

Company Registration Number: 02401127



BMR Group PLC

ANNUAL REPORT
30 DECEMBER 2018

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DIRECTORS AND ADVISERS

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M A Borrelli Chairman

C Bird Non-Executive Director

A R Gardner-Hillman Non-Executive Director

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CHAIRMAN'S STATEMENT

I present below the financial statements of the Company for the 18 months ended 30 December 2018.

Disposal of the Kabwe project and delisting from AIM

The Company had initially intended to raise its own funding and employ its own resources at its Kabwe project for the construction, commissioning and operation of the intended pilot plant, utilising an acid and brine solution for processing the tailings stockpiles (the "Kabwe Project"). To reduce the inherent risks, and thereby enhance the outcome, the Company subsequently determined that it should enter into the agreement with Jubilee Metals Group PLC ("Jubilee") announced on 23 October 2017, so as to access Jubilee's more extensive funding and engineering capabilities, and its expertise in developing optimal metal recovery processes for historical mine wastes.

In furtherance of the relationship with Jubilee, the Company announced on 15 January 2018 that Jubilee had subscribed for new BMR shares representing a 29.0% holding in the Company, in exchange for £500,000 in cash and the allotment to the Company of new Jubilee shares representing a holding for the Company of 4.83% of Jubilee's capital. The Company has been able to utilise its entire holding of Jubilee shares towards its operating costs.

On 7 February 2018, the Company announced the suspension of trading of its securities on AIM following receipt of a letter from the Mining Cadastre Department of Zambia terminating its mining right in respect of the Kabwe Project. This licence was re-instated on 5 April 2018, with conditions attached. The new conditions included: (i) plant construction commencing within three months of 3 April 2018; (ii) completing plant construction and commissioning by 30 September 2018; and (iii) commencing production by 30 December 2018. In addition, the Company was to submit a detailed employment and training plan; contribute to the Environmental Protection Fund in accordance with the Environmental Management Act, No. 12 of 2011; and comply with the Mines and Minerals Development Act 2015 and other relevant laws of Zambia. Then, on 1 March 2019, Jubilee secured the waiver by the Minister of the new conditions, with effect from the successful completion of the acquisition of Sable Zinc. See further detail on page 10.

Jubilee had announced on 2 July 2018 the completion of its initial detailed technical and engineering review of the Kabwe Project, and that it had determined a revised and more suitable process for the recovery of lead and zinc in the surface material, with enhanced processing flows and increased through-flow capacity. Jubilee determined as a consequence that a larger plant should be built at a significantly increased cost. The enhanced process flowsheet offers the potential for improved capital efficiency and reduced circuit complexity. It targets the recovery of zinc ahead of, and independently of, lead and vanadium. The construction of the zinc recovery circuit has been prioritised and is expected to commission well in advance of the lead and vanadium recovery circuits. Construction of the zinc recovery circuit will progress while the development and design of the lead and vanadium recovery circuits are further refined. Jubilee announced on 3 August 2018 that the process flowsheet design and project financial parameters would be concluded during Q3 2018. Jubilee announced on 6 August 2018 that it is targeting the commissioning of the zinc recovery circuit by mid-2019.

This gives the potential for greater net returns than BMR originally envisaged, even before taking into account the significant increase in the price of acid since the time of BMR's original costings, which would have had a significant adverse impact on the Company's former plans.

CHAIRMAN'S STATEMENT (Continued)

As a result of the changes in the metals recovery processes developed by Jubilee, the expected costs of construction and commissioning of the processing facility have increased. Under the terms of the agreements with Jubilee announced on 2 May 2018, a proportion of the then-uncertain costs of the enlarged processing facility in excess of the £2.3 million committed by Jubilee would have fallen to be borne by the Company.

As events in Zambia unfolded, BMR determined that it was unable to commit to its share of the uncertain level of increased costs (the amount of which remains to be determined in light of the finalisation by Jubilee of its plans for the larger plant referred to above) and decided to eliminate its capital risk for the certainty of returns, choosing to dispose of the Kabwe Project to Jubilee. Jubilee was placed in full control of the execution methodology and funding requirements to bring the project to account. In return Jubilee was granted a minimum of 87.5% shareholding in Kabwe Operations Limited, a company incorporated as a Joint Venture Company ("Kabwe Operations") assigned with all intellectual property developed for the execution of the Project as well as the right to fund and execute the Project, with BMR retaining a 12.5% shareholding with protection against dilution as the result of Jubilee's funding (the "Disposal"), thereby substantially de-risking its position for the benefit of shareholders and on terms that, as Jubilee announced on 6 August 2018, "should the total capital investment of Jubilee to fully execute [the] Project exceed US\$15 million, BMR's shareholding shall immediately dilute to a fixed 11% shareholding". See further detail on page 8.

BMR's nominated adviser resigned on 2 July 2018 and therefore the Company had one month to appoint a new nomad or the Company would be de-listed from AIM. BMR had secured the agreement to act of a replacement nomad for the Company, subject to shareholder approval of the Disposal. The Disposal was a condition precedent for the replacement nomad due to continued uncertainty regarding the conditions on which the Kabwe mining licence had been re-instated and the uncertainty as to whether BMR could fund its share of the increased costs required to maintain the plant and on-going project expenditure. The replacement nomad had visited the Kabwe project and had wholly completed its due diligence.

The related circular for the Disposal was finalised and on the point of being despatched, subject to agreements being entered into. While the replacement nomad had been in contact with AIM on the proposals with a view to being appointed by 3 August 2018, it became apparent that delisting would nonetheless occur on 8 August 2018 because the Disposal would not have been approved by shareholders before that date (being the date six-months from the date of suspension) due to the time-scale for convening the General Meeting. AIM adopted a rigid approach and, as a result, BMR's admission to AIM was cancelled on 3 August 2018.

