopane Mining & Exploration (Pty) Ltd, NDN Properties CC, Orogen Gold Plc, Pilanesberg Mining Co (Pty) Ltd, Pioneer Coal (Pty) Ltd, PowerAlt (Pty) Ltd, SacOil Holdings Ltd and Sovereign Energy Plc.

### Special responsibilities

Chairman of the Board/Remuneration Committee and member of the Audit Committee.

### Interests in shares and options

25,000,000 ordinary shares in the capital of the Company, together with 5,555,555 warrants with each warrant giving the right to subscribe for a new ordinary share at a price of one pence per share for a period of 30 months from the date of issue.
15,000,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 0.5 pence.
12,500,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 1 pence.

**Dr. Evan Kirby** *(Non-Executive Director) (Appointed 4 December 2008)*

### Experience and Expertise

Dr Kirby, aged 68, is a metallurgist with over 40 years' of international involvement. He worked initially in South Africa for Impala Platinum, Rand Mines and then Rustenburg Platinum Mines. Then in 1992, he moved to Australia to work for Minproc Engineers and then Bechtel Corporation. After leaving Bechtel in 2002, he established his own consulting company to continue with his ongoing mining project involvement. Evan's personal "hands on" experience covers the financial, technical, engineering and environmental issues associated with a wide range of mining and processing projects.

### Other current directorships

Non-executive director of Europa Metals Ltd listed on AIM and AltX of the JSE), New Energy Minerals Limited (formerly Mustang Resources Limited and ASX listed) and Director of private company, Metallurgical Management Services Pty. Limited.

### Former directorships in the last 5 years

Nyota Minerals Limited (listed on AIM and ASX), Nyota Minerals (UK) Limited and Kefi Minerals (Ethiopia) Limited (formerly named Nyota Minerals (Ethiopia) Limited).

### Special responsibilities

Chairman of the Audit Committee.

**Interests in shares and options**

7,479,374 fully paid ordinary shares in Bezant Resources Plc.
5,000,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 0.5 pence.
2,500,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 1 pence.

**Mr Ronnie Siapno** *(Non-Executive Director) (Appointed 25 October 2007)*

**Experience and Expertise**

Mr Siapno, aged 55, graduated from the Saint Louis University in the Philippines in 1986 with a Bachelor of Science degree in Mining Engineering and is a lifetime member of the Philippine Society of Mining Engineers. Since graduation, he has held various consulting positions such as Mine Planning Engineer to Benguet Exploration Inc., Mine Production Engineer to Pacific Chrome International Inc., Exploration Engineer to both Portman Mining Philippines Inc. and Phoenix Resources Philippines Inc. and Geotechnical Engineer to Pacific Falkon Philippines Inc.

**Other current directorships**

President of Crescent Mining and Development Corporation and Director of Bezant Holdings Inc.

**Former directorships in the last 5 years**

None.

**Special responsibilities**

Mankayan Project: Director of Operations.
Remuneration Committee.

**Interests in shares and options**

1,333,334 fully paid ordinary shares in Bezant Resources Plc.
7,500,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 0.5 pence.
5,000,000 options over ordinary shares in Bezant Resources Plc at an exercise price of 1 pence.

## Principal activity

The Company is registered in England and Wales, having been first incorporated on 13 April 1994 under the Companies Act 1985 with registered number 02918391 as a public company limited by shares, in the name of Yieldbid Public Limited Company. On 19 September 1994, the Company changed its name to Voss Net Plc, with a second change of name to that of Tanzania Gold Plc on 27 September 2006. On 9 July 2007, the Company adopted its current name of Bezant Resources Plc.

The Company was listed on AIM, a market operated by the London Stock Exchange, on 14 August 1995.

The principal activity of the Group is natural resource exploration, development and beneficiation.

Its FTSE Sector classification is that of Mining and FTSE Sub-sector that of Gold Mining.

## Review of Business

The Chairman's statement contains a review of 2018 and refers to the Company's focus on its copper and gold asset portfolio.

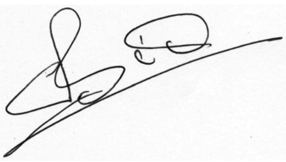
## Principal risks and uncertainties facing the Company

The principal risks and uncertainties facing the Company are disclosed in the Directors' report on pages 13 to 15.

## Performance of the Company

The Company is an exploration entity whose assets comprise early-stage projects that are not yet at the production stage. Currently, no revenue is generated from such projects. The key performance indicators for the Company are therefore linked to the achievement of project milestones and the increase in overall enterprise value.

On behalf of the Board



**Mr Colin Bird**
Executive Chairman

30 April 2019

The Directors present their report together with the audited financial statements of Bezant Resources Plc (the "**Company**") and its subsidiary undertakings (together, the "**Group**" or "**Bezant**") for the year ended 31 December 2018.

The principal activity, review of the business and future development disclosures are contained in the Chairman's Statement on pages 3 to 4 and the Strategic Report on page 8.

### Results and dividends

The Group's results for the year are set out in the financial statements. The Directors do not propose recommending any distribution by way of dividend for the year ended 31 December 2018.

### Directors

The following directors have held office during and subsequent to the reporting year:

Colin Bird (appointed 1 March 2018)
Laurence Read
Ronnie Siapno
Evan Kirby
Edward Nealon (resigned 1 March 2018)
Bernard Olivier (resigned 15 January 2018)

### Directors' interests

The beneficial and non-beneficial interests of the current directors and related parties in the Company's shares were as follows:

| | Ordinary shares of 0.2p each | Percentage of issued share capital |
|---|---:|---:|
| C. Bird | 25,000,000[(1)] | 2.5% |
| E. Kirby | 7,479,374 | 0.75% |
| R. Siapno | 1,333,334 | 0.13% |
| L. Read | 1,060,949 | 0.11% |

Notes:

1 Colin Bird also holds 5,555,555 warrants expiring on 6 September 2020 which give the right to subscribe for ordinary shares at a price of 1 pence per share.

### Options awarded

On 23 August 2018, 87,500,000 options over ordinary shares of £0.002 each in the capital of the Company ("**Ordinary Shares**") were granted pursuant to the Executive Share Option Scheme approved at the Company's Annual General Meeting ("**AGM**") held on 22 June 2018 (the "**Options**"). Of the 87,500,000 Options, 75,000,000 were awarded to directors of the Company as detailed below:

| | Options exercisable at 0.5 pence (vested on 23 August 2018) | Options exercisable at 1 pence (vested on 31 January 2019) |
|---|---:|---:|
| C. Bird | 15,000,000 | 12,500,000 |
| L. Read | 15,000,000 | 12,500,000 |
| E. Kirby | 5,000,000 | 2,500,000 |
| R. Siapno | 7,500,000 | 5,000,000 |

### Report on directors' remuneration and service contracts

This report has been prepared in accordance with the requirements of Chapter 6 of Part 15 of the Companies Act 2006 and describes how the Board has applied the principles of good governance relating to Directors' remuneration set out in the UK Corporate Governance Code.

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the necessary calibre and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration packages is undertaken by the Remuneration Committee. The remuneration of Non-Executive Directors is determined by the Board within limits set out in the Articles of Association.

Executive Directors are entitled to accept appointments outside the Company providing the Board's permission is sought.

Effective from January 2018, the Board agreed to a reduction in board fees. Each Director is entitled to receive £12,000/US$18,000 per annum as Directors' Fees along with relevant Consulting Fees as applicable, with the aggregate of Salary, Directors' Fees and Consulting Fees detailed in the Directors' Remuneration Summary Table below and in Note 26.

Each Director is also paid all reasonable expenses incurred wholly, necessarily and exclusively in the proper performance of his duties.

### Pensions

The Group does not operate a pension scheme and has not paid any contributions to any pension scheme for Directors or employees.

### Directors' remuneration

Remuneration of the Directors was as follows:

| | Directors' Fees | Salary and Consulting Fees | **Total cash paid year ended 31 December 2018** | Share based payment – share options | **Total cash and share based year ended 31 December 2018** | Total cash paid year ended 31 December 2017 |
|---|---|---|---|---|---|---|
| | £ | £ | **£** | £ | **£** | £ |
| C. Bird | 10,473 | 40,000 | **50,473** | 37,479 | **87,952** | – |
| L. Read | 11,446 | 78,000 | **89,446** | 37,479 | **126,925** | 17,831 |
| E. Kirby | 13,505 | – | **13,505** | 10,820 | **24,325** | 50,000 |
| R. Siapno | 12,000 | – | **12,000** | 17,485 | **29,485** | 12,000 |
| E. Nealon | – | – | **–** | – | **–** | 35,000 |
| B. Olivier | 625 | 4,375 | **5,000** | – | **5,000** | 120,000 |
| Total | 48,049 | 122,375 | **170,424** | 103,263 | **273,687** | 234,831 |

An amount of £12,500 was paid during 2018 to Lion Mining Finance Limited, a company controlled by C. Bird, for administration services and use of an office.

Notes:

1. Directors' remuneration shown above comprises all of the salaries, Directors' fees, consulting fees and other benefits and emoluments paid to Directors for the year ended 31 December 2018 and 31 December 2017.
2. Mr Read and Mr Bird's Directors' fees include NIC and UK payroll tax.
3. On 7 August 2017, the Board elected to convert a total of £110,718 of unpaid fees in relation to the period 1 October 2016 to 31 July 2017 into shares at a conversion price of 1.2976 pence per share.
4. On 22 March 2018, Ed Nealon waived fees of £25,000 and Laurence Read waived fees and expenses of £12,558 and the other directors of the Company elected to convert a total of £31,233 of unpaid fees in relation to the period 1 July to 31 December 2017 into shares at a conversion price of 0.45 pence per share.
5. In accordance with the requirements of IFRS 2 Share-based Payments, the weighted average estimated fair value for the share options granted in 2018 (£121,000) was calculated using a Black and Scholes option pricing model and £115,000 of this theoretical value has been charged to the Profit and Loss in 2018 (£103,000 of which relates to options granted to directors) and £6,000 will be charged to the Profit and Loss in 2019 (£5,000 of which relates to options granted to directors). None of the 2018 share options have been exercised as they are out of the money. In the event that the share options are not exercised before expiry, the option cost will either be credited to the Profit and Loss or added back to retained earnings depending on the reason why the options are not exercised. Note 20 to the accounts provides information on Share-based payments.
6. There were no share based payments in 2017.

### Environment, Health, Safety and Social Responsibility Policy Statement

The Company adheres to the above Policy, whereby all operations are conducted in a manner that protects the environment, the health and safety of employees, third parties and the entire local communities in general.

The Company is currently principally involved in exploration projects, located within the Philippines and Argentina and post the reporting period end, Zambia.

The Company is in the process of renewing its Environmental Impact Assessment approvals in respect of its "Eureka Project" in Argentina.

During the year, current operations were closely managed in order to maintain our policy aims, with no matters of concern arising. There have been no convictions in relation to breaches of any applicable legislation recorded against the Group during the year.

### Substantial & Significant Shareholdings

The Company has been notified, in accordance with DTR 5 of the FCA's Disclosure and Transparency Rules, or is aware, of the following interests in its ordinary shares as at 26 April 2019 of those shareholders with a 3% and above equity holding in the Company.

| Shareholders | Number of Ordinary Shares | Percentage of issued share capital |
|---|---|---|
| VIDACOS NOMINEES LIMITED CLRLUX ACCT | 150,479,980 | 15.07% |
| BARCLAYS DIRECT INVESTING NOMINEES LIMITED CLIENT1 ACCT | 59,848,715 | 5.99% |
| HSBC GLOBAL CUSTODY NOMINEE (UK) LIMITED 941346 ACCT | 56,974,736 | 5.70% |
| INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED SMKTNOMS ACCT | 50,108,471 | 5.02% |
| TOMORI ENTERPRISES LIMITED | 46,635,115 | 4.67% |
| INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED SMKTISAS ACCT | 46,642,917 | 4.67% |
| VERONA INVESTMENT GROUP INC | 44,601,745 | 4.47% |
| JIM NOMINEES LIMITED JARVIS ACCT | 39,647,238 | 3.97% |
| HARGREAVES LANSDOWN (NOMINEES) LIMITED 15942 ACCT | 32,873,130 | 3.29% |
| HARGREAVES LANSDOWN (NOMINEES) LIMITED HLNOM ACCT | 32,736,539 | 3.28% |

### Political and charitable contributions

There were no political or charitable contributions made by the Group during the year ended 31 December 2018.

