

REABOLD RESOURCES PLC  
Annual Report and Financial Statements  
For the year ended 31 December 2016

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Registered number 3542727

# REABOLD RESOURCES PLC

Financial statements for the year ended 31 December 2016

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## REABOLD RESOURCES PLC

### Officers and professional advisers

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<b>Directors</b>	Jeremy Edelman (Chairman) Anthony Samaha
<b>Secretary</b>	Anthony Samaha
<b>Registered Office</b>	20 Primrose Street London EC2A 2EW
<b>Registered number</b>	3542727
<b>Solicitors</b>	Hill Dickinson LLP 20 Primrose Street London EC2A 2EW
<b>Auditor</b>	Mazars LLP Tower Bridge House St. Katharine's Way London E1W 1DD
<b>Nominated advisor</b>	Beaumont Cornish Limited 2 <sup>nd</sup> Floor, Bowman House 29 Wilson Street London EC2M 2SJ
<b>Registrar</b>	Neville Registrars Limited 18 Laurel Lane Halesowen West Midlands B63 3DA
<b>Bankers</b>	Barclays Bank Plc Level 27, 1 Churchill Place, London E14 5HP

## REABOLD RESOURCES PLC

### Chairman's statement and Strategic report

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The Chairman's statement and the Strategic report for Reabold Resources Plc ("the Company") for the year ended 31 December 2016 are presented below.

The Board has continued to be active in the identification and evaluation of investment opportunities in various sectors towards the objective of an acquisition that drives creation of value for stakeholders.

#### **Placement**

On 8 January 2016, the Company announced a placement of 40,000,000 new Ordinary shares of 0.1p each at a price of 0.5p per share, raising £200,000 for working capital purposes.

#### **Mogul Ventures Corp. Investment**

The Company holds 5 million shares in Mogul Ventures Corp. ("Mogul"), a private company focused on natural resources in Mongolia, principally in tin. Reabold's holding in Mogul amounts to a 1.2% undiluted and fully diluted interest. On 20 February 2015, Mogul entered into an amended and restated arrangement agreement ("the Arrangement Agreement") with Knowlton Capital Inc. ("Knowlton"), a TSX-V listed company, for the acquisition by Knowlton of all of the issued and outstanding shares of Mogul. The Arrangement Agreement superseded a letter of intent dated 23 May 2014 and a definitive agreement dated 22 August 2014. The Arrangement Agreement constituted a reverse takeover of Knowlton, the completion of which was subject to a number of conditions, including approval by the TSX-V, Knowlton's shareholders and Mogul's shareholders. On 29 April 2016, Knowlton announced the termination of the Arrangement Agreement with Mogul to pursue another reverse take-over transaction.

During 2016, a highly experienced tin metallurgical consultant and ALS Metallurgy Burnie laboratory in Tasmania conducted initial testwork on a composite sample from the Eastern zone:

- confirmed that all tin is in cassiterite;
- recovered 82.4% of tin into a non-magnetic product after crushing, grinding and magnetic separation; and
- additional tests ongoing.

During 2016, Mogul raised a total of \$250,000 with equity and equity-linked financings at CAD\$0.25 per share.

Management and key stakeholders in Mogul remain positive towards Mogul's future in the public markets under improved market conditions, with the significant increase in tin prices spurring ongoing interest in Mogul's project.

#### **Financial Review**

The loss of the Company for the 12 months ended 31 December 2016 was £115,000 (2015: loss of £104,000), in line with expectations. The net assets as at 31 December 2016 were £509,000 (2015: £624,000). As at 31 December 2016, the Company had cash of £340,000.

#### **Post Balance Sheet Date – Investment in Tonsley Mining Pty Limited and Placement**

On 19 April 2017, the Company announced that it has entered into an agreement to buy an initial interest in the advanced San Jose Lithium-Tin Project in Spain ("the Project") for a consideration of A\$500,000 (approx. £300,000). The San Jose Project is a Joint Venture between Plymouth Minerals Limited's ("Plymouth" ASX:PLH) subsidiary Tonsley Mining Pty Limited ("Tonsley") and Sacyr, S.A, the IBEX 35 Spanish listed multinational infrastructures and services company. This investment is in line with Reabold's strategy to identify strategic mineral opportunities with the potential to add significant shareholder value.