Notwithstanding the suspension, following the Disposal the Company would have become an AIM Rule 15 shell company and the Directors believe that AIM's position was related to the continued uncertainty over the licence conditions for the Kabwe Project as well as the ongoing financial commitments associated with the project.

CHAIRMAN'S STATEMENT (Continued)

The Directors' objective was to maintain an ongoing financial interest in the Kabwe Project without further financial obligations, to increase the level of certainty that BMR would be able to deliver a successful conclusion for its shareholders. The terms of the Disposal, retaining for the Company an interest in the significantly enlarged project at either 12.5% or 11%, achieved that objective on the best terms at that time available to BMR. The Directors completed the Disposal subsequent to the delisting. Delisting resulted in there being no need for shareholder approval or for the delay in convening a General Meeting.

The Directors believe this was a successful outcome for BMR in the circumstances as they rapidly evolved, and that the Disposal was in the best interests of the Company, having considered other potential sources of funds and partners for the project, due to the following reasons:

1. As a result of the changes to the planned processing methodology, with consequently increased flow-through capacity and requiring a larger plant, the expected costs of construction and commissioning of the processing facility had increased significantly (the final level still being uncertain), and the Directors had no certainty that BMR would have been able to fund its share of these as yet unquantified costs;
2. The revised plans require further negotiation over the Company's licence and there is a risk of that process not being successfully concluded or the Company being able to meet the current licence conditions. The Directors believe this risk is substantially reduced by the Disposal; and
3. The Directors did not believe, given the respective positions of the Company and Jubilee (and remain of the same view), that the terms of the Disposal could have been materially improved to the Company's benefit by further negotiation attempts.

Disposal of the Kabwe residual rights

On 13 September 2018, BMR and Galileo Resources Plc ("Galileo") announced the execution of a binding and exclusive conditional Heads of Agreement ("Agreement"), under which Galileo is to acquire from BMR the Kabwe Residual Rights. The Kabwe Residual Rights include Kabwe Mining Licence (6990-HQ-LML) ("Kabwe ML") (but exclude BMR's small scale licence 7081-HQ-SML ("Kabwe Tailings Recovery Project") situated within Kabwe ML), and the Kashitu Zinc willemite exploration prospect (the "Kashitu Prospect"). The acquisition also includes the remaining 15% of the shares, that Galileo currently does not hold, in Enviro Zambia Limited (Enviro Zambia), a company incorporated in Mauritius, (the "Sales Shares"), which entity indirectly owns 95% of the Star Zinc Project (collectively "Proposed Transaction"). Subsequently, Galileo announced on 24 June 2019 that, pursuant to the Agreement, it had exercised its right, at its sole election and risk, to proceed to the completion of the Proposed Transaction (even if the terms of the transaction documents have not yet been agreed), by giving notice in writing to BMR to proceed.

The consideration for the acquisition comprises a cash component of £50,000 and the issue of 15,000,000 shares in Galileo to BMR at a price of 1.15p per share. Also, Galileo elected, and BMR agreed, to the issue of 9,615,385 shares in Galileo priced at 0.52p in lieu of a second payment in cash of £50,000. BMR now holds in total 24,615,385 shares in Galileo.

CHAIRMAN'S STATEMENT (Continued)

As a result of the acquisition, Galileo increased its interest in Enviro Zambia from 85% to 100%. Enviro Zambia Limited owns 95% of Enviro Processing Zambia Limited, to which Star Zinc's large-scale exploration licence 19653-HQ-LEL remains to be transferred, subject to Zambian regulatory approval, from a wholly owned subsidiary of BMR, Enviro Processing Limited (Enviro Processing), a company incorporated in Zambia.

BMR owns the entire issued share capital of Enviro Mining Limited (Enviro Mining), a company incorporated in Mauritius, which owns the entire issued share capital of Enviro Processing. Enviro Processing owns the Kabwe Mining Licence (Large Scale Licence 6990-HQ-LML) (Kabwe ML), and situated inside the Kabwe ML is the Small Scale Licence 7081-HQ-SML, which is the licence that permits Enviro Processing to recover metals from the tailings dumps and other surface assets at Kabwe (Tailings Recovery Project).

Under the agreements BMR entered into with Jubilee, amongst other things, Jubilee is entitled to call for the transfer of the entire issued share capital of Enviro Mining (Jubilee Option). Because of the Jubilee Option, Jubilee's consent is required to the sale of the Kabwe Residual Rights and the Star Zinc Licence to a third party which BMR understands has been given.

BMR is undertaking to Galileo that, without the prior written consent of Galileo (acting in its absolute discretion), BMR will not during the restricted period (being 12 months from completion in respect of 75% of the shares it holds in Galileo and 6 months in respect of the remainder), dispose of the legal or beneficial ownership of, or any other interest in, the shares.

Galileo has agreed to indemnify BMR from and against all costs and liabilities (including as to tax and reasonable and proportionate professional costs and expenses incurred by BMR in the UK (up to an agreed maximum), Mauritius and Zambia) in relation to: the transfer of the Sale Shares; the transfer of the Kabwe Residual Rights out of Enviro Processing; and any undertakings provided to Jubilee as a condition of the Jubilee Consent.

Termination of the Ester project in Portugal

The Directors recently undertook a review of the assets within BMR, given its limited cash resources. The Directors determined that the results from the Ester project no longer justified continuing investment in the project as significant further capital investment would be required for drilling programmes with uncertainty over the potential for a successful mining operation.

Consequently, BMR terminated its interests in the Ester project, transferring its 80% interest to its joint venture partner, thereby bringing to an end its funding obligations in relation to this project.

Current developments and proposals**(i) The Kabwe Project**

On 6 August 2018, Jubilee announced that its initial detailed technical and engineering review of the Kabwe Project highlighted certain shortcomings in the process methodology as originally presented by BMR and that its process development teams had been able to determine a more suitable process solution for the recovery of lead and zinc in the surface material than the originally contemplated acid and brine solution. The enhanced process flowsheet offers the potential to achieve both improved capital efficiency as well as reduced circuit complexity.