### Information to Shareholders – Website

The Company has its own website (www.bezantresources.com) for the purposes of improving information flow to shareholders, as well as to potential investors.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards as adopted by the European Union. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that year.

In preparing those 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

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

In addition, they are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

### Statement of disclosure to auditor

So far as all the Directors, at the time of approval of their report, are aware:

– there is no relevant audit information of which the Company's auditors are unaware, and

– the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

UHY Hacker Young LLP have expressed their willingness to continue as the auditors of the Company, and in accordance with section 489 of the Companies Act 2006, a resolution to re-appoint them will be proposed at the Company's forthcoming Annual General Meeting.

### Principal risks and uncertainties

The Group has identified the following risks to the ongoing success of the business and has taken various steps to mitigate these, the details of which in relation to its Continuing Operations are as follows:

*Risk of development, construction, mining operations and uninsured risks*

The Group's ability to meet any production, timing and cost estimates for its properties cannot be assured. Furthermore, the business of mining is subject to a variety of risks such as actual production and costs varying from estimated future production, cash costs and capital costs; revisions to mine plans; risks and hazards associated with mining; natural phenomena; unexpected labour shortages or strikes; delays in permitting and licensing processes; and the timely completion of expansion projects, including land acquisitions required for the expansion of operations from time to time. Geological grade and product value estimations are based on independent resource calculations, studies and historical sales records.

### Principal risks and uncertainties (continued)

Geological risk factors and adverse market conditions could cause actual results to materially deviate from estimated future production and revenue. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the future business, cash flows, profitability, results of operations and financial condition. While steps, such as production and mining planning are in place to limit these risks, occurrences of such incidents do exist and should be noted.

*Currency risk*

The Group reports its financial results and maintains its accounts in Pounds Sterling, the currency in which the Group primarily operates. The Group's operations in the Philippines and Argentina make it subject to further foreign currency fluctuations and such fluctuations may materially affect the Group's financial position and results (see note 18). The Group does not have any currency hedges in place and is exposed to foreign currency movements.

*Copper-gold price volatility*

The profitability going forward of the Group's operations is significantly affected by changes in realisable copper-gold prices. The price of copper-gold can fluctuate widely and is affected by numerous factors beyond the Group's control, including demand, inflation and expectations with respect to the rate of inflation, the strength of the Pound Sterling and of other currencies, interest rates, global or regional political or financial events, and production and cost levels.

*Economic, political, judicial, administrative, taxation or other regulatory factors*

The Group's assets are located in the Philippines and Argentina and mineral exploration and mining activities may be affected to varying degrees by political stability and government regulations relating to the mining industry. The Group is exposed to sovereignty risks relating to potential changes of local Governments and possible subsequent changes in jurisdiction concerning the maintenance or renewal of licences and the equity position permitted to be held in the Company's subsidiaries.

*Loss of critical processes*

The Group's future mining, processing, development and exploration activities depend on the continuous availability of the Group's operational infrastructure, in addition to reliable utilities and water supplies and access to roads. Any failure or unavailability of operational infrastructure, for example, through equipment failure or disruption, could adversely affect future production output and/or impact exploration and development activities.

*Competition*

The Group competes with numerous other companies and individuals, in the search for and acquisition of exploration and development rights on attractive mineral properties and also in relation to the future marketing and sale of precious metals. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties and also in relation to the future marketing and sale of precious metals.

*Future funding requirements*

As referred to in note 1.1 of these financial statements, the Group made a loss from all operations for the year ended 31 December 2018 after tax of £1.2 million (2017: £4.6 million), had negative cash flows from operations and is currently not generating revenues. Cash and cash equivalents were £492,000 as at 31 December 2018. An operating loss is expected in the year subsequent to the date of these accounts and as a result the Company will likely need to raise funding to provide additional working capital to finance its ongoing activities. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

**Principal risks and uncertainties (continued)**

*Dependence on key personnel*

The success of the Group is, and will continue to be, to a significant extent, dependent on retaining the services of the directors and senior management and the loss of one or more could have a materially adverse effect on the Group. A Group-wide share incentive scheme has been implemented.

**Annual General Meeting**

The Company will hold an Annual General Meeting on Friday, 24 May 2019 and the wording of each resolution to be tabled is set out in the formal Notice of Annual General Meeting at the end of this document.

In particular, the following resolutions will be proposed as special business:

Resolution 4, which is to be tabled as an ordinary resolution, is to authorise each of the issued ordinary shares of £0.002 each in the capital of the Company to be re-designated and sub-divided into one new ordinary share of £0.00002 each and one deferred share of £0.00198 each in the capital of the Company, having attached thereto the rights set forth in the New Articles of Association of the Company (see "Additional background information on Resolutions 4 and 7" below).

Resolution 5, which is to be tabled as an ordinary resolution, subject to and conditional upon the passing of resolution number 4 above, and for the purposes of section 551 of the Companies Act 2006 (the "Act") is to (a) generally and unconditionally authorise the Directors to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company (the "**Rights**") up to an aggregate maximum nominal amount of £39,950 to such persons and at such times and on such terms and conditions as the Directors think proper, such authority, unless previously revoked or varied by the Company in a General Meeting, to expire at the conclusion of the next Annual General Meeting of the Company following the date on which the resolution is passed or, if earlier, fifteen months from the date of the resolution; and (b) authorise the Company prior to the expiry of such period referred to in (a) above to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred thereby had not expired, so that all previous and existing authorities conferred on the Directors in respect of the allotment of shares or grant of Rights pursuant to the said section 551 of the Act be revoked provided that the resolution shall not affect the right of the Directors to allot shares or grant Rights in pursuance of any offer or agreement entered into prior to the date thereof.

Resolution 6, which is to be tabled as a special resolution, subject to and conditional upon the passing of resolutions numbered 4 and 5 above, is to the empower the Directors, in accordance with section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act), wholly for cash, under the authority conferred on them by resolution number 5 above as if section 561(1) of the Act did not apply to such allotment, provided that the power conferred by the resolution shall: (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £39,950; (b) be limited to the allotment (otherwise than pursuant to (a) above) of equity securities pursuant to the exercise of any share options issued pursuant to the Executive Share Option Scheme (as approved at the Annual General Meeting held on 22 June 2018) representing up to 10 per cent of the issued ordinary share capital of the Company from time to time; and (c) expire at the conclusion of the next Annual General Meeting of the Company following the date on which the resolution is passed or, if earlier, fifteen months from the date of passing the resolution (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by the resolution has expired. This authority shall replace all existing authorities conferred on the Directors in respect of the allotment of equity securities to the extent that the same have not previously been utilised and affords the Company the flexibility to raise additional working capital as and when required.

### Annual General Meeting (continued)

Resolution 7, which is to be tabled as a special resolution, subject to and conditional upon the passing of resolution number 4 above, is to approve the adoption of new Articles of Association as produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification, in substitution for, and to the exclusion of, the Company's existing Articles of Association.

***Additional background information on Resolutions 4 and 7***

The Act prohibits the Company from issuing ordinary shares at a price below their nominal value. As the Company's prevailing market share price is less than the current nominal value of the Company's existing ordinary shares of £0.002 each ("**Existing Ordinary Shares**"), it is necessary for the Company to undertake a share capital reorganisation to enable it to issue new ordinary shares at a price per share below £0.002 in the event that the Directors seek to raise additional equity finance at such a price to provide, *inter alia*, additional working capital for the Group. Accordingly, the Company is seeking shareholder approval of Resolutions 4 and 7, in addition to the other resolutions to be proposed at the Annual General Meeting, in order to provide flexibility with respect to potential future equity raisings and therefore better position the Company to more effectively fund and pursue its activities.

The Company currently has 998,773,038 Existing Ordinary Shares in issue. Resolution 4 to be proposed at the Annual General Meeting proposes that each of the Existing Ordinary Shares of the Company be subdivided into one new ordinary share of £0.00002 ("**New Ordinary Share**") and one deferred share of £0.00198 ("**Deferred Share**"), such Deferred Shares having the rights attached to them as set out in the proposed amended Articles of Association (the "**New Articles**") to be adopted pursuant to the approval of Resolution 7 (together, the "**Share Capital Reorganisation**").

The New Ordinary Shares will continue to carry the same rights as attached to the Existing Ordinary Shares (save for the reduction in their nominal value).

The Deferred Shares will have very limited rights and will effectively be valueless. The Deferred Shares will have no voting rights and will have no rights as to dividends and only very limited rights on a return of capital. They will not be admitted to trading or listed on any stock exchange and will not be freely transferable. Further details of the rights attached to the Deferred Shares are set out in the proposed New Articles. The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company. The Company will have the right to purchase the Deferred Shares from any shareholder for a consideration of one penny in aggregate for all of that shareholder's Deferred Shares. As such, the Deferred Shares will effectively have no value. No share certificates will be issued in respect of the Deferred Shares nor will CREST accounts of shareholders be credited in respect of any entitlement to Deferred Shares and they will not be admitted to trading on AIM or dealt in on any stock exchange.

It is proposed that the Company replace its existing Articles of Association pursuant to Resolution 7. The proposed New Articles will reflect the rights attaching to the New Ordinary Shares and the Deferred Shares. A marked version of the fully amended New Articles, showing the proposed changes stemming from the Share Capital Reorganisation and certain other routine updates and typographical corrections of a minor, technical or clarifying nature will be available for inspection at the Annual General Meeting and made available on the Company's website prior to the meeting at: www.bezantresources.com. The practical effect of the Share Capital Reorganisation, if implemented, will be that each shareholder will receive the same number of New Ordinary Shares as they currently hold in Existing Ordinary Shares, without any diminution in rights or dilution with shareholders' percentage holdings in the issued share capital of the Company remaining unchanged. Importantly, the Share Capital Reorganisation should not affect the market value of a shareholder's aggregate holding of shares in the capital of the Company.

**Annual General Meeting (continued)**

Application will be made for the New Ordinary Shares arising upon the Share Capital Reorganisation to be admitted to trading on AIM and it is currently expected that admission to trading in the New Ordinary Shares will become effective and dealings commence at 8.00 a.m. on 28 May 2019 subject to the passing of the requisite resolutions at the Company's Annual General Meeting. The record date for the Share Capital Reorganisation will be close of business on 24 May 2019.

*Share Certificates and CREST Entitlements*

As it is only the nominal value of the ordinary shares that is changing as a result of the Share Capital Reorganisation, and not the number of ordinary shares held by each shareholder, the Board believes that there is no need to issue new share certificates in respect of the New Ordinary Shares and shareholders are therefore advised to retain their existing certificates. If the Share Capital Reorganisation is approved by shareholders and implemented and you hold your Existing Ordinary Shares in certificated form, please keep your existing share certificate, which you will need to provide for cancellation in the event that you request a new share certificate showing the new nominal value of your shares. If you hold your Existing Ordinary Shares in uncertificated form, the description of the shares held in your CREST account will be updated automatically to reflect the change in their nominal value. Shareholders will not be issued with a share certificate in respect of the Deferred Shares. Please note that if the Share Capital Reorganisation is approved, the Company's register of members will be updated to show your shareholding in the new nominal value.