The initial investment in the Project was affected through a share subscription agreement in the amount of AUD\$500,000 to acquire a minority interest of approx. 2.0% in Tonsley, an Australian special purpose holding company which owns the rights to earn up to a 75% interest in the Project. After an agreed amount of time between the Parties or in the event no interest is earned by Tonsley (or its subsidiary) in the Project, there is an agreed contractual mechanism (by way of options) for the AUD\$500,000 funds to be returned to the Company.

Tonsley has the right to earn a 75% interest in the Project by spending €1.5 million for a first stage 50%, then €2.5 million for the additional 25%, which is being funded by Plymouth.

## REABOLD RESOURCES PLC

### Chairman's statement and Strategic report

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Historically the Spanish Mining Company, Tolsa SA, conducted an extensive feasibility study at San Jose from 1985-1991. This included 8,400m of Reverse Circulation (RC) and diamond drilling. A resource (Not JORC 2012) was estimated and on the basis of this, mining and processing studies were undertaken.

On 25 May 2017, Plymouth announced the Project's maiden lithium (Li) mineral resource in accordance with the JORC Code. The announcement included the following (*Source: PLH ASX announcement 25 May 2017*):

- resource contains an estimated 1.3M tonnes of lithium carbonate;
- combined Indicated and Inferred Mineral Resource at a 0.10% Li cut-off of 92.3Mt at 0.6% Li<sub>2</sub>O (lithium oxide) and 0.02% Sn (tin);
- combined Indicated and Inferred Mineral Resource at a 0.35% Li cut-off of 16.5Mt at 0.9% Li<sub>2</sub>O (lithium oxide) and 0.04% Sn (tin);
- proven simple process flow-sheet and metallurgy to saleable lithium carbonate;
- deposit is open along strike and at depth; and
- large exploration target with the potential to double the maiden mineral resource.

Plymouth expect to complete a detailed process flow sheet update for the Project by the end Q2 2017, to allow the production of a JORC Scoping Study for the Project to produce lithium carbonate and tin on site, to be released in Q3 2017 (*Source: PLH ASX announcement 1 June 2017*).

In addition to the Project, Tonsley is the 80 percent owner of the Morille tungsten-tin project in Spain (Aurum Mining PLC 20%) and has leveraged off local relationships and preparatory work completed by Aurum Mining PLC between 2011 and 2013. However, present operational focus for Tonsley is the Project.

On 19 April 2017, the Company announced the arrangement of subscriptions totalling £367,500 for 73,500,000 new Ordinary Shares of 0.1p each at a price of 0.5p per share to fund the investment in Tonsley Mining and for working capital purposes.

#### **Outlook**

Having made a significant investment in Tonsley with its interest in the exciting advanced San Jose Lithium-Tin Project in Spain and successfully raised further capital, the Board is moving forward positively to drive shareholder value through the investment strategy. Whilst the Board believes there are positive cyclical investment opportunities in resources stocks, they may be subject to significant volatility in financial markets and commodity prices, as well as other potential risk areas, including operational, geological, environmental, sovereign issues and access to capital. The Board will evaluate investment opportunities in other sectors as they arise.

The Company's current investments are at the relatively early stage of the resource development cycle, being pre-completion of scoping study level. The risk associated with investing in any resource projects at an early stage is high, and the success or failure of a project is dependent on a number of factors, including metallurgical, technical, environmental, commercial, economic and financing risks. It is noted that the lithium sector is not commoditised, which is an additional risk factor. Our approach to mitigate these risks is to obtain a fundamental understanding of the resource, its chemistry and management team. By doing so, we invest in projects that we believe have the potential to come to production and deliver value to our shareholders.

The Board looks forward to reporting further in due course.