CHAIRMAN'S STATEMENT (Continued)

The enhanced process flowsheet targets the recovery of the zinc ahead and independently of the lead recovery circuit. The construction of the zinc recovery circuit has been prioritised and is expected to commission well in advance of the lead recovery circuit. This approach allows construction of the zinc recovery circuit to progress while the development and design of the lead and vanadium recovery circuits are further refined.

The current shareholders' and operating agreements for the Kabwe Project have been updated ("Updated Agreements") to better align with Jubilee's role to deliver a successful project. As stated above, the Updated Agreements will place Jubilee in full control of the execution methodology and funding requirements to bring the project to account. In return Jubilee will hold a minimum of 87.5% shareholding in Kabwe Operations Limited ("Kabwe Operations") assigned with all intellectual property developed for the execution of the Project as well as the right to fund and execute the Project.

In addition, Jubilee holds an option, at its sole election, to acquire 100% of the issued shares of Enviro Mining Limited ("EML"), a subsidiary of BMR. EML owns the Project through BMR's Zambia based Enviro Processing Limited ("EPL"). BMR will hold either the remaining 12.5% shareholding in Kabwe Operations or should Jubilee acquire EML outright a share of earnings (see below) generated by the Project ("Royalty"). Such Royalty payments will only be due and payable by the Project once Jubilee has secured a minimum of a 20% return on the investment made into the Project (30% on the first £2.3m) and only once EPL or Kabwe Operations have received all generated earnings in cash.

In terms of the Updated Agreements, Jubilee has been appointed as the sole operator of the Project giving it full control of the Project execution methodology. BMR has further agreed to grant to Jubilee an effective 87.5% fully paid-up shareholding in Kabwe Operations, with all the rights, entitlements and/or interests associated with such a shareholding, including majority voting rights.

In return Jubilee has agreed that, with effect from the effective date of the Updated Agreements, Jubilee will fund the Project by way of debt finance to the extent that Jubilee deems it necessary without dilution of BMR's 12.5% shareholding. Should the total capital investment of Jubilee to fully execute Project exceed US\$15 million BMR's shareholding will immediately dilute to a fixed 11%.

Jubilee is further granted, for a period of 24 months from the effective date of the Updated Agreements, an irrevocable option to acquire 100% of the issued Shares in EML (the "Acquisition"). Following the Acquisition Jubilee's equity interest in Kabwe Operations and EML will increase to 100%.

The implementation of the Acquisition following such option being exercised by Jubilee will be subject to the following key conditions:

- receipt of all regulatory consents required in Zambia for the change of control of the Project;
- payment by Jubilee of all relevant taxes in Zambia in relation to the Acquisition.

In the event that the Acquisition is implemented, BMR will become entitled to the Royalty, at the rate of 12.5% of the net earnings of the Kabwe Project, to be reduced to 11% in the event that Jubilee's capital investment into the Project exceeds US\$ 15 million.

CHAIRMAN'S STATEMENT (Continued)

Apart from an agreed initial 5% Royalty on distributable earnings, BMR will only be entitled to a Royalty payment once:

- (a) the Project is fully operational and has generated distributable earnings;
- (b) Jubilee (or its nominee) has been repaid in full its capital investment and its agreed capital rate of return of 30% on the first GBP 2.3 million invested and 20% on any further capital invested.

Jubilee announced on 21 March 2019 that it had secured a combination of debt and equity funding to complete and deliver the Kabwe Project and had reached agreement for the acquisition of the Sable Zinc Refinery in Kabwe, situated immediately adjacent to the large stock piles of zinc, lead and vanadium that Jubilee has contracted from BMR.

Consideration for Sable Zinc is £9.16 million, and its acquisition reduces the time to build the refinery by some 18 months delivering the first metal within a year from the acquisition. Overall project capital to produce the first metal is significantly reduced to some £18.32 million.

The Project targets an initial processing rate of 20 tonnes per hour producing a zinc concentrate and vanadium pentoxide before ramping up over a two-year period to a targeted 40 tonnes per hour producing zinc metal, vanadium pentoxide and a lead concentrate. By the end of that period, the Project targets to produce annually over 8,000 tonnes of zinc, 1,500 tonnes of vanadium and 15,000 tonnes of lead.

Jubilee has already secured Zambian ministerial approval for the transaction. On 1 March, 2019 Jubilee also secured the waiver by the Minister of the conditions (referred to on p.4 above) which had been placed on the Kabwe mining licence at the time of reinstatement.

The Acquisition is conditional upon the fulfilment of the following conditions precedent as contained in the agreement:

- Approval and/or clearance of the transaction under the Zambian Competition Act; and
- Conclusion of an acid supply agreement for the sale of acid produced at the plant by Sable Zinc Kabwe to Glencore until such time as such acid is required for the operations of Sable Zinc Kabwe in the production of saleable products.

Jubilee announced on 5 June 2019 that "As previously announced on 21 March 2019, Jubilee has entered into an agreement with two subsidiaries of Glencore plc (the "Agreement") to acquire Sable Zinc Kabwe Limited (the "Sable Refinery") in Zambia (the "Acquisition")."

"Completion of the Acquisition was conditional upon the fulfilment of certain conditions precedent ("CP") as contained in the Agreement, of which the approval from the ZCCPC remains the only outstanding CP. The official recommendation in support of the Acquisition, issued by the technical committee of the ZCCPC, is a very positive step in securing an accelerated approval from the executive board of the ZCCPC."

