ANNUAL REPORT AND

CONSOLIDATED FINANCIAL STATEMENTS FOR

THE YEAR ENDED 31 DECEMBER 2020 FOR

PATHFINDER MINERALS PLC

REGISTERED COMPANY NO. 02578942

Contents of the Annual Report and Consolidated Financial Statements for the Year Ended 31 December 2020

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	D Edmonds J Taylor (resigned 17 March 2021) P Taylor (appointed 3 July 2020) J Summers (appointed 17 March 2021) M Gasson (appointed 25 May 2021)
SECRETARY:	D Taylor
REGISTERED OFFICE:	Becket House 36 Old Jewry London EC2R 8DD
REGISTERED NUMBER:	02578942 (England and Wales)
INDEPENDENT AUDITOR:	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus London E14 4HD
SOLICITORS:	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
NOMINATED & FINANCIAL ADVISER:	Strand Hanson Limited 26 Mount Row London W1K 3SQ
REGISTRARS:	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
BANKERS:	Royal Bank of Scotland 1 Dale Street Liverpool L2 2PP

Chairman's Statement
for the Year Ended 31 December 2020

INTRODUCTION

The Board continues to pursue a resolution to the dispute over Mining Concession 4623C (the "Licence") which was expropriated from the Company in 2011 through a transfer which the Company believes was unlawful. During 2020, the Board's focus transitioned from the negotiation of a commercial settlement with Pathfinder's former local partner (a beneficiary of the Licence transfer) to positioning the Company to bring a substantial claim against the government of Mozambique, under the Mozambique-United Kingdom Bilateral Investment Treaty (2004) (the "Treaty"), for its role in facilitating the transfer.

Simultaneously with progressing its claim against the Government of Mozambique, the Board is also actively investigating new opportunities in the mining sector.

STRATEGY

Negotiations continued in the early part of 2020 towards a commercial settlement with General Jacinto Veloso, a 50 percent shareholder in Pathfinder Moçambique to which the Licence was transferred in 2011, and an entity which has nothing to do with the Pathfinder Minerals group. Pathfinder has also since validated evidence that the remaining 50 percent shareholding in the Licence-holding entity had been transferred to Sociedade Hong Kong Nonferrous Metal Mining Company Limitada.

Despite considerable efforts to engage all parties in commercial settlement negotiations, after the Mozambique Supreme Court ruled in May 2020 that it would not recognise an English High Court Judgment in Pathfinder's favour, the Board concluded that the prospects of a commercial settlement had materially diminished and that the Company should seek recourse against the government of Mozambique. Pathfinder asserts that the government of Mozambique acted improperly in allowing the Licences to be expropriated from the Company through a transfer which had no legal validity.

The strategic decision to prepare for a possible Treaty claim was compounded by the discovery in December 2020 that the titleholder of the Licence as specified on the Mozambique Mining Cadastre Portal had changed to TZM Resources S.A. It appears that the government of Mozambique not only failed to limit the risk of a disposal of the Licence but positively facilitated it, thereby increasing Pathfinder's exposure to losses.

In the event that Pathfinder refers the matter to the International Centre for Settlement of Investment Disputes ("ICSID") under the Treaty, the ICSID tribunal would have the power to order the return of the Licence to Pathfinder's control or to order payment of damages by the Government of Mozambique to compensate Pathfinder for its loss. Pathfinder estimates its losses in connection with the diversion of the Licence, including lost profits, to be more than US$621.3 million.

The Board received in December 2020 an updated legal opinion from Samuel Wordsworth QC of Essex Court Chambers on the prospects of successfully establishing liability against the government of Mozambique. The legal opinion is consistent with the Board's expectation that, subject to the interpretation of the facts and applicable laws as they are currently known to the Board and Counsel, there is a 55-60 per cent. prospect of establishing liability on the part of the government of Mozambique. The Board has commenced discussions with prospective litigation funders for cost-effective funding of a claim. The Company has also held discussions with established heavy mineral operators regarding development of the licences in the event of their successful return to Pathfinder.

Due to the recent progress made on the claim, the Board is now also actively exploring other opportunities within the mining sector. Through its own contacts and those of its investors, the Board is exposed to a number of potential projects, and is now actively investigating these with a view to moving one or more of them forward, subject to shareholder and regulatory approvals as required.

MANAGEMENT CHANGES

On 3 July 2020, Peter Taylor was appointed as Chief Executive Officer, enabling me to step into the role of Chairman, as a result of Lord Bellingham's resignation as Chairman at the same time. Peter has over thirty years' experience in leading strategic operations in Africa, Southeast Asia and Europe combined with transactional expertise in the mining and exploration sector.

Further changes to the composition of the Board occurred after year-end, on 17 March 2021, with the resignation of John Taylor as Non-Executive Director and the appointment of Jonathan Summers as Independent Non-Executive Director. Jonathan brings over 25 years of international business experience to the Board including as a former Managing Director at Goldman Sachs. On 25 May 2021, Mark Gasson was appointed as a further Independent Non-Executive Director. Mark is an accomplished geologist with 35 years' experience in gold and base metals exploration and development across Africa and South America.

NEW FUNDS FOR WORKING CAPITAL

During 2020, the Company completed two new financings. The first was a convertible loan note for £175,000 (announced on 3 April 2020) ("CLN") and which was fully converted during 2020; the second, was an equity fundraising to issue 38,461,538 new shares for gross proceeds of £250,000 (announced on 28 May 2020), which completed on 3 June 2020.

After the year-end, a further £720k before expenses was raised through the private placing of an aggregate of 130,000,000 new shares between February and May 2021, as announced on 19 February 2021 and 4 May 2021.