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

**Jeremy Edelman**  
Director

26 June 2017

## REABOLD RESOURCES PLC

### Board of Directors

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#### **Jeremy Edelman - Executive Chairman**

Jeremy Edelman holds Bachelor degrees in Commerce and Law together with a Masters degree in Applied Finance. Jeremy is admitted as a solicitor to the Supreme Courts of Western Australia and New South Wales. Jeremy subsequently worked for some of the world's leading investment banks, including Bankers Trust and UBS Warburg in debt and acquisition finance. He has held consulting and director positions in listed companies in the UK and Australia, such as Mt Grace Resources NL, with a focus on resource exploration and development, including investment companies established with the specific objective of investing in resources projects. He also has corporate finance experience, having been responsible for co-coordinating a number of companies in making acquisitions in a variety of resource sectors, including oil and gas, uranium, molybdenum, base metals and coal. He has worked in various regions of the world, including the Republic of Kazakhstan, Russia, South Africa and Australia. Jeremy served as a Non-Executive Director of Leni Gas Cuba Limited until 12 July 2016, a Director of Altona Energy Plc (also known as Altona Resources Plc) until 4 July 2006, Executive Director of Leni Gas & Oil PLC from August 2006 to December 2010 and Director of Braemore Resources Plc until 27 July 2005.

#### **Anthony Samaha - Executive Director**

Anthony Samaha is a Chartered Accountant who has over 20 years' experience in accounting and corporate finance, including resources development. Anthony worked for over 10 years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. He has extensive experience in the listing and management of AIM quoted companies, such as Equatorial Palm Oil Plc, Altona Energy Plc and Braemore Resources Plc, including fund raisings, project development and mergers and acquisitions. Anthony has been involved in acquisitions and resource projects in various regions of the world, including Australia, South Africa, West Africa, North America, India, Kazakhstan and the People's Republic of China. Anthony is currently the Finance Director of TSX Venture Exchange listed LGC Capital Ltd and ISDX Growth Market listed AfriAg Plc. He holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia, and is an Associate of the Institute of Chartered Accountants in Australia and an Associate of the Financial Services Institute of Australasia.

# REABOLD RESOURCES PLC

## Directors' report for the year ended 31 December 2016

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The Directors submit their report and the audited financial statements of the Company for the year ended 31 December 2016.

### Principal activities

At the general meeting of the shareholders of the Company on 19 December 2012, shareholders approved a fundamental change of business to that of an investing company in the natural resources sector, and is now classified as an Investing Company under the AIM Rules for Companies ("AIM Rules").

### Results and dividends

The results of the Company are shown on page 10. No dividends were declared or paid in the year (2015: £nil). The Directors do not recommend the payment of a final dividend.

### Post balance sheet events

Details of post reporting date events are disclosed in Note 15 of the financial statements.

### Financial Risk Management

The Company's continuing operations expose it to foreign currency, credit and liquidity risks. The Company was exposed to price risk during the year on its investment in unlisted shares. The Board's strategy in managing the market price risk inherent in the Company's portfolio of equity investments is determined by the requirement to meet the Company's investment objective. The Directors manage these risks by regular reviews of the portfolio within the context of current market conditions. The size of the Company means that it is unnecessary and impractical for the Directors to delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. Refer to Note 17 of the financial statements, for further details.

### Directors and their interests

The names of the Directors who held office during the year and their shareholdings are shown below.

Director	At 31 December 2016	At 1 January 2016
Jeremy Edelman *	149,000,000	144,000,000
Anthony Samaha	-	-

\* including 124,000,000 shares held by Saltwind Enterprises Ltd, a company connected with Jeremy Edelman.

### Directors' indemnity

The Company maintains a directors' and officers' liability policy on normal commercial terms which includes third party indemnity provisions.

### Going concern

The financial statements have been prepared on the going concern basis. The Directors expect to be able to obtain further funding for the Company. However, there can be no guarantee that the required funds will be raised within the necessary timeframe or on terms that will be acceptable to the Company.

### Outlook

A summary of the outlook for the Company is given within the Chairman's Report on page 4.

### Political and charitable contributions

The Company made no contributions to charitable or political bodies during the year (2015: £Nil).