"During this interim phase Jubilee continues to progress the project with the finalisation of the detail process design and securing further long lead items for the implementation of the feed material's pre concentration prior to the refining of the metals at the Sable Zinc refinery. Jubilee also continues to engage with various potential suppliers of run of mine zinc rich material within the Kabwe region. The supply of such high-grade zinc material offers the potential to increase the targeted zinc units per feed ton to optimally utilise the refining capacity."

CHAIRMAN'S STATEMENT (Continued)

(ii) The royalty arrangement on the Kabwe project

The Royalty arrangement will only come into effect on implementation of the Acquisition. The Directors believe that for BMR little value will be attributed to the Royalty until it becomes close to generating cash flow, but that the future cash flows from the Royalty will then become increasingly valuable for BMR.

The Directors had considered the possibility of holding the Royalty in a separate company to protect shareholders' interests. However, further to discussions with advisers for the next stage of BMR's development, in order to generate value within BMR for raising funds and pursuing a re-listing with a target acquisition, the Directors have decided that BMR would secure greater value by including the Royalty within the Group.

(iii) Proposed acquisition, appointment of CEO and re-listing

The Directors have consulted with a number of shareholders representing a significant minority percentage and understand that there is a strong preference for BMR to pursue a strategy of strategic acquisitions with a view to a re-listing of the share capital on an appropriate stock market.

The Directors intend to appoint a Chief Executive Officer in the near future in order to lead the next stage of the Company's development and we expect to announce such appointment shortly.

The Directors have entered into discussions with the owners of various targets with a view to concluding the acquisition of a business within the mining sector, but not in Zambia, in association with a fund raise which is expected to form the basis of an application for the proposed re-listing of the share capital on a stock market by the end of 2019.

We propose that options will be issued to the management team representing 10% of the issued share capital as enlarged by the Proposals.

Change of financial reporting date

The Directors decided to extend the financial period end from 30 June 2018 to 30 December 2018, to achieve flexibility needed in order to preserve the cash resources while a number of strategic options were being pursued.

Working capital, fund raisings and other matters

BMR remains under very tight financial control with minimal overhead.

We continue the litigation pursuit against former associates and advisers to the Company. We had a recent settlement with one former associate and are continuing pursuit against former advisers for which we believe there is a good prospect of achieving a successful outcome.

We remain in discussions with HMRC on our appeal against the de-registration of the Company for VAT purposes. While we believe we have adequate grounds in any appeal, the failure to reach a successful outcome would materially adversely impact the Company's cash resources.

CHAIRMAN'S STATEMENT (Continued)

Results for the period

The Company reported a loss after taxation for the period of £4.38 million (2017: £1.6 million) after an impairment charge of £2.7 million and administrative expenses of £2.36 million (2017: £1.5 million), which includes loss on sale and fair value of investments of £0.882 million (2017: £nil). Exchange translation differences on foreign operations were £168,000 (2017: £158,000).

Consolidated net assets at 30 December 2018 amounted to £9.54 million (2017: £10.23 million) including cash and cash equivalents of £105,000 (2017: £155,000).

AGM and Resolutions

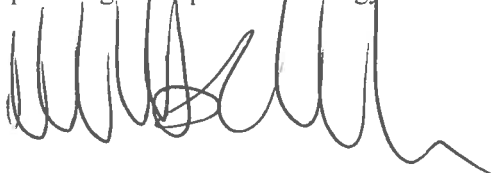
The resolutions for the forthcoming Annual General Meeting will be contained in a separate Notice which will be made available to shareholders and on the website www.bmrplc.com. The Directors will recommend shareholders to vote in favour of all the resolutions and a form of proxy is being despatched to all shareholders for this purpose.

Outlook

We remain firmly of the view that the terms for securing the royalty arrangement over 11% of the net earnings from the Kabwe project and association with Jubilee represents a successful outcome for shareholders while having significantly reduced BMR's risk and capital expenditure on the project.

We continue to expect that Jubilee will exercise its option to acquire 100% of the issued share capital of Enviro Mining, which will trigger the royalty arrangement for BMR.

We look forward to progressing the next stage of the Company's development with a new CEO and pursuing an acquisition strategy to achieve a re-listing.



Alex Borrelli

Chairman

26 July 2019

STRATEGIC REPORT

The Directors present their strategic report for the 18 months period ended 30 December 2018.

PRINCIPAL ACTIVITIES

The Group's principal activity is that of mining exploration and development and currently has a royalty arrangement over future net earnings from its former tailings project located in Zambia.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Group's performance during the period and expected future developments are described in the Chairman's Statement on page 4.

GOING CONCERN

As disclosed in Note 3, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources with a combination of its cash balances and expected income arising from its anticipated royalty arrangement with Jubilee Metals Group PLC over future net earnings from the Kabwe plant, to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

The operational requirements of the Company comprise maintaining a Head Office in the UK with a Board of one executive Director and two non-executive Directors, and one consultant for, amongst other things, determining and implementing strategy and managing operations.

KEY PERFORMANCE INDICATORS

Key performance indicators for the Group as a measure of financial control are as follows:

	<i>18 months ended 30 December 2018</i>	Year ended 30 June 2017
	£	£
Total assets	12,559,073	13,457,258
Net assets	9,543,757	10,234,084
Cash and cash equivalents	104,517	154,969
Trade and other payables	(968,582)	(947,860)
Loss after tax for the year	(4,379,790)	(1,602,191)
Loss per share	(1.45)p	(0.88)p

The Directors consider the non-key performance indicators being those key assumptions used in the impairment assessment, as disclosed in note 12.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to various risks similar to all exploration companies operating in overseas locations relating to political, economic, legal, industry and financial conditions, not all of which are within its control. The Group identifies and monitors the key risks and uncertainties affecting the Group and runs its business in a way that minimises the impact of such risks where possible.

STRATEGIC REPORT (Continued)

The following risks factors, which are not exhaustive, are particularly relevant to the Group's business activities:

Licensing and title risk

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations by the permitting authorities. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement could have a material adverse impact on the Group's result of operations and financial condition. The Group's exploration activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitation. The small-scale mining licence has an expiry date by October 2020.