If you are in any doubt with regard to your current holding of Existing Ordinary Shares or the number of New Ordinary Shares or Deferred Shares which you will hold following implementation of the Share Capital Reorganisation, you should contact the Company's Registrars, Link Market Services Limited on 0871 664 0300 or if you are calling from overseas on +44 (0) 371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. **Please note that Link Market Services Limited cannot provide investment advice, nor advise you on how to cast your vote on the resolutions set out in the formal Notice of Annual General Meeting set out at the end of this document.**

Shareholders who are unable to attend the Annual General Meeting and who wish to appoint a proxy in their place must ensure that their proxy is appointed in accordance with the provisions set out in the Notice of Annual General Meeting by **10.00 a.m. on 22 May 2019.**

On behalf of the Board

**Mr Colin Bird**
Executive Chairman

30 April 2019

As an AIM-quoted company, the Company and its subsidiaries are required to apply a recognised corporate governance code and demonstrate how the Group complies with such corporate governance code and where it departs from it.

The Directors of the Company have formally taken the decision to apply the QCA Corporate Governance Code (the "**QCA Code**"). The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as Bezant, have been created. The Company is committed to providing annual updates on its compliance with the QCA Code further details of which are set out below.

### Board of Directors

The Board comprises four Directors of which two are executives and two are non-executives, reflecting a blend of different experience and backgrounds. The Board considers Dr. Evan Kirby and Ronnie Siapno to be independent non-executives in terms of the QCA guidelines.

The Board is responsible for determining policy and business strategy, setting financial and other performance objectives and monitoring achievement. It meets throughout the year and all major decisions are taken by the full Board. The Chairman takes responsibility for the conduct of the Company and Board meetings and ensures that directors are properly briefed to enable full and constructive discussions to take place. The Group's day-to-day operations are managed by the Executive Directors. All Directors have access to the Company's Solicitors, along with the Group Company Secretary and any Director needing independent professional advice in the furtherance of his/her duties may obtain this advice at the expense of the Group. However, no formal procedure has been agreed with the Board regarding the circumstances in which individual directors may take independent professional advice.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively, and that all Directors have adequate time to fulfill their roles.

The current Directors' biographical details are set out on pages 5 to 7.

The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the Group. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance. The Chairman is considered independent and has adequate separation from the day-to-day running of the Group.

The role of the Chief Executive Officer is for the strategic development of the Group and for communicating it clearly to the Board and, once approved by the Board, for implementing it. In addition, the Chief Executive Officer is responsible for overseeing the management of the Group and its executive management.

Under the Company's Articles of Association, the appointment of all new Directors must be approved by shareholders in a general meeting. In addition, one third of Directors are required to retire and to submit themselves for re-election at each Annual General Meeting.

### Application of the QCA Code

In the spirit of the QCA Code, it is the Board's task to ensure that the Group is managed for the long-term benefit of all shareholders and other stakeholders with effective and efficient decision-making. Corporate governance is an important part of that task, reducing risk and adding value to the Group. The Board will continue to monitor the governance framework of the Group as it grows.

Bezant is an exploration entity whose assets comprise early-stage projects that are not yet at the production stage. It currently has two copper-gold projects, one in the Philippines and one in Argentina together with an

**Application of the QCA Code (continued)**

option over 50% of a copper-gold exploration project in Zambia. Currently, no revenue is generated from such projects. The Company seeks to promote long-term value creation for its shareholders by leveraging the technical knowledge and experience of its directors and senior management to develop and realise value from its projects. The key performance indicators for the Company are therefore linked to the achievement of project milestones and the increase in overall enterprise value.

All operations are conducted in a manner that protects the environment and the health and safety of employees, third parties and local communities in general. Bezant believes that a successful project is best achieved through maintaining close working relationships with local communities, such social ideology being at the forefront of all of Bezant's exploration initiatives via establishing and maintaining co-operative relationships with local communities, hiring local personnel and using local contractors and suppliers. Where issues are raised, the Board takes the matters seriously and, where appropriate, steps are taken to ensure that findings are integrated into the Company's strategy.

Careful attention is given to ensure that all exploration activity is performed in an environmentally responsible manner and abides by all relevant mining and environmental acts. Bezant takes a conscientious role in all of its operations and is aware of its social responsibility and its environmental duty.

Both the engagement with local communities and the performance of all activities in an environmentally and socially responsible way are closely monitored by the Board which ensures that ethical values and behaviours are recognised.

**Corporate Governance Committees**

The Board has established two committees comprising Non-Executive Directors and Executive Directors.

The composition of the committees is as follows:

| **Audit** | **Remuneration** |
|---|---|
| Dr. Evan Kirby *(Chairman)* | Colin Bird *(Chairman)* |
| Colin Bird | Dr. Evan Kirby |
| | Ronnie Siapno |

**The Audit Committee**

The audit committee receives reports from management and the external auditors relating to the interim report and the annual report and financial statements, reviews reporting requirements and ensures that the maintenance of accounting systems and controls is effective.

The audit committee has unrestricted access to the Company's auditors. The audit committee also monitors the controls which are in force and any perceived gaps in the control environment. The Board believes that the current size of the Group does not justify the establishment of an independent internal audit department. Finance personnel are periodically instructed to conduct specific reviews of business functions relating to key risk areas and to report their findings to the Board.

The Audit Committee meets twice during the year to review the published financial information, the effectiveness of external audit and internal financial controls including the specific matters set out below.

The Audit Committee does not consider there is a need for an internal audit function given the size and nature of the Group.

Significant issues considered by the Audit Committee during the year have been the Principal Risks and Uncertainties and their effect on the financial statements. The Audit Committee tracked the Principal Risks and Uncertainties through the year and kept in contact with the Group's Management, External Service Providers and Advisers. The Audit Committee is satisfied that there has been appropriate focus and challenge on the high-risk areas.

### The Audit Committee (continued)

UHY Hacker Young LLP, the current external auditors, have been in office since 2007 which was the last time a tender for the audit took place. The external auditors present their annual audit findings to the Board.

### Remuneration Committee

The Remuneration Committee determines the scale and structure of the remuneration of the executive Directors and approves the granting of options to Directors and senior employees and the performance related conditions thereof. The Remuneration Committee also recommends to the Board a framework for rewarding senior management, including Executive Directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Group and ensures that the elements of the remuneration package are competitive and help in underpinning the performance-driven culture of the Group.

The Company does not currently have a separate Nominations Committee, with the entire Board involved in the identification and approval of Board members which the Board considers to be appropriate given the Company's size and nature, but it will continue to monitor the situation as it grows.

### Internal control

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems manage rather than eliminate the risks to which the Group is exposed and such systems, by their nature, can provide reasonable but not absolute assurance against misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The key procedures which the Directors have established with a view to providing effective internal control, are as follows:

- Identification and control of business risks
  The Board identifies the major business risks faced by the Group and determines the appropriate course of action to manage those risks.

- Budgets and business plans
  Each year the Board approves the business plan and annual budget. Performance is monitored and relevant action taken throughout the year through the regular reporting to the Board of changes to the business forecasts.

- Investment appraisal
  Capital expenditure is controlled by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Appropriate due diligence work is carried out if a business or asset is to be acquired.

- Annual review and assessment
  In 2018, the Board conducted a detailed review and assessment of the effectiveness of the Group's strategy, a process that will be maintained on an ongoing basis.

### Going concern

The Group made a loss from all operations for the year ended 31 December 2018 after tax of £1.2 million (2017: £4.6 million), had negative cash flows from operations and is currently not generating revenues. Cash and cash equivalents were £492,000 as at 31 December 2018. An operating loss is expected in the year subsequent to the date of these accounts and as a result the Company will need to raise funding to provide additional working capital to finance its ongoing activities. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

**Going concern (continued)**

There is a material uncertainty related to the conditions above that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the Board's assessment that the Company will be able to raise additional funds, as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Group can continue in operational existence for the foreseeable future. For these reasons the Group continues to adopt the going concern basis in preparing the annual report and financial statements.

**Relations with shareholders**

The Board attaches considerable importance to the maintenance of good relationships with shareholders. Presentations by the Directors to institutional shareholders and City analysts are made as and when considered appropriate by the Board and the Company's advisers.

All shareholders are invited to attend the Annual General Meeting and all General Meetings, when required, and are encouraged to take the opportunity of putting questions to the Board.

The Annual General Meeting is regarded as an opportunity to communicate directly with private shareholders.

**Departures from the QCA Code:**

In accordance with the requirements of the AIM Rules for Companies, Bezant departs from the QCA Code in the following ways:

**Principle 7 – "Evaluate board performance based on clear and relevant objectives, seeking continuous improvement."**

Bezant's board is small and extremely focussed on implementing the Company's strategy. Given the size and nature of Bezant, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code. The Board will closely monitor the situation as the Group grows.

**No Nominations Committee**

The QCA Code states that there should be a nomination committee to deal with the appointment of both executive and non-executive Directors except in circumstances where the Board is small. The Directors consider the size of the current Board to be small and have not therefore established a nomination committee. The appointment of executive and non-executive Directors is currently a matter for the Board as a whole. This position will be reviewed should the number of directors increase substantially.

**Dr. Evan Kirby**
Non-Executive Director

30 April 2019

UHY Hacker Young
Chartered Accountants

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BEZANT RESOURCES PLC
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Opinion**

We have audited the financial statements of Bezant Resources Plc for the year ended 31 December 2018 which comprise the Consolidated Statement of Profit and Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

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

**Material uncertainty related to going concern**

We have considered the adequacy of the going concern disclosures made in note 1.1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred an operating loss of £1.2m during the year ended 31 December 2018 and is still incurring losses. As discussed in note 1.1, the Company will need to raise further funds in order to meet its budgeted operating costs for the foreseeable future. These conditions, along with other matters discussed in note 1.1 indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments (such as impairment of assets) that would result if the Group and Company were unable to continue as a going concern.

Our opinion is not modified in respect of the above matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year 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.

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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF BEZANT RESOURCES PLC (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

***Our assessment of risks of material misstatements***

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit; and directing the efforts of the engagement team. This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment of exploration and evaluation assets and investment in subsidiary companies***<br>The Group has capitalised significant costs in respect of the Eureka project in accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources' (IFRS 6), therefore there is a risk of impairment.<br>The renewal and good standing of the licences is key in order to ensure no impairment of the exploration assets.<br>The company also has significant investments in the wider group of which the carrying value is linked to the underlying exploration asset. Therefore there is also a risk of impairment of the investments. | In accordance with IFRS 6 we reviewed the exploration and evaluation (E&E) assets for indications of impairment.<br>In respect of the Eureka project, in accordance with IFRS 6 we reviewed the asset for indications of impairment, considered and discussed the directors' impairment review and we obtained evidence that all licenses remain valid and are in good standing.<br>We obtained and reviewed the board's impairment assessment that no impairment was required at the year end.<br>We confirmed there is an on-going plan to develop the prospect.<br>Accordingly we did not consider any impairment charge was necessary in respect of the E&E assets. |
| ***Impairment of Investments and intercompany loans***<br>The company holds investments in group companies and is owed significant loan balances from group companies and its associate. | We assessed the recoverability of the investments and loans due from subsidiary companies and its associate in conjunction with our review of the Group's exploration asset 'the Eureka project' and the groups interest in the Mankayan project for impairment in accordance with IFRS 6.<br>No indications of impairment were identified. |

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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF BEZANT RESOURCES PLC (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Accounting for the disposal of Colombian entities in the period***<br>The risk that the accounting and disclosure of the disposal of the Choco Project may be incorrect. | We reviewed the sale agreement and other supporting documentation in order to confirm that all consideration had been accounted for and liabilities settled or accrued in line with the sale documentation.<br>In addition we reviewed the disclosure and classification of the disposal transactions to establish that they had been correctly classified as discontinued operations.<br>Our audit procedures did not identify any material errors in respect of the accounting for the disposal. |
| ***Going concern***<br>The financial statements are prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The group does not generate any revenue therefore is incurring losses. Due to uncertainty as to the Group's plans, future commitments and ability to raise additional funding, the going concern status of the Group was considered to be an uncertainty during the audit process. | The Group held cash and cash equivalents of £492,000 at the year end. There is an uncertainty as to whether additional funding and working capital will be obtained within at least twelve months from the date when the financial statements are authorised for issue.<br>A material uncertainty in respect of going concern has therefore been included above in respect of going concern. |

**Our application of materiality**

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF BEZANT RESOURCES PLC (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| | |
|---|---|
| Overall materiality | We determined materiality for the financial statements as a whole to be £111,000 (2017: £106,000). |
| How we determine it | Based on the main key indicator, being 2% of net assets of the Group. |
| Rationale for benchmarks applied | We believe that net assets is the most appropriate benchmark due to the size and stage of development of the Company and Group. |
| Performance materiality | On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and this was rounded to £83,000 (£80,000). |

We agreed with the Audit Committee that we would report to them all misstatements over £5,500 identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the parent company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the finance team in order to ensure we had a good knowledge of the business of the Group. During the audit we re-assessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

**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 auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF BEZANT RESOURCES PLC (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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.