# REABOLD RESOURCES PLC

## Directors' report for the year ended 31 December 2016

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### Substantial shareholders

The following had interests in 3% or more of the voting capital of the Company as at 5 June 2017:

Holder	No. of shares	%
Saltwind *	134,000,000	34.0
Silverwood Ventures Ltd	60,000,000	15.2
Pelamis Investments Ltd	50,000,000	12.7
Delta Oil Company Ltd	40,000,000	10.1
Jeremy Edelman	25,000,000	6.3
Mazen Haddad	24,600,000	6.2
Sunvenus Holdings Ltd	14,000,000	3.5

\* *Saltwind is connected with Jeremy Edelman.*

### Corporate governance

The Board is committed to ensuring good standards of corporate governance in so far as practicable for a company of this size.

### Board of Directors

The Board meets regularly to determine the policy and business strategy of the Company and has adopted a schedule of those matters that are reserved as the responsibility of the Board. Throughout 2016 the Board consisted of two executive Directors, including the Chairman.

### Board committees

In view of the current size of the Company, the Board has not delegated certain authorities to committees. The Board intends to implement an Audit Committee, Remuneration Committee and Nominations Committee, when the Company has reached a sufficient size.

### Controlling party

In the opinion of the Directors, Jeremy Edelman is the ultimate controlling party in the share capital of the Company.

### Statement of disclosure to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the 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 auditor is aware of that information.

### Auditor

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Mazars LLP was put to the Annual General Meeting held on 28 October 2016 and was approved. The auditor, Mazars LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. Mazars LLP has signified its willingness to continue in office as auditor.

By order of the Board, 26 June 2017

### A Samaha

Registered Office:  
20 Primrose Street  
London  
EC2A 2EW

## REABOLD RESOURCES PLC

### Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## REABOLD RESOURCES PLC

### Independent auditor's report to the members of Reabold Resources Plc

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We have audited the financial statements of Reabold Resources Plc for the year ended 31 December 2016 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, and the related notes. 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its 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.

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

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

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

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

- adequate accounting records have not been kept by the Company, 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.

Samantha Russell (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory auditor  
Tower Bridge House  
St. Katharine's Way  
London E1W 1DD

26 June 2017

# REABOLD RESOURCES PLC

## Statement of comprehensive income for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Administration expenses		(115)	(104)
<b>Loss on ordinary activities before taxation</b>		<u>(115)</u>	<u>(104)</u>
Taxation on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>		<u>(115)</u>	<u>(104)</u>
Other comprehensive income		-	-
<b>Total comprehensive loss for the financial year</b>		<u>(115)</u>	<u>(104)</u>
<b>Attributable to:</b>			
Equity holders		<u>(115)</u>	<u>(104)</u>
		<u>(115)</u>	<u>(104)</u>
<b>Loss per share</b>			
Basic and fully diluted loss per share (pence)	11	<b>(0.04)</b>	(0.04)

All amounts relate to continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

# REABOLD RESOURCES PLC

Statement of financial position as at 31 December 2016

Company no. 3542727

	Notes	2016 £'000	2015 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments available for sale	9	200	200
		<u>200</u>	<u>200</u>
<b>Current assets</b>			
Trade and other receivables	10	1	1
Cash and cash equivalents		340	481
		<u>341</u>	<u>482</u>
<b>Total assets</b>		<u>541</u>	<u>682</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	11	435	395
Share premium account		8,451	8,291
Advance received for shares to be issued		-	200
Capital redemption reserve		200	200
Retained loss		(8,577)	(8,462)
<b>Total equity</b>		<u>509</u>	<u>624</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	32	58
<b>Total liabilities</b>		<u>32</u>	<u>58</u>
<b>Total equity and liabilities</b>		<u>541</u>	<u>682</u>

Approved by the Board of Directors on 26 June 2017  
Signed on behalf of the board of directors:

**Anthony Samaha**  
**Director**

The notes on pages 14 to 22 form part of these financial statements.