FINANCIAL RESULTS AND CURRENT FINANCIAL POSITION

The financial statements of the Pathfinder Group for the year ended 31 December 2020 follow later in this report. The Income Statement shows a loss of £668k (2019 restated: £874k). The Group's Statement of Financial Position shows total assets at 31 December 2020 of £224k (31 December 2019 restated: £261k). The assets were held largely in the form of cash deposits of £191k (as at 31 December 2020). The cash position has since strengthened during 2021 following the issue of shares, resulting in the raising of a further £720k before expenses.

In November 2020, Pathfinder appointed Hausfeld, an international law firm, to identify and source an asset recovery specialist with a view to potentially monetising the outstanding costs awards which exist against the Company's former local partners in Mozambique following English court proceedings. Any monetisation of these costs awards would result in a further strengthening of the Company's cash position.

The accounts for the year ended 31 December 2020 include a restatement for 2019 to reflect an increase to share-based expenses of £279k. This increase is in accordance with the required accounting treatment for share options and warrants, and does not impact the Company's cash flow. In addition, the Company has increased the level of prudence in respect of the Company's legacy PAYE liability by including an additional provision of £119k.

OUTLOOK

With a new Chief Executive Officer appointed during 2020 and fundraises during the first half of 2021, Pathfinder is in the strongest position it has been in for several years to recover value through a substantial claim against the government of Mozambique under the Treaty. With estimated losses in connection with the diversion of the Licence, including lost profits, exceeding US$621 million, a legal opinion from Counsel in the Company's favour, and the means to progress a claim to the point of securing third-party litigation funding, Pathfinder's opportunity becomes quite compelling. Pathfinder has also now gone from being a company solely focussed on one asset to one which is actively exploring additional opportunities.

Dennis Edmonds
Chairman
3 June 2021

OVERVIEW

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2020. An overview of the Group results is presented in the Chairman's Statement.

The Company's aim is to create value for shareholders through the reinstatement of its mineral licences in Mozambique, to recover the value of high court cost awards, and will be considering other opportunities which may be pursued in parallel.

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006. The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Board's work in pursuit of the strategy is set out in the Chairman's Statement.

Without regular income, the Company dependent upon fund-raising for its continued operation. The pre-revenue nature of the business is important to the understanding of the Company by its members, employees and suppliers, and the Directors are as transparent about the cash position and funding requirements as is allowed and appropriate under AIM Rules for Companies.

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2020:

- Furtherance of legal claim against the government of Mozambique
- Strengthening of the Board with the appointment of Peter Taylor as CEO
- Fundraising activities
- Appointment of Hausfeld, an international law firm, to identify and source an asset recovery specialist in respect of the outstanding cost awards against the Company's former local partners in Mozambique

The Board takes seriously its ethical responsibilities to the communities and environment in which it works and we abide by the local and relevant UK laws on anti-corruption & bribery.

At such time as the Company is able to recommence geological and mining exploration activities, local communities will be engaged in the geological & support functions required for field operations, providing much-needed employment and wider economic benefits to the local communities. In addition, we will seek to follow international best practice in respect of the environmental aspects of our work, acknowledging the importance of the social licence to operate from the communities with which we interact.

The interests of our employees are a primary consideration for the Board. Personal development opportunities are supported and a health and security support network will be set in place to assist with any issues that may arise on field expeditions.

DIVIDENDS

The directors do not recommend the payment of a dividend (2019: £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in note 17 to the financial statements.

DIRECTORS AND DIRECTORS' INTERESTS IN SHARES
The directors shown below have held office during the financial year ended 31 December 2020 and had, at that time, the following beneficial interests in shares:

	Ordinary shares	Options	Warrants
H.C. Bellingham (resigned 2 July 2020)	n/a	n/a	n/a
J. Taylor (resigned 17 March 2021)	4,923,753	12,500,000	1,166,666
D. Edmonds	-	10,000,000	-
P. Taylor (appointed 3 July 2020)	9,200,000	6,000,000	-

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

POLITICAL DONATIONS AND EXPENDITURE
No charitable or political contributions were made during the current or previous year.

MAJOR SHAREHOLDERS
As at 1 June 2021, the Company had been notified that the following shareholders were beneficially interested in 3% or more of the Company's ordinary share capital.

Shareholder name	Number of 0.1p Ordinary shares	Shareholding Percentage
Align Research Ltd and related parties (R. S. & C. A. Jennings)	60,724,175	11.43%
Mr Nicholas Trew (former Director)	17,139,814	3.72%
Klaus Eckhof	16,000,000	3.01%

PRINCIPAL RISKS AND UNCERTAINTIES
<u>Liquidity risk</u>
The Company's principal risk is a liquidity risk. The Group has no revenue at the present time and is therefore dependent upon the availability of additional equity finance, which is described in further detail in note 1 to the financial statements under the *going concern* section of the accounting principles. The availability of additional funding could be influenced by a wide range of factors and risks, which include the political risk associated with investing in Mozambique.

<u>Dependence on key personnel</u>
The Group and Company is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

<u>Litigation risk</u>
The Company may also carry a litigation risk insofar as, in the event it is unsuccessful in resolving its dispute with the Mozambique government in respect of the unlawful transfer of the Group's mining concessions, it intends to seek recourse to the bilateral investment treaty between Mozambique and Great Britain & Northern Ireland. The Company intends to seek financing partners to mitigate the direct cash cost of taking this action. Although the Company has been advised that it is more likely than not to succeed in its claim, there is no guarantee of success.

CORPORATE GOVERNANCE
As an AIM-quoted company, the Company is 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 Board of Pathfinder believes that a sound corporate governance policy, involving a transparent set of procedures and practices, is an essential ingredient to the Company's success both in the medium and long term. The application of these policies enables key decisions to be made by the Board as a whole, and for the Company to function in a manner that takes into account all stakeholders in the Group, including employees, suppliers and business partners.

The directors of the Company have formally made the decision to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") during 2019. The Board recognises the principles of the QCA Code are best suited to companies such as Pathfinder, although it must be recognised that Pathfinder is operating in a fairly unique set of circumstances and has quite a troubled history with significant recent changes.