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

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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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London E1W 1YW

**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF BEZANT RESOURCES PLC (continued)**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 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.

**Daniel Hutson (Senior Statutory Auditor)**
**for and on behalf of UHY Hacker Young**
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

30 April 2019

# Bezant Resources Plc

## Consolidated Statement of Profit and Loss
## For the year ended 31 December 2018

| | Notes | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Group revenue | | **–** | – |
| Cost of sales | | **–** | – |
| **Gross profit/(loss)** | | **–** | – |
| Operating expenses | **3** | **(656)** | (968) |
| **Group operating loss** | **4** | **(656)** | (968) |
| Other income | **5** | **9** | 3 |
| Impairment of assets | **6** | **(199)** | (80) |
| **Loss before taxation** | | **(846)** | (1,045) |
| Taxation | **7** | **–** | – |
| **Loss for the financial year from continuing operations** | | **(846)** | (1,045) |
| **DISCONTINUED OPERATIONS** | | | |
| Loss for the financial year from discontinued operations | **16** | **(341)** | (3,587) |
| **Loss for the financial year** | | **(1,187)** | (4,632) |
| **Attributable to:** | | | |
| Owners of the Company | | **(1,242)** | (4,633) |
| – Continuing operations | | **(846)** | (1,045) |
| – Discontinued operations | | **(396)** | (3,588) |
| Non-controlling interest – discontinued operations | | **55** | 1 |
| | | **(1,187)** | (4,632) |
| **Loss per share (pence)** | | | |
| Basic and diluted from continuing operations | **8** | **(0.10)** | (0.29) |
| Basic and diluted from discontinued operations | **8** | **(0.05)** | (1.00) |
| Basic and diluted from all operations | **8** | **(0.15)** | (1.29) |

# Bezant Resources Plc

## Consolidated Statement of Other Comprehensive Income
## For the year ended 31 December 2018

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| **Other comprehensive income:** | | |
| Loss for the financial year | **(1,187)** | (4,632) |
| *Items that may be reclassified to profit or loss:* | | |
| Foreign currency reserve movement | **(102)** | 61 |
| **Total comprehensive loss for the financial year** | **(1,289)** | (4,571) |
| **Attributable to:** | | |
| Owners of the Company | **(1,343)** | (4,575) |
| – Continuing operations | **(863)** | (1,068) |
| – Discontinued operations | **(480)** | (3,507) |
| Non-controlling interest – discontinued operations | **54** | 4 |
| | **(1,289)** | (4,571) |

## Bezant Resources Plc

### Consolidated Statement of Changes in Equity
### For the year ended 31 December 2018

| | Share Capital £'000 | Share Premium £'000 | Other Reserves[1] £'000 | Retained Losses £'000 | Non-Controlling interest £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2018** | | | | | | |
| Balance at 1 January 2018 | **1,225** | **35,433** | **802** | **(32,124)** | **(50)** | **5,286** |
| Current year loss | **–** | **–** | **–** | **(1,242)** | **55** | **(1,187)** |
| Foreign currency reserve | **–** | **–** | **(101)** | **–** | **(1)** | **(102)** |
| Total comprehensive loss for the year | **–** | **–** | **(101)** | **(1,242)** | **54** | **(1,289)** |
| Proceeds from shares issued | **773** | **659** | **–** | **–** | **–** | **1,432** |
| Warrants issued | **–** | **(27)** | **27** | **–** | **–** | **–** |
| Lapsed warrants | **–** | **9** | **(9)** | **–** | **–** | **–** |
| Share options granted | **–** | **–** | **121** | **–** | **–** | **121** |
| Disposal of operations | **–** | **–** | **–** | **4** | **(4)** | **–** |
| **Balance at 31 December 2018** | **1,998** | **36,074** | **840** | **(33,362)** | **–** | **5,550** |
| **Year ended 31 December 2017** | | | | | | |
| Balance at 1 January 2017 | 410 | 33,227 | 991 | (27,756) | (54) | 6,818 |
| Current year loss | – | – | – | (4,633) | 1 | (4,632) |
| Foreign currency reserve | – | – | 58 | – | 3 | 61 |
| Total comprehensive loss for the year | – | – | 58 | (4,633) | 4 | (4,571) |
| Proceeds from shares issued | 765 | 1,985 | – | – | – | 2,750 |
| Issue of ordinary shares related to business combination | 50 | 221 | – | – | – | 271 |
| Warrants issued | – | – | 18 | – | – | 18 |
| Lapsed share options | – | – | (265) | 265 | – | – |
| **Balance at 31 December 2017** | 1,225 | 35,433 | 802 | (32,124) | (50) | 5,286 |

1 Other reserves is made up of the share-based payment and foreign exchange reserve.

# Bezant Resources Plc

## Company Statement of Changes in Equity
## For the year ended 31 December 2018

| | Share Capital £'000 | Share Premium £'000 | Other Reserves[1] £'000 | Retained Losses £'000 | Total Equity £'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2018** | | | | | |
| Balance at 1 January 2018 | **1,225** | **35,433** | **160** | **(30,788)** | **6,030** |
| Current year loss | **–** | **–** | **–** | **(728)** | **(728)** |
| Total comprehensive loss for the year | **–** | **–** | **–** | **(728)** | **(728)** |
| Proceeds from shares issued | **773** | **659** | **–** | **–** | **1,432** |
| Warrants issued | **–** | **(27)** | **27** | **–** | **–** |
| Lapsed warrants | **–** | **9** | **(9)** | **–** | **–** |
| Share options granted | **–** | **–** | **121** | **–** | **121** |
| **Balance at 31 December 2018** | **1,998** | **36,074** | **299** | **(31,156)** | **6,855** |
| **Year ended 31 December 2017** | | | | | |
| Balance at 1 January 2017 | 410 | 33,227 | 407 | (25,414) | 8,630 |
| Current year loss | – | – | – | (5,639) | (5,639) |
| Total comprehensive loss for the year | – | – | – | (5,639) | (5,639) |
| Proceeds from shares issued | 765 | 1,985 | – | – | 2,750 |
| Issue of ordinary shares related to business combination | 50 | 221 | – | – | 271 |
| Warrants issued | – | – | 18 | – | 18 |
| Lapsed share options | – | – | (265) | 265 | – |
| **Balance at 31 December 2017** | 1,225 | 35,433 | 160 | (30,788) | 6,030 |

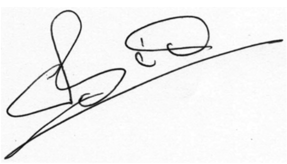
1 Other reserves is made up of share-based payment and foreign exchange reserve.

## Consolidated and Company Balance Sheets
## As at 31 December 2018

| | | Consolidated | | Company | |
|---|---|---|---|---|---|
| | | **2018** | 2017 | **2018** | 2017 |
| | **Notes** | **£'000** | £'000 | **£'000** | £'000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Plant and equipment | **11** | **6** | 10 | **2** | 3 |
| Investments | **12** | **279** | – | **3,252** | 3,108 |
| Intangible assets | **13** | **–** | – | **–** | – |
| Exploration and evaluation assets | **14** | **4,781** | 4,786 | **3,129** | 3,129 |
| **Total non-current assets** | | **5,066** | 4,796 | **6,383** | 6,240 |
| **Current assets** | | | | | |
| Trade and other receivables | **15** | **65** | 99 | **60** | 92 |
| Cash and cash equivalents | | **492** | 231 | **481** | 227 |
| | | **557** | 330 | **541** | 319 |
| Non-current assets classified as held for sale | **16** | **–** | 467 | **–** | – |
| **Total current assets** | | **557** | 797 | **541** | 319 |
| **TOTAL ASSETS** | | **5,623** | 5,593 | **6,924** | 6,559 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | **17** | **73** | 212 | **69** | 529 |
| Liabilities directly associated with non-current assets classified as held for sale | **16** | **–** | 95 | **–** | – |
| **Total current liabilities** | | **73** | 307 | **69** | 529 |
| **NET ASSETS** | | **5,550** | 5,286 | **6,855** | 6,030 |
| **EQUITY** | | | | | |
| Share capital | **19** | **1,998** | 1,225 | **1,998** | 1,225 |
| Share premium | **19** | **36,074** | 35,433 | **36,074** | 35,433 |
| Share-based payment reserve | | **157** | 18 | **157** | 18 |
| Foreign exchange reserve | | **683** | 784 | **142** | 142 |
| Retained losses | | **(33,362)** | (32,124) | **(31,516)** | (30,788) |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | **5,550** | 5,336 | **6,855** | 6,030 |
| **NON-CONTROLLING INTEREST** | | **–** | (50) | **–** | – |
| **TOTAL EQUITY** | | **5,550** | 5,286 | **6,855** | 6,030 |

In accordance with the provisions of Section 408 of the Companies Act 2006, the Parent Company has not presented a separate income statement. A loss for the year ended 31 December 2018 of £728,000 (2017: £5,639,000) has been included in the consolidated income statement.

These financial statements were approved by the Board of Directors on 30 April 2019 and signed on its behalf by:



**Mr Colin Bird**
*Executive Chairman*

**Company Registration No. 02918391**

# Bezant Resources Plc

## Consolidated and Company Statements of Cash Flows
## For the year ended 31 December 2018

| | | Consolidated | | Company | |
|---|---|---|---|---|---|
| | Notes | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
| **Net cash outflow from operating activities** | **22** | **(1,105)** | (2,068) | **(821)** | (242) |
| **Cash flows from investing activities** | | | | | |
| Other income | | **63** | 53 | **63** | 33 |
| Acquisition of plant and equipment | | **–** | (13) | **–** | – |
| Option payments | | **–** | (233) | **–** | – |
| Acquisition of subsidiary, net of cash acquired | **23** | **–** | (155) | **–** | (155) |
| Investment in existing subsidiary | | **–** | – | **(120)** | – |
| Proceeds from Disposal Group, net of cash disposed | **24** | **281** | – | **329** | – |
| Loans to associates | | **(265)** | (102) | **(265)** | (102) |
| Loans to subsidiaries | | **–** | – | **(254)** | (2,021) |
| | | **79** | (450) | **(247)** | (2,245) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from issuance of ordinary shares | **25** | **1,302** | 2,593 | **1,302** | 2,593 |
| **Increase in cash** | | **276** | 75 | **234** | 106 |
| **Cash and cash equivalents at beginning of year** | | **251** | 229 | **227** | 203 |
| Foreign exchange movement | | **(35)** | (53) | **20** | (82) |
| **Cash and cash equivalents at end of year** | | **492** | 251 | **481** | 227 |
| Cash and cash equivalents – continuing operations | | **492** | 231 | **481** | 227 |
| Cash and cash equivalents included in assets classified as held for sale | | **–** | 20 | **–** | – |

**General information**

Bezant Resources Plc (the "**Company**") is a company incorporated in England and Wales. The address of its registered office and principal place of business is disclosed in the corporate directory. The Company is quoted on the Alternative Investment Market ("**AIM**") of the London Stock Exchange and has the TIDM code of BZT. Information required by AIM Rule 26 is available in the section of the Group's website with that heading at www.bezantresources.com.