# REABOLD RESOURCES PLC

## Statement of changes in equity for the year ended 31 December 2016

	Share capital	Share premium	Advance received for shares to be issued	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 31 December 2014</b>	355	8,131	-	200	(8,358)	<b>328</b>
Total comprehensive loss for the year	-	-	-	-	(104)	<b>(104)</b>
<b>Changes in equity for 2015</b>						
Issue of share capital	40	160	-	-	-	<b>200</b>
Advance received for shares to be issued	-	-	200	-	-	<b>200</b>
<b>Balance as at 31 December 2015</b>	<b>395</b>	<b>8,291</b>	<b>200</b>	<b>200</b>	<b>(8,462)</b>	<b>624</b>
Total comprehensive loss for the year	-	-	-	-	(115)	<b>(115)</b>
<b>Changes in equity for 2016</b>						
Issue of share capital	40	160	-	-	-	<b>200</b>
Advance received for shares to be issued	-	-	(200)	-	-	<b>(200)</b>
<b>Balance as at 31 December 2016</b>	<b>435</b>	<b>8,451</b>	<b>-</b>	<b>200</b>	<b>(8,577)</b>	<b>509</b>

The notes on pages 14 to 22 form part of these financial statements.

# REABOLD RESOURCES PLC

## Statement of cash flows for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(115)	(104)
<b>Operating cash flows before movement in working capital</b>			
Decrease/(Increase) in receivables		-	1
Increase/(decrease) in payables		(26)	(12)
<b>Net cash used in operating activities</b>			
<b>Net cash flows from investment activities</b>			
<b>Cash flows from financing activities</b>			
Share placement received	13	-	200
Advance received for shares to be issued	13	-	200
<b>Net cash generated from financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		481	196
<b>Cash and cash equivalents at the end of the period</b>			
<b>Cash and cash equivalents comprises:</b>			
Cash and cash equivalents		340	481
Overdraft and borrowings		-	-
<b>340</b>			
<b>481</b>			

The notes on pages 14 to 22 form part of these financial statements.

# REABOLD RESOURCES PLC

## Notes to the financial statements for the year ended 31 December 2016

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Reabold Resources Plc is a company registered in England and Wales under the Companies Act. Registered in England number 3542727 at 20 Primrose Street, London EC2A 2EW. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 6 to 7.

### 1. Preparation of financial statements

#### *Standards, amendments and interpretations adopted in the current financial year ended 31 December 2016*

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements:

- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015);
- Annual Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015);
- Annual Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets- Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture- Bearer Plants (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 27 Separate Financial Statements - Equity Method (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 12 Disclosure of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2016); and
- Amendments to IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2016).

Other than disclosure, there has been no impact on the financial statements of these adoptions.

#### *Standards, amendments and interpretations in issue but not yet effective*

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements:

- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 Income Taxes (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in the EU);
- Annual improvements to IFRS (2014-2016) (applicable for annual periods beginning on or after 1 January 2017 and for annual periods beginning on or after 1 January 2018);
- Amendment to IAS 40 Investment Property (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);
- Amendment to IFRS 2 Share Base Payment (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);
- IFRS 9 Financial Instruments (applicable for annual periods beginning on or after 1 January 2018);
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018);
- Clarifications to IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);
- IFRIC 22 Foreign Currency Transactions and Advances Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU);
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU);
- Amendments to IFRS 4 Insurance Contracts (endorsement not expected before 2020); and
- Amendments to IFRS 10 Financial Instruments and IAS 28 Investment in Joint Ventures (endorsement postponed indefinitely).

## REABOLD RESOURCES PLC

Notes to the financial statements for the year ended 31 December 2016

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### 2. Summary of significant accounting policies

#### **Basis of accounting**

The 2016 financial statements are prepared under International Financial Reporting Standards, as adopted for use by the European Union.

The financial statements have been prepared on the going concern basis and historical cost basis, except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit and loss.

The financial statements are presented in sterling, the currency of the primary economic environment in which the Company operates and in which the majority of the Company's transactions are denominated.

The principal accounting policies adopted are set out below.

#### **Going concern**

The financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts for the period ending 30 June 2018 which take account of the current cost and operational structure of the Company. These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

#### **Investments available for sale**

##### *Classification*

The Company classified its investments in unlisted shares that are not traded in an active market as available for sale at inception. Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

##### *Recognition*

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investments.