In July 2020, the Board strengthened its leadership team through the appointment of Peter Taylor as Chief Executive Officer. Upon Mr Taylor's appointment as CEO, Dennis Edmonds was appointed Chairman, succeeding Lord Bellingham, who resigned with effect from the same date.

The role of Company Secretary was brought in-house from the end of December 2020.

Following the year-end, in March 2021, John Taylor resigned as non-executive director and Jonathan Summers was appointed as an independent non-executive director. In May 2021, Mark Gasson was appointed as an Independent Non-Executive Director. Mark is an accomplished geologist with 35 years' experience in gold and base metals exploration and development across Africa and South America.

For the Company's detailed corporate governance statement please see Pathfinder's website at www.pathfinderminerals.com.

DISCLOSURE IN THE STRATEGIC REPORT
Strategic matters relating to the Company throughout the reporting period are outlined in the Chairman's Statement.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

WEBSITE PUBLICATION

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

GOING CONCERN

The Board has assessed the prospects of the Group over a period of 12 months from the date of approval of these financial statements, involving a review of the Group’s forecast prepared up to 30 June 2022 and taking account of the Board’s intentions for future activities after that date. As explained further in note 1 to the financial statements, taking account of the Group’s current position and principal risks, over a 12 month period, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over that period. The Board considers this period of assessment to be appropriate because it contextualises the Company’s financial position, business model and strategy.

The Board’s assessment of the going concern statement is further described in note 1 to the accounts.

As disclosed in note 17, after the balance sheet date, the Company raised £720k, in aggregate, before expenses, via new share issues.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, PKF Littlejohn LLP, will be proposed for reappointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Dennis Edmonds - Director
3 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATHFINDER MINERALS PLC

Opinion

We have audited the financial statements of Pathfinder Minerals Plc (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the directors' statement in note 1 to the financial statements and review of the company's budgets for the period of twelve months from the date of approval of the financial statements, including checking the mathematical accuracy of the budgets and discussion of significant assumptions used by the management.

We have also reviewed the latest available post year end management information, bank statements, regulatory announcements, board minutes and assessed any external industry wide factors which might affect the company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

As the parent company is listed on AIM, users will be interested in the loss for the year, with P&L transactions being the largest movements in the year. It is therefore deemed reasonable to base materiality on the loss for the year.

- Materiality = £19,500 (parent company £19,499)
- Performance Materiality = £13,650 (parent company £13,649)

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £975 for the Consolidated Financial Statements and £974 for the parent Company Financial Statement, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the Financial Statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain such as Share-Based Payments. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Our audit scope focused on the principal area of operation, being the United Kingdom. Although the company's direct subsidiary, IM Minerals Limited holds 99.9% of the issued share capital of Companhia Mineira de Naburi SARL, which in turn holds 99.8% of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, events in 2011 indicated that the company does not control either of these Moçambique-domiciled companies group companies; neither has it been possible to obtain the statutory registers or audited accounts for them; accordingly, these financial statements consolidate the financial statements of IM Minerals Limited only.

The audit was overseen and concluded in London where we acted as group auditor, there were no component auditors.

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Going concern (Note 1)	
When preparing financial statements in the UK, those charged with governance should satisfy themselves as to whether the going concern basis is appropriate. **As at 31 December 2020, the company had cash and cash equivalents of £191,000 and was not generating revenue. Additional funds were required to be raised to ensure the Group and company has sufficient working capital over the going concern period.** **We have considered going concern to be a key audit matter due to the losses incurred during the year, in conjunction with the amount of cash and cash equivalents held at year-end.**	We performed a review of the cash flow projections over the going concern period and assessed the significant inputs for reasonableness based upon current requirements in 2021. We tested the equity placings completed subsequent to the year-end to bank statements and the cash at bank position as at the date of approval of the financial statements.

Key Audit Matter	How our scope addressed this matter
Valuation of share options/warrants (Note 15)	
The group has share based payment transactions in the year, involving the grant of options. There is a risk that share based payments are not valued and accounted for correctly in accordance with IFRS 2. **It was determined that a prior period adjustment was required in order to recognise previously unrecognised share warrant and option charges dating back to 2016, along with the relevant adjustments to share based payment reserves. As a result, we determined that the valuation of share options and warrants should be considered a key audit matter.**	We carried out a review of option agreements to understand the terms and conditions of share-based payment arrangements; ▪ We obtained the relevant calculations as prepared by management and checked the arithmetic accuracy of the calculations provided; ▪ We checked the appropriateness of the model inputs and challenged the assumptions used within the valuation technique; ▪ We reviewed the calculations in relation to the prior period adjustment; ▪ We vouched the relevant expense recorded within the profit and loss account; and ▪ We considered and reviewed disclosures for appropriateness in line with IFRS 2 and IAS 1.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors
As explained more fully in the statement of directors responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.
    - We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM Rules and the Companies Act 2006
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - enquiries of management
    - review of board minutes
    - review of RNS announcements
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the going concern of the group and parent company and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 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.

Timothy Herbert (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
3 June *2021*

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 As Restated £'000
CONTINUING OPERATIONS			
Revenue		-	-
Administrative expenses	3, 4	(668)	(874)
OPERATING LOSS		(668)	(874)
LOSS BEFORE INCOME TAX		(668)	(874)
Income tax	5	-	-
LOSS FOR THE YEAR		(668)	(874)
Total comprehensive loss for the year attributable to equity holders of the parent		(668)	(874)
Loss per share from continuing operations in pence per share:	7		
Basic and diluted		(0.19)	(0.29)

The notes on pages 20 to 33 form part of these financial statements.