There is a risk that negotiations with the relevant government in relation to the renewal or extension of a licence may not result in the renewal or grant taking effect prior to the expiry of the previous licence and there can be no assurance as to the terms of any extension, renewal or grant. This is a risk that all resource companies are subject to, particularly when their assets are in emerging markets.

The Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to.

Dependency on key personnel

BMR's management comprises a small team of experienced and qualified executives. The Directors believe that the loss of any key individuals in the team or the inability to attract appropriate personnel could impact BMR's performance.

Although BMR has entered into contractual arrangements to secure the services of its key personnel, the retention of these services and the future costs associated therewith cannot be guaranteed.

Royalty arrangement and the Kabwe plant

The royalty arrangement is dependent upon the exercise by Jubilee Metals Group PLC of the option to acquire Enviro Mining Limited following which BMR will have a royalty over 11% of net earnings generated by the Kabwe plant. The generation of revenues at the Kabwe plant is subject to the timely construction, and successful operation, of the plant by Jubilee.

Legal risk

The legal systems in the countries in which BMR's operations are located are different to that of the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

STRATEGIC REPORT (Continued)

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Liquidity and financing risk

Although the Directors consider that BMR has sufficient funding in place, there can be no guarantee that further funding will be available and on terms that are acceptable to BMR should additional costs or delays arise or Jubilee decide not to proceed. Nor can there be any guarantee that the additional funding will be available to allow BMR to obtain and develop additional projects in the necessary timeframe.

The Directors intend to review BMR's funding requirements on a regular basis, and take such action as may be necessary to either curtail expenditures and / or raise additional funds from available sources including asset sales and the issuance of debt or equity.

Governmental approvals, licences and permits

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. BMR must comply with known standards and existing laws and regulations, any of which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations by the permitting authorities. Delays in granting such approvals, licences and permits, new laws and regulations, amendments to existing laws and regulations, or more stringent enforcement could have a material adverse impact on BMR's result of operations and financial condition. BMR's activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitation.

There is a risk that negotiations with the relevant government in relation to the renewal or extension of a licence may not result in the renewal or grant taking effect prior to the expiry of the previous licence and there can be no assurance as to the terms of any extension, renewal or grant.

Operational risk

BMR may be affected by risks arising from mechanical accidents, occupational health hazards, processing problems and technical or power failures, which occur relatively frequently in Kabwe. Although BMR has secured a generator to reduce the impact of power failures, the impact of any of these events could lead to disruptions in business operations, loss of reputation and financial losses. BMR seeks to manage these risks by ensuring compliance with relevant standards such as health and safety standards, recruitment of appropriately qualified and experienced personnel, and appropriate training of staff and contractors.

STRATEGIC REPORT (Continued)

Environmental risk

BMR's operations are subject to environmental regulations. Such regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. BMR may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist at any of its properties or which may be produced as a result of its operations.

Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies, their directors and employees. No assurance can be given that future rules and regulations will not be enacted that could limit or curtail BMR's activities. BMR regularly reviews developments in the relevant legislation and monitors compliance not just with the required local standards, but also with standards expected of an international resources company.

Commodity price risk

The market prices for Zn, ZSH and Pb are volatile and affected by numerous factors which are beyond the control of BMR. These include international supply and demand, international economic trends, currency exchange rates, and global or regional political events. Sustained downward movements in the price for these metals could render less economic or uneconomic some or all of the processing activities at the Kabwe plant.

Liability and insurance

The nature of BMR's business means that BMR may be exposed to potentially substantial liability for damages. There can be no assurance that necessary insurance cover will be available to BMR at an acceptable cost, if at all, nor that, in the event of any claim, the level of insurance carried by BMR now or in the future will be adequate.

BMR's operations are also subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial and the risk of accidental contamination or injury from hazardous materials with which it works cannot be eliminated. If an accident or contamination were to occur, BMR would likely incur significant costs associated with civil damages and penalties or criminal fines and in complying with environmental laws and regulations. BMR's insurance may not be adequate to cover the damages, penalties and fines that could result from an accident or contamination and BMR may not be able to obtain adequate insurance at an acceptable cost or at all.

Currency risk

The Company expects to present its financial information in Sterling although part or all of its business may be conducted in other currencies. As a result, it will be subject to foreign currency exchange risk due to exchange rate movements which will affect BMR's transaction costs and the translation of its results.

STRATEGIC REPORT (Continued)

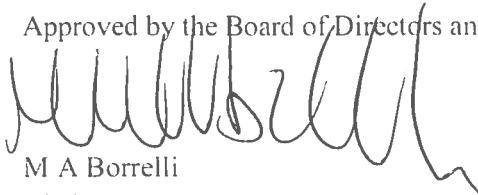
Economic, political, judicial, administrative, taxation or other regulatory factors

BMR may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which BMR will operate.

Taxation

Any change in BMR's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments or assets held by the Company, affect BMR's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of BMR and its investors are based upon current tax law and practice which may be subject to change.

Approved by the Board of Directors and signed on behalf of the Board.



M A Borrelli
Chairman
BMR Group PLC
35 Piccadilly
London W1J 0DW

26 July 2019

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements, for the 18 month period ended 30 December 2018.

RESULTS AND DIVIDENDS

The results for the period are set out in the Consolidated Statement of Comprehensive Income on page 27. The Directors do not recommend the payment of a dividend on the ordinary shares (2017: nil).