**1. Accounting policies**

**1.1 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

***Going concern basis of accounting***

The Group made a loss from all operations for the year ended 31 December 2018 after tax of £1.2 million (2017: £4.6 million), had negative cash flows from operations and is currently not generating revenues. Cash and cash equivalents were £492,000 as at 31 December 2018. An operating loss is expected in the year subsequent to the date of these accounts and as a result the Company will need to raise funding to provide additional working capital to finance its ongoing activities. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

There is a material uncertainty related to the conditions above that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the Board's assessment that the Company will be able to raise additional funds, as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Group can continue in operational existence for the foreseeable future. For these reasons the Group continues to adopt the going concern basis in preparing the annual report and financial statements.

***Basis of preparation***

The financial information, which incorporates the financial information of the Company and its subsidiary undertakings (the "**Group**"), has been prepared using the historical cost convention and in accordance with International Financial Reporting Standards ("**IFRS**") including IFRS 6 'Exploration for and Evaluation of Mineral Resources', as adopted by the European Union ("**EU**").

***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings and have been prepared using the principles of acquisition accounting, which includes the results of the subsidiaries from their dates of acquisition.

All intra-group transactions, income, expenses and balances are eliminated fully on consolidation.

A subsidiary undertaking is excluded from the consolidation where the interest in the subsidiary undertaking is held exclusively with a view to subsequent resale and the subsidiary undertaking has not previously been consolidated in the consolidated accounts prepared by the parent undertaking.

## 1.1 Accounting policies (continued)

***Business combination***

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the year of acquisition. The interest of non-controlling shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent.

Investment in associated companies is accounted for using the equity method.

***New IFRS standards and interpretations not applied***

There were no IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group/Company's financial statements.

At the date of approval of these financial statements, the following Standards and Interpretations which may be applicable to the Group, but have not been applied in these financial statements, were in issue but not yet effective:

| *Standard* | *Details of amendment* | *Effective date* |
|---|---|---|
| IFRS 3 *Business Combinations* | • Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business. | 1 January 2019 |
| | • *Definition of a Business*: The amendments:<br>◦ confirmed that a business must include inputs and a process, and clarified that:<br>– the process must be substantive; and<br>– the inputs and process must together significantly contribute to creating outputs.<br>◦ narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and<br>◦ added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. | 1 January 2020 |

**1.1 Accounting policies (continued)**

| *Standard* | *Details of amendment* | *Effective date* |
|---|---|---|
| IFRS 9 *Financial Instruments* | • Prepayment Features with Negative Compensation. The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met. | 1 January 2019 |
| IFRS 11 Joint Arrangements | • Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. | 1 January 2019 |
| IFRS 16 Leases | • IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than year, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. | 1 January 2019 |
| IAS 1 Presentation of Financial Statements | • Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. | 1 January 2020 |
| IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors | • Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. | 1 January 2020 |
| IAS 12 Income Taxes | • Annual Improvements 2015 – 2017 Cycle: Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises. | 1 January 2019 |
| IAS 19 *Employee Benefits* | • Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. | 1 January 2019 |

**1.1 Accounting policies (continued)**

| *Standard* | *Details of amendment* | *Effective date* |
|---|---|---|
| IAS 23 *Borrowing Costs* | • Annual Improvements 2015 -2017 Cycle: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. | 1 January 2019 |
| IFRIC 23 *Uncertainty over Income Tax Treatments* | • The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes. | 1 January 2019 |

The Group does not anticipate that the adoption of these standards will have a material effect on its financial statements in the year of initial adoption.

**1.2 Significant accounting judgments, estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with directors, consultants and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

Impairment of investments, options and deferred exploration expenditure:

The Group determines whether investments, options and deferred exploration expenditure are impaired when indicators, based on facts and circumstances, suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial mining reserves exist in the associate in which the investment is held or whether exploration expenditure capitalised is recoverable by way of future exploitation or sale, obviously pending completion of the exploration activities associated with any specific project in each segment.

**1.3 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Sale of goods*

Revenue from the sale of goods (precious and base metals) is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

*(ii) Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### 1.4 Share-based payments

The Company offered share-based payments to certain employees, directors and advisers by way of issues of share options, none of which to date have been exercised. The fair value of these payments is calculated by the Company using the Black Scholes option pricing model. The expense is recognised on a straight line basis over the year from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest. All of the Company's share-based payments are currently vested in full.

### 1.5 Financial instruments

**Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and subsequent measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset;
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

## 1.5 Financial instruments (continued)

**Subsequent measurement financial assets**

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under IAS 39.

*Financial assets at fair value through profit or loss (FVPL)*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

*Equity instruments at fair value through other comprehensive income (Equity FVOCI)*

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under IAS 39.

*Debt instruments at fair value through other comprehensive income (Debt FVOCI)*

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset.

**Impairment of Financial assets**

IFRS 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'.

**1.5 Financial instruments (continued)**

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Trade and other receivables and contract assets**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

**Classification and measurement of financial liabilities**

As the accounting for financial liabilities remains largely unchanged from IAS 39, the Group’s financial liabilities were not impacted by the adoption of IFRS 9.

The Group’s financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

**1.6 Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**1.7 Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

**1.8 Foreign currency transactions and balances**

*(i) Functional and presentational currency*

Items included in the Group's financial statements are measured using Pounds Sterling ("**£**"), which is the currency of the primary economic environment in which the Group operates ("**the functional currency**"). The financial statements are presented in Pounds Sterling ("**£**"), which is the functional currency of the Company and is the Group's presentational currency.

The individual financial statements of each Group company are presented in the functional currency of the primary economic environment in which it operates.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Transactions in the accounts of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. All differences are taken to the income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve within 'Other reserves'. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

**1.9 Interest in jointly controlled entities**

The Group's interests in jointly controlled entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in jointly controlled entities are brought to account using the cost method. Where the Group acquires an interest in a jointly controlled entity, the acquisition cost is amortised on a basis consistent with the method of amortisation used by the jointly controlled entity in respect to assets to which the acquisition costs relate.

### 1.10 Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

### 1.11 Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Depreciation on these assets is calculated using the diminishing value method to allocate the cost less residual values over their estimated useful lives as follows:

Plant and equipment – 33.33%

Fixtures and fittings – 7.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at the balance sheet date.

### 1.12 Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss account.

### 1.13 Trade and other payables

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

### 1.14 Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are transferred to mine development and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### 1.14 Exploration, evaluation and development expenditure (continued)

Costs of site restoration are provided when an obligating event occurs from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

### 1.15 Intangibles

The difference between the amount paid on the acquisition of subsidiary undertakings and the aggregate fair value of their separate net assets has been attributed to the fair value of option rights and intellectual property. Intangible assets are not amortised but tested for impairment when there are any indications that its carrying value is not recoverable. As such intangibles are stated at cost less any provision for impairment in value.

### 1.16 Investments

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 1.17 Non-current assets or disposal groups held-for-sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale if their carrying amount will be recoverable principally through a sale transaction, not through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

These assets may be a component of an entity, a disposal group or an individual non-current asset. Upon initial classification as held-for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair values less cost to sell.

A discontinued operation is a significant distinguishable component of the Group's business that is abandoned or terminated pursuant to a single formal plan, and which represents a separate major line of business or geographical area of operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale.

The profit or loss on sale or abandonment of a discontinued operation is determined from the formalised discontinuance date. Discontinued operations are separately recognised in the financial statements once management has made a commitment to discontinue the operation without a realistic possibility of withdrawal which should be expected to quality for recognition as a completed sale within one year of classification.

**2. Segment reporting**

For the purposes of segmental information, the operations of the Group are focused in geographical segments, namely the UK, Argentina, Colombia and the Philippines and comprise one class of business: the exploration, evaluation and development of mineral resources. The UK is used for the administration of the Group.

The Group's loss before tax arose from its operations in the UK, Argentina, Colombia (discontinued operations) and the Philippines.

**For the year ended 31 December 2018**

| | Continuing operations | | | Discon-tinued | |
|---|---|---|---|---|---|
| | **UK £'000** | **Argentina £'000** | **Philippines £'000** | **Colombia £'000** | **Total £'000** |
| Consolidated loss before tax | **(591)** | **(56)** | **(199)** | **(341)** | **(1,187)** |
| Included in the consolidated loss before tax are the following income/(expense) items: | | | | | |
| Impairment | **–** | **–** | **(199)** | **(72)** | **(271)** |
| Depreciation | **(1)** | **–** | **–** | **–** | **(1)** |
| Foreign currency gain/(loss) | **293** | **–** | **–** | **–** | **293** |
| Total Assets | **547** | **4,797** | **279** | **–** | **5,623** |
| Total Liabilities | **(72)** | **(1)** | **–** | **–** | **(73)** |

**For the year ended 31 December 2017**

| | Continuing operations | | | Discon-tinued | |
|---|---|---|---|---|---|
| | **UK £'000** | **Argentina £'000** | **Philippines £'000** | **Colombia £'000** | **Total £'000** |
| Consolidated loss before tax | (991)* | (54) | – | (3,587) | (4,632) |
| Included in the consolidated loss before tax are the following income/(expense) items: | | | | | |
| Impairment | (80)* | – | – | (2,094) | (2,174) |
| Depreciation | (1) | (4) | – | (9) | (14) |
| Foreign currency gain/(loss) | (155) | – | – | (12) | (167) |
| Total Assets | 324 | 4,802 | – | 467 | 5,593 |
| Total Liabilities | (208) | (4) | – | (95) | (307) |

* Includes £80,000 impairment relating to a loan advanced to the Philippines segment.

### 3. Operating expenses

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| On-going operating expenses | **534** | 963 |
| Depreciation and amortisation | **1** | 5 |
| Share option expense | **121** | – |
| | **656** | 968 |

### 4. Operating loss

| The Group's operating loss is stated after charging/(crediting): | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| Parent Company auditor's remuneration – audit services | **37** | 36 |
| Parent Company auditor's remuneration – tax services | **3** | 7 |
| Parent Company auditor's remuneration – other services | **1** | 6 |
| Operating lease charges | | |
| – Premises | **13** | 22 |
| – Equipment | **–** | 1 |
| Depreciation of tangible assets | **1** | 5 |
| Foreign exchange gain/(loss) | **293** | (155) |

### 5. Other income

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| Shares issued at a premium | **9(1)** | 3(2) |
| | **9** | 3 |

(1) In satisfaction of certain accrued directors' fees, salaries and certain fees outstanding to senior management and consultants which had been unpaid for the period from 1 July 2017 to 31 December 2017, Bezant issued 18,544,445 new ordinary shares of 0.2 pence each in the Company on 22 March 2018 and a further 12,400,000 new Ordinary Shares in respect of certain fees and expenses owed by the Company to Verona Investment Group Inc. ("**Verona**"). The conversion was made at a price of 0.45 pence per share which represented a premium of approximately 7.14 per cent. to the closing mid-market share price of 0.42 pence on 21 March 2018. In total, unpaid fees of, in aggregate, £139,250 were converted into new ordinary shares.