Consolidated Statement of Financial Position
for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 As Restated £'000	As at 1 January 2019 As Restated £'000
NON-CURRENT ASSETS				
Investments	8	-	-	-
CURRENT ASSETS				
Trade and other receivables	9	33	103	192
Cash and cash equivalents	10	191	158	52
TOTAL ASSETS		**224**	**261**	**244**
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the Company:				
Share capital	11	18,584	18,504	18,458
Share premium		13,685	13,307	12,431
Other reserves		437	324	202
Accumulated deficit		(32,831)	(32,163)	(31,289)
TOTAL EQUITY		**(125)**	**(28)**	**(198)**
CURRENT LIABILITIES				
Trade and other payables	12	349	289	442
TOTAL LIABILITIES		**349**	**289**	**442**
TOTAL EQUITY AND LIABILITIES		**224**	**261**	**244**

The financial statements were approved for issue by the Board of Directors on 3 June 2021 and were signed on its behalf by:

Dennis Edmonds
Director

The notes on pages 20 to 33 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £'000	Share premium £'000	Share based payment reserve £'000	Warrant reserve £'000	Accumulated deficit £'000	Total equity £'000
Restated as at 31 December 2017 and 1 January 2018	**18,416**	**11,997**	**8**	**-**	**(30,474)**	**(53)**
Loss for the year					(815)	(815)
Total comprehensive loss for the year (as restated (see note 18))					(815)	(815)
Issue of share capital	42	434				476
Restatement of share based payments (see notes 15 and 18)			122	72		194
Restated as at 31 December 2018 and 1 January 2019	**18,458**	**12,431**	**130**	**72**	**(31,289)**	**(198)**
Balance at 1 January 2019	**18,458**	**12,431**	**130**	**72**	**(31,289)**	**(198)**
Loss for the year (as restated (see note 18))					(874)	(874)
Total comprehensive loss for the year (as restated (see note 18))					(874)	(874)
Issue of share capital	46	876				922
Restatement of share based payments (see notes 15 and 18)			58	64		122
Balance at 31 December 2019 as restated	**18,504**	**13,307**	**188**	**136**	**(32,163)**	**(28)**
Loss for the year					(668)	(668)
Total comprehensive loss for the year					(668)	(668)
Issue of share capital	80	395				475
Cost of share issue		(17)				(17)
Share based payments			(4)	117		113
Balance at 31 December 2020	**18,584**	**13,685**	**184**	**253**	**(32,831)**	**(125)**

The notes on pages 20 to 33 form part of these financial statements.

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 As restated £'000
Cash flows from operating activities			
Operating loss		(668)	(874)
Adjustments for:			
Share-based payments		113	122
Services settled in shares	16	50	52
Foreign exchange movement		-	3
Net cash flow from operating activities before changes in working capital		**(505)**	**(697)**
Changes in working capital:			
Decrease in trade and other receivables		70	90
Increase in trade and other payables	12	60	139
Net cash flow used in operating activities		**(375)**	**(468)**
Cash flow from financing activities			
Proceeds arising as a result of the issue of ordinary shares		430	574
Costs related to issue of ordinary share capital		(17)	-
Interest paid		(5)	-
Net cash flow from financing activities		**408**	**574**
Net increase in cash and cash equivalents in the year		33	106
Cash and cash equivalents at beginning of the year		158	52
Cash and cash equivalents at end of the year		**191**	**158**

The notes on pages 20 to 33 form part of these financial statements.

Company Statement of Financial Position
for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 As restated £'000	As at 1 January 2019 As Restated £'000
NON-CURRENT ASSETS				
Investments	8	-	-	-
CURRENT ASSETS				
Trade and other receivables	9	33	103	192
Cash and cash equivalents	10	191	158	52
TOTAL ASSETS		**224**	**261**	**244**
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the Company:				
Share capital	11	18,584	18,504	18,458
Share premium		13,685	13,307	12,431
Other reserves		437	324	202
Accumulated deficit		(32,831)	(32,163)	(31,289)
TOTAL EQUITY		**(125)**	**(28)**	**(198)**
CURRENT LIABILITIES				
Trade and other payables	12	349	289	442
TOTAL LIABILITIES		**349**	**289**	**442**
TOTAL EQUITY AND LIABILITIES		**224**	**261**	**244**

The Company has taken exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent Company for the year was £668k (2019: £874k, as restated).

The financial statements were approved and authorised for issue by the Board of Directors on [3] June 2021 and were signed on its behalf by:

Dennis Edmonds
Director

The notes on pages 20 to 33 form part of these financial statements.

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £'000	Share premium £'000	Share based payment reserve £'000	Warrant reserve £'000	Accumulated deficit £'000	Total equity £'000
Restated as at 31 December 2017 and 1 January 2018	**18,416**	**11,997**	**8**	**-**	**(30,474)**	**(53)**
Loss for the year					(815)	(815)
Total comprehensive loss for the year (as restated (see note 18))					(815)	(815)
Issue of share capital	42	434				476
Restatement of Share based payments (see notes 15 and 18)			122	72		194
Restated as at 31 December 2018 and 1 January 2019	**18,458**	**12,431**	**130**	**72**	**(31,289)**	**(198)**
Balance at 1 January 2019	**18,458**	**12,431**	**130**	**72**	**(31,289)**	**(198)**
Loss for the year (as restated (see note 18))					(874)	(874)
Total comprehensive loss for the year (as restated (see note 18))					(874)	(874)
Issue of share capital	46	876				922
Restatement of share based payments (see notes 15 and 18)			58	64		122
Balance at 31 December 2019 as restated	**18,504**	**13,307**	**188**	**136**	**(32,163)**	**(28)**
Loss for the year					(668)	(668)
Total comprehensive loss for the year					(668)	(668)
Issue of share capital	80	395				475
Cost of share issue		(17)				(17)
Share based payments			(4)	117		113
Balance at 31 December 2020	**18,584**	**13,685**	**184**	**253**	**(32,831)**	**(125)**

The notes on pages 20 to 33 form part of these financial statements.