DIRECTORS AND THEIR INTERESTS

The names of the Directors who served throughout the period, except where shown otherwise, are as follows:

M A Borrelli – Chairman
 J N Hawke (resigned 16 April 2018)
 A R Gardner-Hillman
 C Bird (appointed 12 April 2018)

The interests (as defined in the Companies Act) of the Directors holding office during the period to date in the share capital are shown below:

	Ordinary shares of 1p 30 December 2018	Ordinary shares of 1p 30 June 2017
M A Borrelli	2,483,332	1,733,332
J N Hawke	750,000	-
A R Gardner-Hillman	-	-
C Bird	506,250	-

Other than as set out above, none of the Directors at 30 December 2018 held any interest in shares of the Company during the year. All of the interests reported are beneficial.

Colin Bird is non-executive chairman of Jubilee Metals Group PLC which has an interest of 29.0% in the Company.

In November 2017, BMR raised £800,000 before expenses by way of a placing of 40,000,000 new ordinary shares of 1p each at 2p per share. In January 2018, BMR issued 97,371,298 new ordinary shares of 1p each to Jubilee Metals Group PLC of which 25,000,000 shares were issued for 2p each, raising aggregate proceeds of £0.5 million, and 72,371,298 shares were issued in exchange for 63,166,969 new ordinary shares of 1 penny each in the capital of Jubilee Metals Group PLC.

Details of the Directors' share options are provided in Note 22.

DIRECTORS' REPORT (Continued)

EXECUTIVE DIRECTORS***Alex Borrelli (Chairman)***

Alex Borrelli qualified as a chartered accountant with Deloitte, Haskins & Sells, London in 1982. He has subsequently been active within the investment banking sector and has acted on a wide variety of corporate transactions in a senior role for over 20 years, including flotations, takeovers, mergers and acquisitions for private and quoted companies. Alex is currently non-executive chairman of Xpediator Plc, on AIM, and of Greatland Gold PLC, on AIM.

NON-EXECUTIVE DIRECTORS***Colin Bird***

Mr Bird is a chartered engineer, is a Fellow of the Institute of Materials, Minerals and Mining and holds both a UK and South African Mine Managers Certificate. The formative part of his career was spent in the UK coal mining industry and thereafter he moved to the Zambian copper belt and then to South Africa to work in a management position with Anglo Coal and BP Coal. On his return to the UK he was Technical and Operations Director of Costain Mining Limited, which involved responsibility for mining operations in the UK, Europe and Latin America. He has been involved in the management of nickel, copper, gold and many diverse mineral operations. He has founded and floated several public companies in the resource sector and served on resource company Boards in the UK, Canada and South Africa. He is non-executive chairman of Jubilee Metals Group PLC which has an interest of 29.0% in the Company.

Antony Gardner-Hillman

Antony Gardner-Hillman is a solicitor of the Senior Courts of England and Wales and has a first-class honours degree in Jurisprudence from Oxford University. He co-founded the Jersey Trust Company group in 1987 and was a director and shareholder for 21 years until he resigned as non-executive group chairman and disposed of his remaining shareholding in the group holding company in 2008. He was a partner of Crills, a Jersey law firm, from 1987 to 2002, and a Jersey resident non-executive partner of the international law firm Holman, Fenwick & Willan (Jersey partnership) from 1987 to 2003. Since 2008 he has worked full-time on a varied portfolio of directorship appointments (including with AIM listed companies).

ISSUES OF SHARES, OPTIONS AND WARRANTS

During the period, 137,371,298 ordinary shares of 1p each were issued as detailed in note 21.

During the period, 14,996,131 share options lapsed or were cancelled

DIRECTORS' INDEMNITIES

The Company has obtained third party indemnity provisions for the benefit of its Directors and Officers.

FINANCIAL INSTRUMENT

An explanation of the Company's financial risk management objectives, policies and strategies is set out in note 23.

DIRECTORS' REPORT (Continued)

EVENTS AFTER THE REPORTING DATE

Events after the reporting date have been disclosed in Note 28 to the Financial Statements.

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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 Company's auditor is aware of that information.

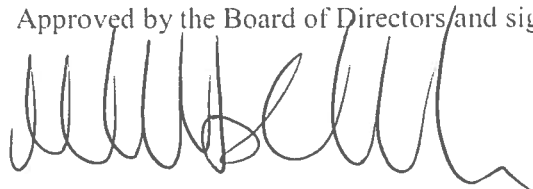
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITORS

On 25 June 2018, Crowe Clark Whitehill LLP was renamed to Crowe U.K. LLP. Crowe U.K. LLP have expressed their willingness to continue in office as auditors.

A resolution proposing the re-appointment of the auditors Crowe U.K. LLP will be put to shareholders at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



M A Borrelli
Executive Chairman
35 Piccadilly
London W1J 0DW

26 July 2019

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance. The Group has voluntarily to apply best practice in corporate governance in so far as it is appropriate given the Group's size and stage of development. In doing so, the Directors have adopted certain principles set out in the Corporate Governance Code for small and mid-sized companies and they have considered the Quoted Companies Alliance ("QCA") guidelines as a model of best practice.

The Board has put in place the corporate governance procedures it believes are appropriate for the Company. The Board retains full and effective control over the Company. The Company holds regular Board meetings at which financial, operational and other reports are considered and, where appropriate, voted on. Apart from the regular meetings, additional meetings are arranged when necessary to review strategy, planning, operational, financial performance, risk and capital expenditure and human resources and environmental management. The Board is also responsible for monitoring the activities of the executive management. To enable the Board to perform its duties, all Directors have full access to all relevant information and to the service of the Company Secretary. If necessary the Non-Executive Directors may take independent professional advice at the Company's expense.

A statement of the Directors' responsibilities in respect of the financial statements is set out on page 23. Below is a brief description of the role of the Board and its committees, including a statement regarding the Company's system of internal financial control.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

THE BOARD OF DIRECTORS

The Board currently comprises three directors, one executive, Alex Borrelli (Chairman) and two non-executive.

The non-executive Directors are Colin Bird and Antony Gardner-Hillman. Colin Bird is independent of management and is non-executive chairman of Jubilee Metals Group PLC which has an interest of 29.0% in the Company. Antony Gardner-Hillman is independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgement.