(2) In satisfaction of certain accrued directors' fees, salaries and certain fees outstanding to senior management and consultants which had been unpaid for the period from 1 October 2016 to 31 July 2017, Bezant issued 12,359,642 new ordinary shares of 0.2 pence each in the Company on 14 August 2017. The conversion was made at the volume weighted average price ("**VWAP**") of the Company's shares over the period the fees were outstanding. The VWAP over the period of approximately 1.2976 pence per share represented a discount of approximately 1.7 per cent. to the closing mid-market share price of 1.32 pence on 4 August 2017. In total, unpaid fees of, in aggregate, £160,379 were converted into new ordinary shares.

## 6. Impairment of assets

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| Impairment loss on loan to associate | **199** | 80 |
| | **199** | 80 |

The Mankayan project owned by Crescent Mining and Development Corporation is part of the continuing operations and was fully impaired in 2016 (see note 12) due to then significant lingering uncertainty concerning the political and tax environment in the Philippines. Although the political and tax environment has subsequently improved it would not be prudent to write back any of the provision made in 2016 and the provision made in 2017 and the first half of 2018 in relation to additional funds lent in 2017 and H1 2018. However, the funds advanced in the second half of 2018 have not been impaired given that the Exploration Period under the MPSA was in April 2018 extended for 2 years and based on the improved economics in the recent Mining Plus study announced on 12 February 2019.

## 7. Taxation

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| UK Corporation tax – current year | **–** | – |
| Total current tax charge | **–** | – |
| Factors affecting the tax charge for the year: | | |
| Loss on ordinary activities before tax | **(1,187)** | (4,632) |
| Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 19% (2017: 19.25%) | **(226)** | (892) |
| Effects of: | | |
| Non-taxable income | **(2)** | – |
| Non-deductible expenses | **32** | 881 |
| Tax losses (unprovided deferred tax) | **196** | 11 |
| Total tax charge | **–** | – |

At 31 December 2018, the Group had unused losses carried forward of £11,401,000 (2017: £10,834,000) available for offset against suitable future profits. Most of the losses were sustained in the United Kingdom.

The Group's deferred tax asset as at 31 December 2018 that arose from these losses has not been recognised in respect of such losses due to the uncertainty of future profit streams. The contingent deferred tax asset, which has been measured at 17%, is estimated to be £1,938,000 (2017: £1,842,000).

### 8. Loss per share

The basic and diluted loss per share have been calculated using the loss attributable to equity holders of the Company for the year ended 31 December 2018 of £1,242,000 (2017: £4,633,000) of which £846,000 (2017: £1,045,000) was from Continuing Operations and £396,000 (2017: £3,588,000) was from Discontinued Operations. The basic loss per share was calculated using a weighted average number of shares in issue of 871,214,591 (2017: 359,330,994).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 1,005,960,580 (2017: 406,576,983).

The diluted loss per share and the basic loss per share are recorded as the same amount, as conversion of share options decreases the basic loss per share, thus being anti-dilutive.

### 9. Directors' emoluments

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| The Directors' emoluments of the Group are as follows: | | |
| Wages, salaries, fees and share options | **274** | 235 |

Refer to page 11 for details of the remuneration of each director.

### 10. Employee information

| | **Year ended 31 December 2018** | Year ended 31 December 2017 |
|---|---|---|
| *Average number of employees including directors:* | | |
| Management and technical | **5** | 5 |

| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
|---|---|---|
| Salaries (excluding directors' remuneration) | **–** | – |

## 11. Plant and equipment

| | Consolidated 2018 £'000 | Consolidated 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|---|---|---|---|---|
| **Plant and equipment** | | | | |
| **Cost** | | | | |
| At beginning of year | **84** | 95 | **60** | 60 |
| Acquisitions through business combinations – Plant (note 30) | **–** | 545 | **–** | – |
| Transfer – Mine development from options (note 13) | **–** | 1,668 | **–** | – |
| Additions | **–** | 13 | **–** | – |
| Classified as held for sale (note 16) | **–** | (2,252) | **–** | – |
| Exchange differences | **(11)** | 15 | **–** | – |
| At end of year | **73** | 84 | **60** | 60 |
| **Depreciation** | | | | |
| At beginning of year | **74** | 75 | **57** | 56 |
| Charge for the year | **1** | 14 | **1** | 1 |
| Classified as held for sale | **–** | (9) | **–** | – |
| Exchange differences | **(8)** | (6) | **–** | – |
| At end of year | **67** | 74 | **58** | 57 |
| **Net book value at end of year** | **6** | 10 | **2** | 3 |

## 12. Investments

| | Consolidated 2018 £'000 | Consolidated 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|---|---|---|---|---|
| Investment in associates | **–** | – | **–** | – |
| Loan to associate | **478** | 80 | **3,947** | 3,469 |
| Impairment provision (note 6) | **(199)** | (80) | **(3,668)** | (3,469) |
| Investment in subsidiaries | **–** | – | **655** | 3,390 |
| Impairment of investment in subsidiaries | **–** | – | **–** | (2,362) |
| Loan to subsidiaries | **–** | – | **2,901** | 4,797 |
| Provision for subsidiary loan recoverability | **–** | – | **(583)** | (2,717) |
| | **279** | – | **3,252** | 3,108 |

## 12. Investments (continued)

### 12.1 The Group's share of the results of its associate and its assets and liabilities are as follows:

**Crescent Mining and Development Corporation (incorporated and operates in the Philippines)**

| | 2018<br>£'000 | 2017<br>£'000 |
|---|---|---|
| Assets | **2,296** | 2,181 |
| Liabilities | **(2,623)** | (2,322) |
| Loss for the year | **(184)** | (67) |
| % Interest Directly Held | **40** | 40 |
| % Interest Indirectly Held | **24** | 24 |
| % Interest held – Total | **64*** | 64* |

* The Group's direct and indirect holding in Crescent Mining and Development Corporation ("**CMDC**") amounts to 64% of the total share capital of CMDC. However, some of the Group's holdings are held through a separate Filipino entity, in which the Group does not exercise control but merely has minority influence. Accordingly, it is the opinion of the Directors that the Group does not exercise control over CMDC and it is therefore treated as an associated company.

Approval of the 2 year renewal of the Exploration period of the Mineral Production Sharing Agreement ("**MPSA**") no. 057-96-CAR ("**Mankayan Licence**") was received on 19 April 2018. The renewal is subject to customary conditions for inclusive stakeholder engagement and CMDC is required to satisfy work programme commitments which have an estimated cost of approximately £1.65 million over the period.

### 12.2 Bezant Holdings Inc. (incorporated and operates in the Philippines)

| | 2018<br>£'000 | 2017<br>£'000 |
|---|---|---|
| Assets | **42** | 42 |
| Liabilities | **(42)** | (39) |
| Loss for the year | **(3)** | (1) |
| % Interest held | **40** | 40 |

### 12.3 Investments – subsidiary undertakings

*The Company's significant subsidiary undertakings held as fixed asset investments as at 31 December 2018 were as follows:*

| | Country of incorporation | Principal Activity | Percentage of ordinary share capital held |
|---|---|---|---|
| **Held directly** | | | |
| Tanzania Gold Limited | Ireland | Holding Company | 100% |
| Asean Copper Investments Limited | British Virgin Islands | Holding Company | 100% |
| Colombian Mining Data S.A. | Panama | Intellectual Property holding | 100% |
| Kellstown Investment Corp. | Panama | Holding Company | 100% |
| **Held indirectly** | | | |
| Anglo Tanzania Gold Limited | England | Gold and copper exploration | 100% |
| Eureka Mining & Exploration SA | Argentina | Gold and copper exploration | 100% |
| Puna Metals SA | Argentina | Gold and copper exploration | 100% |

## 13. Intangible assets

### 13.1 Option to acquire exploration licence

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Balance at beginning of year | **–** | 1,672 | **–** | – |
| Acquisitions through business combinations – Colombian projects' rights over platinum and gold licence areas | **–** | – | **–** | – |
| Additions | **–** | 288 | **–** | – |
| Contribution to options costs | **–** | (275) | **–** | – |
| Transferred to Mine Development (note 11) | **–** | (1,668)[(1)] | **–** | – |
| Exchange differences | **–** | (17) | **–** | – |
| **Carried forward at end of year** | **–** | – | **–** | – |

(1) The option costs were transferred to mine development upon the exercise of the option to acquire mining titles FKJ-083 and HCA-082 in the Choco Region of Colombia.

### 13.2 Intellectual property rights over proprietary geological data

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Balance at beginning of year | **–** | 162 | **–** | – |
| Acquisitions through business combinations – Rights over geological information and other data | **–** | – | **–** | – |
| Classified as held for sale (note 16) | **–** | (162) | **–** | – |
| **Carried forward at end of year** | **–** | – | **–** | – |
| **Total intangibles** | **–** | – | **–** | – |

## 14. Exploration and evaluation assets

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Balance at beginning of year | **4,790** | 4,790 | **3,129** | 3,129 |
| Exchange differences | **(9)** | (4) | **–** | – |
| **Carried forward at end of year** | **4,781** | 4,786 | **3,129** | 3,129 |

## 14. Exploration and evaluation assets (continued)

The amount of capitalised exploration and evaluation expenditure relates to 12 licences comprising the Eureka Project and are located in north-west Jujuy near to the Argentine border with Bolivia and are formally known as Mina Eureka, Mina Eureka II, Mina Gino I, Mina Gino II, Mina Mason I, Mina Mason II, Mina Julio I, Mina Julio II, Mina Paul I, Mina Paul II, Mina Sur Eureke and Mina Cabereria Sur, covering, in aggregate, an area in excess of approximately 5,500 hectares and accessible via a series of gravel roads. All licences remain valid and the Company is in the process of renewing its Environmental Impace Assessment (EIA) approvals in respect of its Mina Eureka, Mina Eureka II, Mina Gino I, Mina Gino II, Mina Mason I, Mina Mason II, Mina Julio I, Mina Julio II, Mina Paul I, Mina Paul II, being the 10 north most licences which are the intended focus of an exploration programme once the EIA approvals are granted.

The directors have assessed the value of the intangible assets having considered any indicators of impairment, and in their opinion, based on a review of the expiry dates of licences, expected available funds and the intention to continue exploration and evaluation, no impairment is necessary.

## 15. Trade and other receivables

| | **Consolidated** | | **Company** | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **£'000** | £'000 | **£'000** | £'000 |
| *Due within one year:* | | | | |
| VAT recoverable | **14** | 20 | **14** | 20 |
| Escrow funds receivable | **39** | – | **39** | – |
| Other debtors | **12** | 79 | **7** | 72 |
| | **65** | 99 | **60** | 92 |

## 16. Non-current assets and disposal groups classified as held for sale

Following a comprehensive review of the strategic options available for its operations in Colombia, Bezant entered into a legally binding agreement on 25 April 2018 (the "**Sale Agreement**") with Auvert Mining Group Limited ("**Auvert**") for the sale of its wholly owned subsidiary Ulloa Recursos Naturales S.A.S. ("**Ulloa**"), which held the Group's wholly owned alluvial platinum and gold licences, located in the Choco region of Colombia, and the associated processing plant, mobile test plant and other mining equipment located in the licence area (the "**Choco Project**").

As a result of the transaction, this group of assets (the "**disposal group**") were disclosed as a disposal group held for sale as at 31 December 2017. The assets and liabilities to be disposed of are set out below and are stated at the lower of carrying amount and fair value less cost to sell which resulted in an impairment charge of £2.1m based on the sale proceeds. The total consideration payable by Auvert to the Company in respect of the Disposal was, in aggregate, US$500,000 payable in cash, of which US$450,000 had already been paid and the balance of US$50,000 was held in escrow with the Company's solicitors to be released subject to delivery of satisfactory receipt by Auvert of certain post-completion deliverables.