Company Statement of Cash Flows
for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 As restated £'000
Cash flows from operating activities			
Operating loss		(668)	(874)
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Foreign exchange movement		-	3
Net cash flow from operating activities before changes in working capital		**(505)**	**(697)**
Changes in working capital:			
Decrease in trade and other receivables		70	90
Increase in trade and other payables	12	60	139
Net cash flow used in operating activities		**(375)**	**(468)**
Cash flow from financing activities			
Proceeds arising as a result of the issue of ordinary shares		430	574
Costs related to issue of ordinary share capital		(17)	-
Interest paid		(5)	-
Net cash flow from financing activities		**408**	**574**
Net increase in cash and cash equivalents in the year		33	106
Cash and cash equivalents at beginning of the year		158	52
Cash and cash equivalents at end of the year		**191**	**158**

The notes on pages 20 to 33 form part of these financial statements.

1. ACCOUNTING POLICIES

General information
Pathfinder Minerals Plc is a public limited company, quoted on AIM and is incorporated, registered and domiciled in England.

The Company's registered office is Becket House, 36 Old Jewry, London, England EC2R 8DD.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The functional and presentational currency of the Company is Pound Sterling.

New standards, amendments and interpretations adopted by the Company
During the financial year, the Company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

Standards issued but not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Effective date, annual period beginning on or after
Reference to the Conceptual Framework (Amendments to IFRS 3 *Business Combinations*)	1 January 2022*
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022*
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022*
Annual improvements 2018-2020 cycle	1 January 2022*
Classification of Liabilities as Current or Non-Current: *Amendments to IAS 1*	1 January 2023*

**Not yet endorsed for use in the European Union*

The adoption of these standards is not expected to have any material impact on the financial statements of the Company.

1. ACCOUNTING POLICIES *(continued)*

Going concern

The Directors maintain cash flow forecasts looking ahead for periods not less than 12 months. As at the date of approval of the financial statements, the cash flow forecast indicated that the Company has sufficient cash resources for at least the next 12 months. The cash flow forecast could be impacted by any significant changes to the Company's planned activities, and this could have a material impact on whether the Company remains a going concern. Although the Company has been successful in securing the support of legal representatives in order that it can pursue its claim against the government of Mozambique, there is no guarantee that additional fees will not be incurred, which have not yet been forecast.

The Board and the Company have a successful track record in having raised finance in the past, but no assurance can be given that any additional funding will be available should it become required, or if such funding was available, that it would be offered on reasonable terms.

As disclosed in note 17, after the balance sheet date, the Company raised £720k before expenses, via new share issues.

Basis of consolidation

Although the Company's direct subsidiary, IM Minerals Limited holds 99.9% of the issued share capital of Companhia Mineira de Naburi SARL, which in turn holds 99.8% of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, events in 2011 indicated that the Company does not control either of these Moçambique-domiciled companies group companies; neither has it been possible to obtain the statutory registers or audited accounts for them; accordingly, these financial statements consolidate the financial statements of IM Minerals Limited only. IM Minerals Limited is a dormant intermediate holding company registered in England & Wales.

Foreign currencies

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

Employee benefit costs

The Group makes available a defined contribution pension scheme to eligible employees. Any contributions paid to the Group's pension scheme are charged to the income statement in the period to which they relate.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

Share-based payments

Where equity settled share options or warrants are awarded, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are accounted for at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account the age of the debt, historical experience and general economic conditions. If a trade debt is determined to be uncollectable, it is written off, firstly against any provisions already held and then to the statement of comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss in accordance with the expected credit loss model under IFRS 9. For trade and other receivables which do not contain a significant financing component, the Company applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses. For other debt financial assets the Company applies the general approach to providing for expected credit losses as prescribed by IFRS 9, which permits for the recognition of an allowance for the estimated expected loss resulting from default in the subsequent 12-month period. Exposure to credit loss is monitored on a continual basis and, where material, the allowance for expected credit losses is adjusted to reflect the risk of default during the lifetime of the financial asset should a significant change in credit risk be identified.

The majority of the Company's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Company's clients and the nature of its activities. The outlook for the natural resources industry is not expected to result in a significant change in the Company's exposure to credit losses. As lifetime expected credit losses are not expected to be significant the Company has opted not to adopt the practical expedient available under IFRS 9 to utilise a provision matrix for the recognition of lifetime expected credit losses on trade receivables. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

Trade and other payables

Trade and other payables are held at amortised cost which equates to nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and liquid investments generally with maturities of 3 months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in values.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

1. ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements
The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group using International Financial Reporting Standards in conformity with the requirements of the Companies Act2006, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

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

Valuation of share-based payments to employees
The Company estimates the expected value of share-based payments to employees and this is charged through the income statement over the vesting period. The fair value is estimated using the Black Scholes valuation model which requires a number of assumptions to be made such as level of share vesting, time of exercise, expected length of service and employee turnover and share price volatility. This method of estimating the value of share-based payments is intended to ensure that the actual value transferred to employees is provided for by the time such payments are made.

2. SEGMENTAL REPORTING
The Group has one activity only. The whole of the value of the Group's and the Company's net assets in their respective financial statements at 31 December 2020 and 2019 was attributable to UK assets and liabilities.

3. OPERATING LOSS
Group and Company

	2020 £'000	2019 As Restated £'000
Loss from operations has been arrived at after charging:	(668)	(874)
Directors' Remuneration	110	121
Share based payment charge – Director options issue	37	58
Legal Fees	63	36
Nomad Fees	60	51
Fees payable to the Company's auditor for the audit of the Group and Company's financial statements	17	10

4. EMPLOYEES AND DIRECTORS
The average number of persons employed by the Company in the financial year (including directors that receive remuneration) was 3 (2019: 5).

The following tables set out and analyse the remuneration of directors for the years ended 31 December 2020 and 2019.