The Board is responsible inter alia for setting and monitoring Company strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to shareholders.

The Board meets regularly (in person or by conference call) on at least a monthly basis.

COMMITTEES

Given the relatively small size of the Company's operations at present, the Directors consider that the current three-member Board comprises the minimum acceptable number of directors and is appropriate in the current circumstances. Consequently, for the time being each of the Board Committees comprises all three Directors.

CORPORATE GOVERNANCE (Continued)

THE AUDIT COMMITTEE

The Audit Committee comprises Alex Borrelli, Chairman of the Committee, Antony Gardner-Hillman, and Colin Bird.

The Committee is to provide a forum for reporting by the Company's external auditors.

During the period, the Audit Committee had two formal meetings.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the Board and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee also advises the Board on the appointment of external auditors and on their remuneration both for audit and non-audit work.

THE REMUNERATION COMMITTEE

The Remuneration Committee comprises Antony Gardner-Hillman, Chairman of the Committee, Alex Borrelli and Colin Bird.

The Committee is responsible for recommending to the Board the terms and conditions of employment of the executive Director.

During the period, the Remuneration Committee had two formal meetings.

THE NOMINATION COMMITTEE

There is no separate Nomination Committee given the size of the Board and, during the year, no such committee met.

All Director appointments are approved by the Board as a whole.

INTERNAL FINANCIAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal financial control. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by their nature can provide reasonable assurance but not absolute assurance against material misstatement or loss. The Directors are conscious of the need to keep effective internal financial control.

Due to the relatively small size of the Group's operations, the executive Directors are now closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Board has reviewed the effectiveness of the procedures presently in place and considers that they remain appropriate to the nature and scale of the operations of the Group.

CORPORATE GOVERNANCE (Continued)**REPORT OF THE REMUNERATION COMMITTEE**

The Remuneration Committee is currently chaired by Antony Gardner-Hillman and includes Alex Borrelli and Colin Bird. Remuneration packages are determined with reference to market remuneration levels, individual performance and the financial position of the Company.

The remuneration of the individual Directors during the eighteen months ended 30 December 2018 was as follows:

<i>Directors</i>	Fees	Share based payment	Total	Fees	Share based payment	Total
	18 months to December 2018 £	18 months to December 2018 £	18 months to December 2018 £	Year to June 2017 £	Year to June 2017 £	Year to June 2017 £
M A Borrelli	118,800	-	118,800	72,000	-	72,000
J N Hawke	37,336	-	37,336	56,012	-	56,012
A Gardner-Hillman	42,083	-	42,083	25,000	-	25,000
C Bird	21,250	-	21,250	-	-	-
Total	219,469	-	219,469	153,012	-	153,012

On behalf of the Remuneration Committee



A R Gardner-Hillman

Committee Chairman

26 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and have elected under the company law to prepare the Company statements in accordance with IFRSs as adopted by the EU.

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the Strategic Report and Directors' report which comply with the requirements of the Companies Act 2006; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and 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 BMR Group PLC website www.bmrplc.com.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMR GROUP PLC

Opinion

We have audited the financial statements of BMR Group plc (the "Parent Company") and its subsidiaries (the "Group") for the 18 months ended 30 December 2018, which comprise:

- the Group statement of comprehensive income for the 18 months ended 30 December 2018;
- the Group and parent company statements of financial position as at 30 December 2018;
- the Group and parent company statements of cash flows for the period then ended;
- the Group and parent company statements of changes in equity for the period then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 December 2018 and of the Group's loss for the period then ended;
- the Group and the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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, 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.

Emphasis of matter

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in notes 4 and 12 to the financial statements concerning carrying value of the development assets.

As described in note 12, the carrying value of the development assets comprise of the Kabwe tailings project with a carrying value of approximately £9.7million (2017: £10.8million). The recoverable value of the Kabwe tailings project is based on the net present value of estimated future income streams, derived from a royalty interest in projected net profit from the project after the application of an appropriate discount rate. If the profitability of the Kabwe tailings project is less than anticipated, appropriate adjustments would be necessary further impair the carrying value of the development assets.

The matters explained in notes 4 and 12 indicate the existence of a material uncertainty in relation to the carrying value of the Kabwe tailing project. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMR GROUP PLC

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report and strategic 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 group and the parent company and their 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMR GROUP PLC

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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.

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.



Leo Malkin
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH

26 July 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

18 months ended 30 December 2018

	Notes	18 months to 30 December 2018 £	Year to 30 June 2017 £
Administrative expenses	6	(2,359,234)	(1,515,868)
Impairment charge	12	(2,700,000)	-
Reversal of share based payment charge	22	38,730	-
Total administrative expenses		(5,020,504)	(1,515,868)
Finance expense	6	(9,298)	(86,753)
Finance income	6	12	430
Loss before tax		(5,029,790)	(1,602,191)
Taxation	9	650,000	-
Loss for the period/year		(4,379,790)	(1,602,191)
Other comprehensive loss			
Items that may be reclassified subsequently to profit and loss:			
Exchange translation differences on foreign operations		168,211	158,061
Total comprehensive loss for the period/year attributable to equity holders of the parent company		(4,211,579)	(1,444,130)
Loss per ordinary share			
Basic and diluted (pence)	10	(1.45)p	(0.88)p

The note on page 34 to 60 form part of these of financial statements

All amounts are derived from continuing operations.