##### *Measurement*

Unlisted Investments are initially recognised at cost, being the fair value of consideration given. Where the Company has investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured these are carried at historic cost less any identified impairment losses at the end of each reporting period.

##### *Fair value hierarchy*

IFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can readily observe;

Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and

Level 3 - inputs that are not based on observable market data (unobservable inputs).

Unlisted Investments are therefore classified at level 2 of the fair value hierarchy when initially recognised.

**2. Summary of significant accounting policies (continued)**

**Taxation**

The tax charge represents the sum of current and deferred tax.

Current tax payable is based on taxable profits for the year. Taxable profits differ from net profits as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entity where there is an intention to settle on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

**Borrowing costs**

Unless borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of a qualifying asset, borrowing costs are expensed in the period they are incurred. Borrowing costs are calculated using the effective interest rate method. No borrowing costs were capitalised in the year (2015: Nil).

**Currencies**

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items in the statement of financial position are retranslated at the closing exchange rate at each statement of financial position date, and the resulting translation differences are recorded in profit or loss.

**Impairment of investments available for sale**

At each reporting date, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statements of financial position when the Company has become a party to the contractual provisions of the instrument.

**Loans and other receivables**

Loans and other receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest rate method, as reduced by appropriate provisions for estimated irrecoverable amounts less provision for impairment. A provision for impairment is accounted for when management deems the specific receivable balance not to be collectable. The amount of the impairment loss is recognised in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term deposits and liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**2. Summary of significant accounting policies (continued)**

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on the expected yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the expected financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that creates a residual interest in the assets of the Company.

**Trade payables**

Trade payables are stated at their amortised cost less any discount or rebate received.

**Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**Capital redemption reserve**

Where a company acquires its own shares out of free reserves, then a sum equivalent to the nominal value is transferred to a capital redemption reserve.

**Critical accounting judgements and key sources of estimation uncertainty**

The Directors consider the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Critical judgements in applying the Company's accounting policy

In the process of applying the Company's accounting policies which are described above, management has not had to make any further significant judgements on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

As the Company is an investing company, the key source of estimation uncertainty is the impairment review of unlisted investments.

## REABOLD RESOURCES PLC

Notes to the financial statements for the year ended 31 December 2016

### 3. Segment analysis

The segmental analysis relates to the operations of the Company, as these are individual financial statements of the Company. The Company has one reportable operating segment on the basis that it earns revenues and incurs expenses from one business activity; being investing, and on the basis that it operates in one geographical location; being the United Kingdom. During the current year, the Company did not generate any turnover from its investment activities, as no acquisition was completed during the reporting period.

### 4. Loss from operations

	2016	2015
	£'000	£'000
The result from operations has been arrived at after charging:		
Auditors' remuneration – audit of Company	12	11
Auditors' remuneration – other services	-	-
Staff costs - Directors	55	48
	<u>          </u>	<u>          </u>

The auditors have not provided non-audit services during 2016.

### 5. Staff costs

Staff employment costs were:

	2016	2015
	£'000	£'000
Wages and salaries	50	48
Social security costs	5	-
Other pension costs	-	-
	<u>          </u>	<u>          </u>
	55	48

During the year there were no employees (2015: nil) employed by the Company excluding Directors in administration roles. The staff costs during the year include the accrual of director fees in the amount of £16,000 which were not paid during the reporting period.

### 6. Directors' remuneration

The emoluments (including pension contributions) paid to Directors during the year was as follows:

	Salary & fees	Compensation	Pension	2016	2015
	£'000	for loss of office £'000	contribution £'000	Total £'000	Total £'000
<b>Executive Directors</b>					
Jeremy Edelman	24	-	-	24	24
Anthony Samaha	26	-	-	26	24
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	50	-	-	50	48

An accrual of £16,000 for directors which were unpaid during the reporting period has been made.

As at 31 December 2016, no Director was accruing benefits under a money purchase scheme (2015: none). At the year-end no Director had any share options.

# REABOLD RESOURCES PLC

Notes to the financial statements for the year ended 31 December 2016

## 7. Taxation on loss on ordinary activities

Factors affecting tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 20 % (2015: 20%).