4. EMPLOYEES AND DIRECTORS (*continued*)

For the year ended 31 December 2020:

	Salary £'000	Fees £'000	Total emoluments £'000	Contribution to Pension schemes £'000	Share Based Payments £'000	Total remuneration £'000
Henry Bellingham	12	-	12	-	8	20
John Taylor	37	-	37	-	9	46
Dennis Edmonds	37	-	37	-	19	56
Peter Taylor	24	-	24	-	1	25
	110	**-**	**110**	**-**	**37**	**147**

For the year ended 31 December 2019 (as restated):

	Salary £'000	Fees £'000	Total emoluments £'000	Contribution to Pension schemes £'000	Share Based Payments £'000	Total remuneration £'000
Henry Bellingham	25	-	25	-	-	25
John Taylor	28	-	28	-	38	66
Dennis Edmonds	13	5	18	-	-	18
Simon Farrell	16	-	16	-	-	16
Scott Richardson Brown	12	-	12	-	20	32
Nicholas Trew (1)	22	-	22	-	-	22
	116	**5**	**121**	**-**	**58**	**179**

(1) Relates to a final termination benefit paid to Nicholas Trew.

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

During the year ended 31 December 2020, the following changes to the Board of directors were made:

Peter Taylor	Appointed on 3 July 2020
Henry Bellingham	Resigned on 2 July 2020

5. INCOME TAX

The charge for the year is made up as follows:

	2020 £'000	2019 As Restated £'000
Current tax	-	-
Tax charge for the year	-	-

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019. No deferred tax asset has been recorded on tax losses carried forward.

5. INCOME TAX (*continued*)

Factors affecting the tax expense

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

	2020 £'000	2019 As Restated £'000
Loss on ordinary activities before tax	(668)	(874)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(125)	(166)
Effects of:		
Non-deductible expenses	1	4
Income not chargeable to tax	-	-
Unrelieved tax losses carried forward	124	162
Tax expense	**-**	**-**

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £668k (2019 as restated: £874k).

7. LOSS PER SHARE

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

In accordance with IAS 33, as the Group is reporting a loss for both this and the preceding year the share options and warrants are not considered dilutive because the exercise of these would have the effect of reducing the loss per share.

As at 31 December 2020:

	Loss £'000	Weighted average number of shares	Per-share amount, pence
Basic loss attributable to the ordinary shareholders	668	349,901,524	0.19p

As at 31 December 2019:

	Loss £'000	Weighted average number of shares	Per-share amount, pence
Basic loss attributable to the ordinary shareholders	874	298,560,091	0.29p

8. INVESTMENTS

Parent company	**Shares in group undertakings £'000**
COST	
At 31 December 2019 and 31 December 2020	34,806
PROVISION FOR IMPAIRMENT	
At 31 December 2019 and 31 December 2020	34,806
NET BOOK VALUE	
At 31 December 2019 and 31 December 2020	-

Subsidiaries

<u>I M Minerals Limited</u>

Registered office:	Becket House, 36 Old Jewry, London, EC2R 8DD, United Kingdom
Nature of business:	Holding company
Class of shares:	Ordinary
Holding:	100.00%

<u>Companhia Mineira de Naburi SARL</u>

Registered office:	Mozambique
Nature of business:	Mining
Nature of business:	Non-trading
Class of shares:	Ordinary
Ordinary	99.9%

<u>Sociedade Geral de Mineracao de Moçambique SARL</u>

Registered office:	Mozambique
Nature of business:	Non-trading
Class of shares:	Ordinary
Ordinary	99.8%

IM Minerals Limited held the shares in Companhia Mineira de Naburi SARL ("CMdN") which held titanium dioxide mining concessions in the Republic of Mozambique. In November 2011, the original vendors of IM Minerals' subsidiary, CMdN, advised the Company that they had procured the cancellation of IM Minerals Ltd's shares in CMdN and the transfer of its assets (the mining licences) to another company controlled by them. Whilst the Company is taking legal and other action in order to recover the shares and the licences, the Company, in the interest of accounting prudence, made full provision in the 2011 financial statements against the cost of its investment in IM Minerals Ltd. As a consequence of the situation regarding the Company's legal claims, the Company has been unable to verify the current registered office addresses for the Mozambique-domiciled companies, CMdN and Sociedade Geral de Mineracao de Moçambique SARL. Furthermore, whilst the Company believes these companies to be non-trading, the Company has been unable to verify their trading statuses.

9. TRADE AND OTHER RECEIVABLES

	Group		Parent Company	
		2019		2019
	2020	As restated	**2020**	As restated
	£'000	£'000	**£'000**	£'000
Other debtors	**8**	46	**8**	46
VAT	**13**	4	**13**	4
Prepayments and accrued income	**12**	53	**12**	53
	33	103	**33**	103

As further disclosed in note 14, the Group and Company has restated 'other debtors' for 2019, reducing the amount stated, by £120k.

10. CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Bank accounts	**191**	158	**191**	158

11. SHARE CAPITAL

a) Called up, allotted, issued and fully paid share capital

	No. Ordinary shares of 0.1p each	**Nominal value (£s)**
Total as at 31 December 2019	318,685,370	18,503,808
3 June 2020	38,461,538	38,462
4 June 2020	3,076,923	3,077
9 September 2020	3,000,000	3,000
10 September 2020	8,000,000	8,000
14 October 2020	1,166,666	1,167
21 October 2020	4,615,384	4,615
3 November 2020	4,166,666	4,167
18 November 2020	17,861,285	17,861
Total as at 31 December 2020	399,033,832	18,584,157

As at 1 January 2020 and 31 December 2020, the Company had in issue 183,688,116 Deferred shares of 9.9p each.