### 16. Non-current assets and disposal groups classified as held for sale (continued)

| | **2017** |
|---|---|
| | **£'000** |
| *Assets of disposal groups classified as held for sale* | |
| Plant and equipment | 158 |
| Intangible assets | 162 |
| Trade and other receivables | 127 |
| Cash and cash equivalents | 20 |
| **Total assets** | **467** |
| *Liabilities of disposal groups classified as held for sale* | |
| Trade and other payables | 95 |
| **Total liabilities** | **95** |

Analysis of the results of discontinued operations and the results recognised on the measurement of assets of disposal groups is as follows:

| | **2018** | 2017 |
|---|---|---|
| | **£'000** | £'000 |
| Comparative information has been restated to ensure comparability. | | |
| Revenue | **–** | 88 |
| Cost of sales | **(130)** | (831) |
| Operating expenses | **(405)** | (769) |
| Other income | **266** | 19 |
| Loss before tax of discontinued operations | **(269)** | (1,493) |
| Tax charge | **–** | – |
| Loss after tax of discontinued operations | **(269)** | (1,493) |
| Impairment loss on disposal group | **(72)** | (2,094) |
| Loss for the year from discontinued operations | **(341)** | (3,587) |
| **Cash flow information** | | |
| Operating cash flows | **(159)** | (1,314) |
| Investing cash flows | **179** | (465) |
| Financing cash flows | **–** | 1,771 |
| Total cash flows | **20** | (8) |

## 17. Trade and other payables

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Trade creditors | **17** | 185 | **16** | 504 |
| Accruals | **56** | 27 | **53** | 25 |
| | **73** | 212 | **69** | 529 |

## 18. Financial instruments

### (a) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short term deposit, which is not significant.

### (b) Net fair value

The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the balance sheet and in the related notes.

### (c) Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The Group has not hedged against currency depreciation but continues to keep the matter under review.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **£'000** | £'000 | **£'000** | £'000 |
| US Dollars | **6** | 10 | **5** | 77 |
| AU Dollars | **414** | 226 | **9** | 2 |
| AR Pesos | **12** | 9 | **1** | 4 |
| CO Pesos | **–** | 137 | **–** | 93 |
| | **432** | 382 | **15** | 176 |

**Sensitivity analysis**

A 10 per cent strengthening of the British Pound against the foreign currencies listed above at 31 December would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables remain the same. The analysis is performed on the same basis as at 31 December 2017.

| | **2018** | 2017 |
|---|---|---|
| | **£'000** | £'000 |
| US Dollars | **–** | 7 |
| AU Dollars | **(41)** | (22) |
| AR Pesos | **(2)** | (3) |
| CO Pesos | **–** | (68) |

**18. Financial instruments (continued)**

A 10 per cent weakening of the British Pound against the foreign currencies listed above at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

**(d) Financial risk management**

The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to wider financial risks as the business develops.

**(e) Liquidity risk management**

The Directors have regard to the maintenance of sufficient cash resources to fund the Group's immediate operating and exploration activities. Cash resources are managed in accordance with planned expenditure forecasts.

**(f) Capital risk management**

The Directors recognise that the Group's capital is its equity reserves. The Group's current objective is to manage its capital in a manner that ensures that the funds raised meet its operating and exploration expenditure commitments. Currently, the Company does not seek any borrowings to operate the Company and all future supplemental funding is raised through investors as and when required in order to finance working capital requirements and potential new project opportunities, as they may develop.

**19. Share capital**

| ***Number*** | **2018 £'000** | 2017 £'000 |
|---|---|---|
| ***Authorised*** | | |
| 5,000,000,000 ordinary shares of 0.2p each | **10,000** | 10,000 |
| | **10,000** | 10,000 |
| ***Allotted, called up and fully paid*** | | |
| As at beginning of the year | **1,225** | 410 |
| Share subscription | **711** | 740 |
| Shares issued to directors and management | **37** | 25 |
| Shares issued to settle third party fees | **25** | – |
| Acquisition of subsidiary (note 30) | **–** | 50 |
| As at end of year | **1,998** | 1,225 |

| | **Number of shares 2018** | Number of shares 2017 |
|---|---|---|
| *Ordinary share capital is summarised below:* | | |
| As at beginning of the year | **612,273,038** | 204,953,507 |
| Share subscription | **355,555,555** | 369,959,889 |
| Shares issued to directors and management | **18,544,445**(1) | 12,359,642(2) |
| Shares issued to settle third party fees | **12,400,000**(3) | – |
| Acquisition of subsidiary (note 30) | **–** | 25,000,000 |
| As at end of year | **998,773,038** | 612,273,038 |

## 19. Share capital (continued)

(1) Certain of the Company's directors agreed to convert outstanding fees of £31,233, due in respect of the period from 1 July 2017 to 31 December 2017, into 6,940,667 new Ordinary Shares and the Company's management agreed to convert outstanding fees and salaries of £22,217, due in respect of the same period, into 4,937,111 new Ordinary Shares. In addition, £30,000 of fees due to Dr. Bernard Olivier, the Company's former CEO who resigned as a director on 15 January 2018, were converted into 6,666,667 new Ordinary Shares. The Director Shares, Management Shares and Fee Conversion Shares were all issued on 22 March 2018 at a price of 0.45 pence per share, being the price at which the Company had completed its then most recent fundraise announced on 5 February 2018 which represented a premium of approximately 7.14 per cent. to the Company's closing mid-market share price of 0.42 pence on 21 March 2018.

(2) In satisfaction of certain accrued directors' fees, salaries and certain fees outstanding to senior management and consultants which had been unpaid for the period from 1 October 2016 to 31 July 2017, Bezant issued 12,359,642 new ordinary shares of 0.2 pence each in the Company on 14 August 2017. The conversion was made at the volume weighted average price ("**VWAP**") of the Company's shares over the period the fees were outstanding. The VWAP over the period of approximately 1.2976 pence per share represented a discount of approximately 1.7 per cent. to the closing mid-market share price of 1.32 pence on 4 August 2017. In total, unpaid fees of, in aggregate, £160,379 were converted into new ordinary shares.

(3) Certain fees and expenses amounting to £55,800 owed by the Company to Verona Investment Group Inc. ("**Verona**") were settled by the issue of 12,400,000 new Ordinary Shares at a price of 0.45 pence per share on 22 March 2018.

| | **2018** | 2017 |
|---|---|---|
| | **£'000** | £'000 |
| *The share premium was as follows:* | | |
| As at beginning of year | **35,433** | 33,227 |
| Share subscription | **689** | 2,096 |
| Shares issued to directors and management | **41** | 133 |
| Shares issued to settle third party fees | **27** | – |
| Share issue costs | **(98)** | (244) |
| Warrants lapsed | **9** | – |
| Warrants issued | **(27)** | – |
| Acquisition of subsidiary (note 30) | **–** | 221 |
| As at end of year | **36,074** | 35,433 |

Each fully paid ordinary share carries the right to one vote at a meeting of the Company. Holders of ordinary shares also have the right to receive dividends and to participate in the proceeds from sale of all surplus assets in proportion to the total shares issued in the event of the Company winding up.

## 20. Share-based payments

During the year the Company had the following share-based payment plans involving equity settled share options and warrants in existence:

| **Scheme** | **Number** | **Date granted** | **Exercise price** | **Maximum term** | **Vesting conditions** |
|---|---|---|---|---|---|
| Warrants | 5,000,000 | 21/03/2017 | 1.5p | 2 years | Vested immediately upon being granted |
| Warrants | 34,411,765 | 12/07/2017 | 2p | 1 year | Vested immediately upon being granted |
| Warrants | 1,470,588 | 12/07/2017 | 1.5p | 2 years | Vested immediately upon being granted |
| Warrants | 6,363,636 | 13/10/2017 | 1.1p | 5 years | Vested immediately upon being granted |
| Share options | 50,000,000 | 23/08/2018 | 0.5p | Expire on 21/06/28 | Vested on 23 August 2018 |
| Share options | 37,500,000 | 23/08/2018 | 1.0p | Expire on 21/06/28 | Vested on 31 January 2019 |

## 20. Share-based payments (continued)

The number and weighted average exercise prices of the above options and warrants are as follows:

| | **31 December 2018** | | 31 December 2017 | |
|---|---|---|---|---|
| | **Number** | **Weighted average exercise price** | Number | Weighted average exercise price |
| Outstanding at beginning of year | **47,245,989** | **1.81p** | 2,397,800 | 91p |
| Warrants issued | **–** | **–** | 5,000,000 | 1.5p |
| Warrants issued | **–** | **–** | 34,411,765 | 2p |
| Warrants issued | **–** | **–** | 1,470,588 | 1.5p |
| Warrants issued | **–** | **–** | 6,363,636 | 1.1p |
| Share options issued | **50,000,000** | **0.5p** | – | – |
| Share options issued | **37,500,000** | **1.0p** | – | – |
| Lapsed warrants/options | **(34,411,765)** | **2p** | (2,397,800) | 91p |
| Outstanding at end of year | **100,334,224** | **0.79p** | 47,245,989 | 1.81p |

In accordance with the requirements of IFRS 2 Share-based Payments, the weighted average estimated fair value for the warrants granted in 2017 (£75,000) and share options granted in 2018 (£121,000) was calculated using a Black and Scholes option pricing model and £115,000 of this theoretical value has been charged to the Profit and Loss in 2018 and £6,000 will be charged to the Profit and Loss in 2019. None of the 2018 share options have been exercised as they are out of the money. In the event that the share options are not exercised before expiry, the cost will either be credited to the Profit and Loss or added back to retained earnings depending on the reason why the options are not exercised.

## 21. Reconciliation of movements in shareholders' funds

| | **Consolidated** | | **Company** | |
|---|---|---|---|---|
| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
| Loss for the year | **(1,242)** | (4,633) | **(728)** | (5,639) |
| Proceeds from shares issued | **1,432** | 2,750 | **1,432** | 2,750 |
| Issue of ordinary shares related to business combination (note 30) | **–** | 271 | **–** | 271 |
| Currency translation differences on foreign currency operations | **(101)** | 58 | **–** | – |
| Warrants issued | **–** | 18 | **–** | 18 |
| Share options granted | **121** | – | **121** | – |
| Disposal of operations | **4** | – | **–** | – |
| Opening shareholders' funds | **5,336** | 6,872 | **6,030** | 8,630 |
| Closing shareholders' funds | **5,550** | 5,336 | **6,855** | 6,030 |

## 22. Reconciliation of operating loss to net cash outflow from operating activities

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
| Operating loss from all operations | **(1,191)** | (2,480) | **(325)** | (1,065) |
| Depreciation and amortisation | **1** | 14 | **1** | 1 |
| VAT refunds received | **(63)** | (33) | **(63)** | (33) |
| Share options | **121** | 18 | **121** | 18 |
| Foreign exchange gain | **(293)** | 167 | **(411)** | 336 |
| Decrease in receivables | **141** | (145) | **115** | (70) |
| Increase in payables | **179** | 391 | **(259)** | 571 |
| Net cash outflow from operating activities | **(1,105)** | (2,068) | **(821)** | (242) |

## 23. Acquisition of subsidiary, net of cash acquired

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
| Total consideration paid (note 30) | **–** | (426) | **–** | (426) |
| Issue of shares (note 19) | **–** | 271 | **–** | 271 |
| Cash consideration paid | **–** | (155) | **–** | (155) |
| Net cash acquired | **–** | – | **–** | – |
| | **–** | (155) | **–** | (155) |

## 24. Proceeds from Disposal Group, net of cash disposed

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
| Proceeds from sale* | **329** | – | **329** | – |
| Cash of disposal group | **(48)** | – | **–** | – |
| | **281** | – | **329** | – |

* The gross consideration was US$500,000 of which US$450,000 was received by the Company in the year and US$50,000 was paid to the Company's lawyers in escrow and was released to the Company on 14 January 2019.