	<b>2016</b> £'000	<b>2015</b> £'000
Loss on ordinary activities before tax	<u>(115)</u>	<u>(104)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015: 20.0%)	(23)	(20)
Effects of:		
Unrelieved tax losses	<u>23</u>	<u>20</u>
Total tax for the year	<u>-</u>	<u>-</u>

No deferred tax assets have been recognised in the year (2015: nil).

The corporation tax rate was 20.0% from 1 April 2014 to 1 April 2017. Thus the corporation tax rate for the year ended 31 December 2016 is 20.0%.

The Company has unused tax losses of £1.8 million and capital losses of £2.5 million. The deferred tax asset for these losses, amounting to £835,000 (2015: £835,000) has not been recognised as the timing of profits is uncertain.

## 8. Loss per share

The calculations of the basic and diluted earnings per share are based on the following data:

	<b>2016</b> £'000	<b>2015</b> £'000
Loss for the year	<u>(115)</u>	<u>(104)</u>
Loss for the purpose of basic earnings per share	<u>(115)</u>	<u>(104)</u>
	Number	Number
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the year	320,148,773	251,682,611
Effect of dilutive options	-	-
Diluted weighted average number of ordinary shares in issue during the year	<u>320,148,773</u>	<u>251,682,611</u>
<b>Loss per share</b>		
Basic and diluted loss per share (pence)	<u>(0.04)</u>	<u>(0.04)</u>

## 9. Investments available for sale

	<b>2016</b> £'000	<b>2015</b> £'000
<b>Opening</b>	200	200
Additions at cost – cash	-	-
Additions at cost – in specie	-	-
<b>Closing</b>	<u>200</u>	<u>200</u>

# REABOLD RESOURCES PLC

Notes to the financial statements for the year ended 31 December 2016

## 10. Trade and other receivables

	2016 £'000	2015 £'000
Other taxation and social security	1	1
	<u>1</u>	<u>1</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All receivables are due within one year.

## 11. Share capital

	2016		2015	
	£'000	No of shares	£'000	No of shares
<b>Called up, allotted and fully paid</b>				
<b>Ordinary shares</b>				
Opening 1 <sup>st</sup> January, ordinary shares of 0.10 pence each	281	280,915,896	241	240,915,896
Placement of new ordinary shares of 0.10 pence each	40	40,000,000	40	40,000,000
Closing, 31 <sup>st</sup> December, ordinary shares of 0.10 pence each	<u>321</u>	<u>320,915,896</u>	<u>281</u>	<u>280,915,896</u>
<b>“A” Deferred Share</b>				
Opening, 1 <sup>st</sup> January, “A” Deferred Share of 1.65 pence each	114	6,915,896	114	6,915,896
Closing, 31 <sup>st</sup> December, “A” Deferred Share of 1.65 pence each	<u>114</u>	<u>6,915,896</u>	<u>114</u>	<u>6,915,896</u>

At 31<sup>st</sup> December 2016 no share options were outstanding (2015: nil).

On 8 January 2016, the Company announced the placement of 40,000,000 ordinary shares at 0.5 pence per share to raise gross proceeds of £200,000 to provide additional working capital for the Company. The funds in respect of this placement were received prior to 31 December 2015.

As at 31 December 2016, the Company's total issued ordinary share capital was 320,915,895 ordinary shares of 0.1p each and 6,915,896 “A” Deferred Shares of 1.65 pence per share.

The holders of ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares. No shares of the Company are currently redeemable or liable to be redeemable at the option of the holder or the Company.

The holders of “A” Deferred Shares do not have any right to receive written notice of or attend, speak or vote at any general meeting of the Company, or to any dividend declared by the Company. They may however be redeemed by the Company at any time at its option for one penny for all the “A” Deferred Shares without obtaining sanction of such holders.

## 12. Trade and other payables

	2016 £'000	2015 £'000
Trade and other payables	4	4
Accruals	28	47
Loans from related party	-	7
	<u>32</u>	<u>58</u>

## REABOLD RESOURCES PLC

### Notes to the financial statements for the year ended 31 December 2016

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The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All liabilities are due within one year.