11. SHARE CAPITAL (continued)

b) Share options & warrants in issue

Share options

Exercise Price	Expiry Date	Number subsisting
2.75p	3 July 2021	2,500,000
2.50p	9 April 2022	7,500,000
1.25p	11 May 2022	19,000,000
1.25p	30 August 2022	6,000,000
1.75p	20 September 2023	18,750,000

Share warrants

Exercise Price	Expiry Date	Number subsisting
1.50p	8 May 2021	11,227,110
1.75p	21 October 2021	9,259,260
3.50p	3 June 2022	10,703,018
0.60p(1)	11 May 2022	12,833,334
1.50p	11 May 2022	41,846,153
1.25p	2 November 2022	2,500,000

(1) On 19 February 2021, in accordance with the terms of the 11 May 2020 warrant instrument, the warrants subsisting thereunder were repriced from 0.60p to 0.50p each.

On 11 May 2020, the Company issued warrants, exercisable for a period of up to 24 months, to directors to subscribe for 12,833,334 ordinary shares at a price of 0.5p per share.

On 11 May 2020, the Company issued warrants, exercisable for a period of up to 24 months, to professional advisers to subscribe for 41,846,153 ordinary shares at a price of 1.5p per share.

On 11 May 2020, the Company granted options, exercisable for a period of up to 24 months, to directors to subscribe for 19,000,000 ordinary shares at a price of 1.25p per share.

On 4 November 2020, the Company issued warrants, exercisable for a period of up to 24 months, to a long- standing corporate adviser, to subscribe for 2,500,000 ordinary shares at a price of 1.25p per share.

12. TRADE AND OTHER PAYABLES

	Group		Parent Company	
	2020	2019 As restated	**2020**	2019 As restated
	£'000	£'000	**£'000**	£'000
Trade creditors	**58**	33	**58**	33
Social security and other taxes	**227**	196	**227**	196
Other creditors	**47**	47	**47**	47
Accruals and deferred income	**17**	13	**17**	13
	349	289	**349**	289

13. CONTINGENT LIABILITIES

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

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

14. RELATED PARTY DISCLOSURES

On 3 April 2020, the Company announced the conditional issue of a £175,000 convertible loan note. John Taylor (a director of the Company at that time) subscribed for £25,000 of loan notes.

On 28 May 2020, the Company announced that Richard Jennings together with his connected persons (Align Research Ltd and C.A. Jennings), together, a substantial shareholder, subscribed for 3,076,923 shares at a price of 0.65p per share. Mr Jennings was also granted 3,076,923 share warrants exercisable at 1.5p.

The Company has disclosed the settlement of the deferred salaries to HMRC and believes that the former directors concerned have now settled the PAYE directly with HMRC, however, until such time as the matter has been reconciled and finalised with HMRC, the Company has restated the 2019 financial statement to exclude an amount of £119k which was previously reported as being immediately recoverable from the directors in respect of the PAYE. The impact of this restatement is further detailed in note 18.

In the event that HMRC does not elect to claim the amounts owing directly from the Company's former directors and the Company is required to make payments to HMRC, the Company believes it will be entitled to recover these sums from the respective directors. In the interests of prudence the 2019 accounts have been restated to exclude an amount of £119k which had previously been estimated to be recoverable from said directors, and it is expected that, in that circumstance, a corresponding debtor amount would then be added.

On 3 September 2020, the Company announced that Richard Jennings and John Taylor (a director of the Company at that time) had given notice to exercise 5,000,000 warrants and 3,000,000 warrants respectively, at a price of 0.6p per share.

On 12 November 2020, the Company announced that it had elected to convert the outstanding £77k of Convertible Loan Notes, resulting in the issue of 16,237,532 and 1,623,753 Ordinary shares of 0.1p each, to Richard Jennings and John Taylor respectively. In addition, an aggregate of £5k outstanding interest was settled in cash and paid to Messrs Jennings and Taylor proportionately.

As explained in the 2019 financial statements, in order to ease the pressure on the Company's cash resources, certain of the Company's directors deferred payment of their contracted salaries or fees and, where applicable, pension contributions. During 2019, deferred salary and pension was settled by issuing 13,293,927 ordinary shares to the value of £309k and 1,200,000 ordinary shares to the value of £18k. £25k was settled in cash.

Details of directors' remuneration are given in note 4 above.

15. SHARE BASED PAYMENTS

The Company's financial statements have been restated to reflect consistent accounting treatment for the fair value of share options and share warrants as further disclosed in note 18.

The fair values of the share options and warrants at the date of grant have been measured using the Black-Scholes pricing model, which takes into account factors such as the option life, share price volatility and the risk free rate.

15. SHARE BASED PAYMENTS (*continued*)

Each share option and warrant vested and was exercisable immediately upon grant. The share-based expense relating to each share option and share warrant was recognised in full on the date of grant.

The Company's financial statements have also been restated to reflect an increase in the historic share-based payment expense for 2019 of £38k to reflect share-based awards which had not previously been reflected in the 2019 financial statements. This adjustment had no effect on the cash available to the business.

The impact of the restatements is further disclosed in note 18.

Share options

Date of grant	Share price	Exercise price	Risk Free Rate[1]	Expected life of options	Expected yield	Expected volatility[2]	Fair value per option
15 November 2016	0.78p	3.00p	0.21%	5 years	0%	55%	£0.00115
21 September 2018	1.45p	1.75p	0.70%	5 years	0%	55%	£0.00609
10 April 2019	1.35p	2.50p	0.71%	3 years	0%	55%	£0.00264
4 July 2019	2.20p	2.75p	0.71%	2 years	0%	55%	£0.00513
11 May 2020	0.93p	1.25p	0.07%	2 years	0%	55%	£0.00190
31 July 2020	0.43p	1.25p	0.06%	2 years	0%	55%	£0.00022

(1) Daily sterling overnight index average (SONIA) rate at the date of grant was adopted as the effective risk free rate.
(2) Expected volatility is based on management's estimate of the expected volatility

Share warrants

Date of grant	Share price	Exercise price	Risk Free Rate	Expected life of options	Expected yield	Expected volatility	Fair value per option
8 May 2018	0.75p	1.50p	0.45%	3 years	0%	55%	£0.00132
22 October 2018	1.28p	1.75p	0.70%	3 years	0%	55%	£0.00352
4 June 2019	2.75p	3.50p	0.71%	3 years	0%	55%	£0.00827
11 May 2020[1]	0.93p	0.60p	0.07%	2 years	0%	55%	£0.00426
11 May 2020	0.93p	1.50p	0.07%	2 years	0%	55%	£0.00144
2 November 2020	0.68p	1.25p	0.05%	2 years	0%	55%	£0.00083

(1) On 19 February 2021, in accordance with the terms of the relevant warrant instrument, the warrants subsisting thereunder were repriced from 0.60p to 0.50p each.