## 25. Proceeds from the issuance of ordinary shares

| | Consolidated | | Company | |
|---|---|---|---|---|
| | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 | **Year ended 31 December 2018 £'000** | Year ended 31 December 2017 £'000 |
| Share capital and premium at end of year (note 19) | **38,072** | 36,658 | **38,072** | 36,658 |
| Shares issued to acquire subsidiaries | **–** | (271) | **–** | (271) |
| Directors' fees converted to shares | **(139)** | (160) | **(139)** | (160) |
| Shares converted at a premium | **9** | 3 | **9** | 3 |
| Warrants lapsed and issued | **18** | – | **18** | – |
| Share capital and premium at beginning of year | **(36,658)** | (33,637) | **(36,658)** | (33,637) |
| | **1,302** | 2,593 | **1,302** | 2,593 |

## 26. Related party transactions

### (a) Parent entity

The parent entity within the Group is Bezant Resources Plc.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 12.

### (c) Associates

Interests in associates are set out in note 12.

### (d) Transactions with related parties

The following table provides details of payments to related parties during the year and outstanding balances at the year-end date:

| | 31 December 2018 | | 31 December 2017 | |
|---|---|---|---|---|
| | **Paid during the year £'000** | **Due by Company at year-end date £'000** | Paid during the year £'000 | Due by Company at year-end date £'000 |
| Colin Bird | **88** | **–** | – | – |
| Laurence Read | **49** | **–** | 10 | – |
| Mowbrai Ltd | **78** | **–** | 8 | – |
| Metallurgical Management Services Pty. Ltd | **24** | **–** | 50 | 25 |
| R Siapno | **30** | **–** | 12 | 6 |
| Serengeti Resources Pty. Ltd | **5** | **–** | 120 | 60 |
| Athlone International Consultants Pty. Ltd | **–** | **–** | 35 | – |
| | **274*** | **–** | 235* | 91 |

* The above amounts represent directors' fees inclusive of share options awarded during 2018 and are included in directors' remuneration per note 9.

### 26. Related party transactions (continued)

An amount of £12,500 was paid during 2018 to Lion Mining Finance Limited, a company controlled by C. Bird, for administration services and use of an office as well as a deposit of £2,500 which is included in trade and other receivables.

**Related parties**

Mowbrai Limited is a consultancy company controlled by the director Mr Laurence Read. Metallurgical Management Services Pty. Ltd is a consultancy company controlled by the director Dr. Evan Kirby. Athlone International Consultants Pty. Ltd is a consultancy company controlled by the former director Mr. Ed Nealon. Serengeti Resources Pty. Ltd is a consultancy company controlled by the former director Dr. Bernard Olivier.

### 27. Commitments

**Non-cancellable lease rentals payable as follows:**

| | **2018** **£'000** | 2017 £'000 |
|---|---|---|
| Less than one year | **15** | – |
| Between two and five years | **3** | – |
| | **18** | – |

Payments represent rentals payable by the Company for administration services and office occupancy.

### 28. Contingent liabilities

Litigation is on-going against the Group relating to a historic alleged claim for a 40% interest in the Mankayan Project, as disclosed in June 2007 at the time of the Group's acquisition of Asean. The information usually required by IAS 37 '*Provisions, contingent liabilities and contingent assets*' is not disclosed, because the board of directors believe that to do so would seriously prejudice the outcome of the case. The board of directors are confident that the Group will successfully defend this claim.

### 29. Subsequent events

On 23 April 2019, the Company announced that on 20 April 2019 it had entered into a binding memorandum of agreement with KPZ International Limited ("**KPZ**") granting it a conditional option to potentially acquire a 50% interest in small scale copper mining licence number 15164-HQ-SML in north central Zambia which contains the Buffalo copper-gold exploration project. Under the terms of the agreement and as consideration for such 50% interest, the Company is required to complete an initial assessment of the licence area at a cost of up to US$200,000 by 1 February 2020 to assess the suitability of the project for a resource drilling programme. During such initial assessment period, the Company has retained the right, at its sole discretion, to cease expenditure and withdraw from the agreement whereupon it would (i) forfeit any rights in respect of the project and (ii) be required to provide KPZ with all information and results gathered during the assessment phase to the point of withdrawal.

Assuming the initial assessment is successfully completed and the option is exercised, the agreement stipulates that Bezant will, by no later than 1 May 2020, present a detailed budget to KPZ to conduct initial test drilling and produce a scoping study on the Buffalo Project. Should KPZ wish to fund its 50 per cent share of the scoping study costs, it will be required to so confirm by 1 June 2020 and each party will thereafter equally fund the project. If KPZ does not wish to provide 50 per cent. of the funding required for the scoping study, it will be diluted to a 25 per cent. equity interest in a new local Zambian special purpose vehicle to be incorporated to hold the project, with the Company's interest increasing to 75 per cent. in return for funding the entire scoping study.

## 30. Acquisition of subsidiaries

On 31 May 2017, the Company signed an agreement to acquire a Panamanian special purpose vehicle, Kellstown Investments Corp ("**Kellstown**") for a cash consideration of US$200,000 and initial equity consideration comprising the issue of 25 million new ordinary shares of 0.2 pence each in the capital of the Company ("**Ordinary Shares**") on completion. Kellstown via its wholly owned subsidiary owned both a processing plant and mobile test plant and certain other mining equipment which was utilised in mining operations on the Company's FKJ-083 mining licence in Colombia.

The acquisition-date values of the assets acquired and liabilities assumed and the consideration transferred were as follows:

| | Acquisition £'000 |
|---|---|
| Plant and equipment | 545 |
| Trade and other receivables | 8 |
| Trade and other payables | (127) |
| **Net assets and liabilities acquired** | **426** |
| Consideration: | |
| – Issue of Bezant ordinary shares (note 19) | (271) |
| – Cash paid | (155) |
| **Total consideration transferred** | **(426)** |

The plant and equipment was revalued to fair value at the date of acquisition. The excess amount paid for Kellstown and its subsidiary undertakings over the aggregate fair value of their separable net assets and liabilities has been attributed to the plant.

# BEZANT RESOURCES PLC
# (the "Company")

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 02918391)*

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the members of the Company will be held at the offices of Joelson JD LLP, 30 Portland Place, London W1B 1LZ, at 10.00 a.m. on Friday 24 May 2019.

Members will be asked to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 5 will be proposed as ordinary resolutions and Resolutions 6 and 7 will be proposed as special resolutions. The business to be transacted under Resolutions 1 to 3 is deemed to be ordinary business under the Company's Articles of Association and the business under Resolutions 4 to 7 is deemed to be special business under the Company's Articles of Association.

### ORDINARY RESOLUTIONS

1. To receive and consider the Company's annual report and financial statements for the twelve months ended 31 December 2018 and the reports of the directors and auditors thereon.

2. To approve the re-appointment of Dr Evan Kirby as a Non-Executive Director of the Company, having been made a director previously and being eligible for re-election.

3. To ratify the re-appointment of UHY Hacker Young LLP as auditors of the Company and to authorise the directors to fix their remuneration.

4. **THAT**, each of the issued ordinary shares of £0.002 each in the capital of the Company be and is hereby re-designated and sub-divided into one new ordinary share of £0.00002 each and one deferred share of £0.00198 each in the capital of the Company, having attached thereto the rights set forth in the Articles of Association of the Company to be adopted pursuant to resolution 7 below.

5. **THAT**, subject to and conditional upon the passing of resolution number 4 above, and for the purposes of section 551 of the Companies Act 2006 (the "**Act**"):

    (a) the directors of the Company be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company (the "**Rights**") up to an aggregate maximum nominal amount of £39,950 to such persons and at such times and on such terms and conditions as the Directors think proper, such authority, unless previously revoked or varied by the Company in a General Meeting, to expire at the conclusion of the next Annual General Meeting of the Company following the date on which this resolution is passed or, if earlier, fifteen months from the date of this resolution; and

    (b) the Company be and is hereby authorised prior to the expiry of such period referred to in sub paragraph (a) above to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired,

    so that all previous and existing authorities conferred on the Directors in respect of the allotment of shares or grant of Rights pursuant to the said section 551 of the Act be and they are hereby revoked provided that this resolution shall not affect the right of the Directors to allot shares or grant Rights in pursuance of any offer or agreement entered into prior to the date hereof.

## SPECIAL RESOLUTIONS

6. **THAT**, subject to and conditional upon the passing of resolutions numbered 4 and 5 above, the Directors be and are hereby empowered, in accordance with section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act), wholly for cash, under the authority conferred on them by resolution number 5 above as if section 561(1) of the Act did not apply to such allotment, provided that the power conferred by this resolution shall:

   (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £39,950;

   (b) be limited to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities pursuant to the exercise of any share options issued pursuant to the Executive Share Option Scheme (as approved at the Annual General Meeting held on 22 June 2018) representing up to 10 per cent of the issued ordinary share capital of the Company from time to time; and

   (c) expire at the conclusion of the next Annual General Meeting of the Company following the date on which this resolution is passed or, if earlier, fifteen months from the date of passing this resolution (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This authority shall replace all existing authorities conferred on the Directors in respect of the allotment of equity securities to the extent that the same have not previously been utilised.

7. **THAT**, subject to and conditional upon the passing of resolution number 4 above, with effect from the passing of this resolution, the draft Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification (the "**New Articles**") be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association.

By Order of the Board

**York Place Company Secretaries Limited**

*Company Secretary*

***Registered Office:***
Floor 6, Quadrant House
4 Thomas More Square
London E1W 1YW

**Dated: 30 April 2019**

### NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING ("AGM"):

**Entitlement to attend, speak and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members on the Company's register of members at:

   - close of business on 22 May 2019; or
   - in the event that this AGM is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend, speak and vote at the AGM in respect of the number of ordinary shares registered in their name at that time.

   Changes to the register of members after close of business on 22 May 2019 shall be disregarded in determining the rights of any person to attend, speak and vote at the AGM.

**Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.

3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please contact the Company's Registrars, Link Market Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF for further information.

4. A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

**Appointment of proxy using hard copy proxy form**

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered to the Company's Registrars, Link Market Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; and
   - received by Link Market Services Limited no later than 10.00 a.m. on 22 May 2019.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form, together with a duly completed certificate of non-revocation of such power or authority.

**Electronic proxies**

8. You may register your proxy appointment and instructions on-line by visiting Signal Shares, www.signalshares.com, selecting BEZANT RESOURCES PLC and following the instructions. In order to register your vote on-line you will need to enter your Investor Code which appears on the bottom right-hand side of your share certificate.

**Appointment of proxies through CREST**

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID) **Link Market Services (CREST Participant ID Number RA10)** by 10.00 a.m. on 22 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**Appointment of proxy by joint members**

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

**Changing proxy instructions**

11. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's Registrars, Link Market Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of proxy appointments**

12. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Market Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Link Market Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 48 hours before the date and time of the meeting.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

**Issued shares and total voting rights**

13. As at 6.00 p.m. on 29 April 2019, the Company's issued share capital comprised 998,773,038 ordinary shares of £0.002 per share. Each ordinary share carries the right to one vote at a general meeting of the Company. Therefore, the total number of voting rights in the Company as at 6.00 p.m. on 29 April 2019 is 998,773,038.

**Communication**

14. Except as provided above, members who have general queries about the AGM should communicate via telephonic means or in writing to the registered address of the Company (no other methods of communication will be accepted):

    Laurence Read

    Chief Executive Officer, Bezant Resources Plc
    Tel +44 (0) 203 289 9923

    You may not use any electronic address to communicate with the Company for any purposes in connection with this Notice of AGM.