#### 13. Related party transactions

The amount of £7,260 due to Saltwind as at 31 December 2015 was fully repaid on 5 January 2016. There were no loans from related party as at 31 December 2016.

The directors are the key management of the Company (refer to note 7).

#### 14. Financial risk management

The Company's operations expose it to a limited level of credit, foreign currency and liquidity risk. There is not any financial risk arising from the effects of changes in market prices of commodities based on its current activities.

The Company does not use derivative financial instruments to manage interest rate costs, and no hedge accounting is thus applied. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.

##### Credit risk

The Company's credit risk is primarily attributable to its trade receivables and cash balances. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

##### Price risk

Price risk arises from uncertainty about the future prices of financial instruments held within the Company's portfolio. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements. The investments in equity and fixed interest stocks of unlisted companies are not traded and as such the prices are more uncertain than those of more widely traded securities. The Board's strategy in managing the market price risk inherent in the Company's portfolio of equity investments is determined by the requirement to meet the Company's investment objective. The Directors manage these risks by regular reviews of the portfolio within the context of current market conditions. Unlisted investments are valued as per accounting policy in these financial statements.

##### Liquidity risk

The Company actively maintains a treasury system that maintains a net credit position and is designed to ensure the Company have sufficient available funds for operations and planned expansions.

##### Maturity of financial liabilities

The following table shows details the Company's remaining contractual maturity for its non-derivative financial liabilities. The maturity of the financial liabilities table has been drawn up based on the undiscounted cash flows based on the earliest date on which the Company can be required to pay.

	2016 £'000	2015 £'000
Within one year	32	58

##### Interest rate risk

The Company's exposure to changes in interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Company on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

##### Foreign currency risk

The Company incurs foreign currency risk on investments that are denominated in currencies other than Sterling. At present, the Company does not have any formal policy for hedging against exchange exposure. The Company may, when necessary, enter into foreign currency forward contracts to hedge against exposure from foreign currencies fluctuations. As at both 31 December 2015 and 31 December 2016 the Company has an investment denominated in Canadian Dollar. Any movement in the Canadian Dollar against Sterling will create a fair value gain or loss. The Company has assessed the impact of changes in exchange rates as not being significant to the Company.

## REABOLD RESOURCES PLC

Notes to the financial statements for the year ended 31 December 2016

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### 14. Financial risk management (continued)

#### Capital risk management

The Directors consider the Company's capital to comprise of share capital and reserves stated on the statement of financial position. The Company manages its capital to ensure the Company will be able to continue on a going concern on a long term basis while ensuring the optimal return to shareholders and other stakeholders through an effective debt and equity balance. No changes were made in the objectives, policies and processes during the current or previous year.

The share capital, including share premium, and reserves totalling £509,000 (2015: £624,000) provides the majority of the working capital required by the Company. The Management reviews the capital structure and makes adjustment to it in the light of changes in economic conditions.

#### Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair value.

#### Categories of financial instruments

	2016 £'000	2015 £'000
<i>Financial assets:</i>		
Cash and cash equivalents	340	481
Loans and other receivables	1	1
Available for sale investments	200	200
Total financial assets	<u>541</u>	<u>682</u>
<i>Financial liabilities:</i>		
Other financial liabilities	32	32
Total financial liabilities	<u>32</u>	<u>58</u>

### 15. Post balance sheet events

On 19 April 2017, the Company announced that it had entered into a share subscription agreement in the amount of AUD\$500,000 (approx. £300,000) to acquire an initial 2.0% interest in Tonsley (a subsidiary of ASX listed Plymouth), which holds the right to earn up to a 75% interest in the advanced San Jose Lithium-Tin Project in Spain.

On 19 April 2017, the Company announced the arrangement of subscriptions totalling £367,500 for 73,500,000 new Ordinary Shares of 0.1p each at a price of 0.5p per share to fund the investment in Tonsley and for working capital purposes.

### 16. Ultimate controlling party

Jeremy Edelman is the ultimate controlling party.