The directors' interests in the share options and warrants of the Company as at 31 December 2020 are as follows:

Director	Number of options	Number of warrants	Exercise price per share	Latest exercise date
D. Edmonds	10,000,000	-	1.25p	11 May 2022
J. Taylor	-	1,166,666[1]	0.60p	11 May 2022
J. Taylor	5,000,000	-	1.25p	11 May 2022
J. Taylor	7,500,000	-	2.75p	5 June 2022
P. Taylor	6,000,000	-	1.25p	30 August 2022

(1) On 19 February 2021, in accordance with the terms of the relevant warrant instrument, the warrants were repriced from 0.60p to 0.50p each.

The total share-based payment expense in the year for the Company was (£4k) in relation to options (2019 as restated: £58k) and £117k in relation to warrants (2019 as restated: £64k).

16. NON-CASH TRANSACTIONS

	2020	**2019 Restated**
	£'000	**£'000**
Creditors fees	50	20
Settlement of salary and fees to directors	-	32
	50	**52**

17. EVENTS AFTER THE REPORTING PERIOD

On 19 February 2021, the Company announced it had entered into an agreement to conditionally raise £300k before expenses by way of a placing of 60,000,000 new Ordinary Shares of 0.10p each ("Ordinary Shares") at a price of 0.50p per share (the "Placing Shares"). This transaction triggered the repricing of 12,833,334 warrants from 0.6p per share to 0.5p per share; these warrants are exercisable until 11 May 2022.

On 1 April 2021, commission of £11k of the proceeds from the issue of the Placing Shares was settled with Align Research Ltd through the issuance of 2,294,336 Ordinary Shares at a price of 0.50p per share.

On 17 March 2021, options over 6,000,000 Ordinary Shares were granted to Mr J. Summers (a director of the Company), exercisable within 2 years at a price of 0.55p per share.

On 1 April 2021, options over 6,000,000 Ordinary Shares were granted to Mr J. Summers, exercisable within two years of the date of grant at a price of 1.25p per share.

On 4 May 2021, the Company announced it had entered into an agreement to raise £420,000 before expenses by way of a placing of 70,000,000 new Ordinary Shares at a price of 0.60p per share.

On 8 May 2021, warrants over 11,227,110 Ordinary Shares of 0.10p each expired unexercised.

18. PRIOR YEAR ADJUSTMENTS

The impact of the 2019 prior year restatement in respect of the legacy PAYE balances to be agreed with HMRC, and recognition of the share-based payment charges, are further disclosed in notes 14 and 15 respectively, and are as follows:

	2019 as previously reported	**Restatement**	**2019 as restated**
	£'000	**£'000**	**£'000**
Administrative expenses	(652)	(222)	(874)
Operating loss	(652)	(222)	(874)
Loss for the year	(652)	(222)	(874)
Loss per share (basic and diluted)	(0.22p)	(0.07p)	(0.29)
Trade and other receivables	222	(119)	103
Total assets	380	(119)	261
Other reserves	45	279	324
Accumulated deficit	(31,762)	(401)	(32,163)
Total equity	94	(122)	(28)
Trade and other payables	286	3	289
Total equity and liabilities	380	(119)	261

18. PRIOR YEAR ADJUSTMENTS (*continued*)

The impact of the restatement for the years prior to 2019 is reflected as at 1 January 2019, as follows:

	1 January 2019 (as previously reported) £'000	Restatement (£'000)	1 January 2019 as restated (£'000)
Other reserves[1]	25	177	202
Accumulated deficit	(31,110)	(179)	(31,289)

[1] comprising share based payments reserve and share based warrants reserve.

19. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash and cash equivalents and other receivables/payables. The Company's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in note 1. The Company does not use financial instruments for speculative purposes.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	Group		Parent Company	
	2020	2019 As restated	**2020**	2019 As restated
Financial assets at amortised cost	**£'000**	£'000	**£'000**	£'000
Cash and cash equivalents	191	158	191	158
Prepayments and accrued income	12	53	12	53
Financial liabilities at amortised cost				
Trade payables and accruals	349	289	349	289

a) Financial risk management objectives and policies
The Company's major financial instruments include bank balances and amounts payable to suppliers. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

b) Liquidity risk
Liquidity risk arises from the Company's management of working capital.

The Company regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Directors have considered the liquidity risk as part of their going concern assessment (see note 1). Controls over expenditure are carefully managed in order to maintain its cash reserves whilst it targets a suitable transaction. Financial liabilities are all due within one year.

c) Credit risk
The Company's credit risk is wholly attributable to its cash balance. The credit risk from its cash and cash equivalents is limited because the counterparties are banks with high credit ratings and have not experienced any losses in such accounts.

d) Interest risk
The Company's exposure to interest rate risk is the interest received on the cash held, which is immaterial.

e) Capital risk management
The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company has no borrowings. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Company monitors capital on the basis of the total equity held being (£125k) as at 31 December 2020.

19. FINANCIAL INSTRUMENTS (*continued*)

f) Fair value of financial assets and liabilities

There are no material differences between the fair value of the Company's financial assets and liabilities and their carrying values in the financial information.

20. ULTIMATE CONTROLLING PARTY

The directors believe there is no ultimate controlling party.