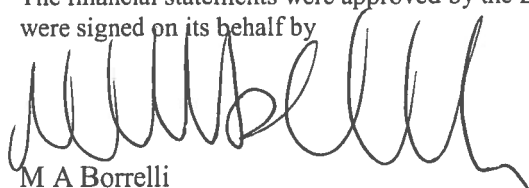
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 December 2018

Company No. 02401127

	Notes	30 December 2018 £	30 June 2017 £
Assets			
Non-current assets			
Intangible assets	11	1,277,187	1,390,267
Development assets	12	9,843,480	11,003,391
Property, plant and equipment	13	515,389	491,553
		11,636,056	12,885,211
Current assets			
Current asset investments	15	379,199	-
Trade and other receivables	16	439,301	417,078
Cash and cash equivalents	17	104,517	154,969
		923,017	572,047
Total assets		12,559,073	13,457,258
Liabilities			
Current liabilities			
Trade and other payables	20	968,582	947,860
Total current liabilities		968,582	947,860
Non current liabilities			
Provisions	18	383,559	-
Deferred tax	19	1,663,175	2,275,314
Total non current liabilities		2,046,734	2,275,314
Total liabilities		3,015,316	3,223,174
Net assets		9,543,757	10,234,084
Equity			
Share capital	21	22,929,743	21,556,030
Share premium	21	25,027,278	22,841,009
Share based payment reserve	22	45,770	84,500
Merger reserve		1,824,000	1,824,000
Translation reserve		1,825,459	1,657,248
Accumulated losses		(42,108,493)	(37,728,703)
Total equity		9,543,757	10,234,084

The financial statements were approved by the Board of Directors and authorised for issue on 26 July 2019 and were signed on its behalf by



M A Borrelli
Executive Chairman

CONSOLIDATED STATEMENT OF CASH FLOW

18 months ended 30 December 2018

	18 months to 30 December 2018 £	Year to 30 June 2017 £
Cash flows from operating activities		
Loss before tax	(5,029,790)	(1,602,191)
Adjustments to reconcile net losses to cash utilised :		
Amortisation of exploration and evaluation assets	146,107	102,443
Depreciation of property, plant and equipment	49,010	28,775
Impairment of development assets	2,700,000	-
Loss on disposal of investment shares	664,053	-
Loss in Fair value of investment at balance sheet date	218,044	-
Finance income	(12)	(430)
Reversal of share based charge	(38,730)	-
	<u>(1,291,318)</u>	<u>(1,471,403)</u>
Operating cash outflows before movements in working capital		
Changes in:		
Trade and other receivables	(22,223)	(364,509)
Trade and other payables	28,129	410,495
	<u>(1,285,412)</u>	<u>(1,425,417)</u>
Net cash outflow from operating activities		
Investing activities		
Interest received	12	430
Proceeds of sale of Investment shares	1,054,586	-
Purchases of property, plant and equipment	(71,535)	(428,886)
Purchases of development and E&E assets	(988,821)	(328,049)
	<u>(5,758)</u>	<u>(756,505)</u>
Net cash outflow from investing activities:		
Cash flows from financing activities		
Proceeds from issue of shares and warrants	1,300,000	1,384,455
Share issues costs	(55,900)	(58,320)
	<u>1,244,100</u>	<u>1,326,135</u>
Net cash inflow from financing activities		
Net (decrease)/increase in cash and cash equivalents	<u>(47,070)</u>	<u>(855,787)</u>
Effect of foreign exchange rate changes	(3,382)	(3,598)
Cash and cash equivalents at beginning of period/year	<u>154,969</u>	<u>1,014,354</u>
Cash and cash equivalents at end of period/year	<u>104,517</u>	<u>154,969</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**18 months ended 30 December 2018**

	Share capital	Share premium	Share based payment reserve	Merger reserve	Translation reserve	Accumulated losses	Total equity
	£	£	£	£	£	£	£
As at 1 July 2016	21,310,951	21,759,953	84,500	1,824,000	1,499,187	(36,126,512)	10,352,079
Total comprehensive loss for the year	-	-	-	-	158,061	(1,602,191)	(1,444,130)
Issue of shares	245,079	1,139,376	-	-	-	-	1,384,455
Share issue costs	-	(58,320)	-	-	-	-	(58,320)
As at 30 June 2017	21,556,030	22,841,009	84,500	1,824,000	1,657,248	(37,728,703)	10,234,084
Total comprehensive loss for the period	-	-	-	-	168,211	(4,379,790)	(4,211,579)
Issue of shares	1,373,713	2,242,169	-	-	-	-	3,615,882
Share issue costs	-	(55,900)	-	-	-	-	(55,900)
Reversal of share based payment charge	-	-	(38,730)	-	-	-	(38,730)
As at 30 December 2018	22,929,743	25,027,278	45,770	1,824,000	1,825,459	(42,108,493)	9,543,757

Reserves Description and purpose

Share capital - amount subscribed for share capital at nominal value

Share premium - amounts subscribed for share capital in excess of nominal value

Share based payment reserve - amount arising on the issue of warrants and share options during the year

Merger reserve - amount arising from the issue of shares for non-cash consideration

Translation reserve - amounts arising on re-translating the net assets of overseas operations into the presentational currency

Accumulated losses - cumulative net gains and losses recognised in the consolidated income statement

COMPANY STATEMENT OF FINANCIAL POSITION

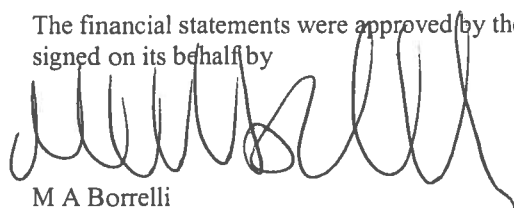
As at 30 December 2018

Company No. 02401127

	Notes	30 December 2018 £	30 June 2017 £
Assets			
Non-current assets			
Property, plant and equipment	13	25,019	12,477
Development assets	12	-	194,220
Investment in subsidiaries	14	9,294,934	10,202,494
		9,319,953	10,409,191
Current assets			
Current asset investment	15	379,199	-
Trade and other receivables	16	395,841	381,381
Cash and cash equivalents	17	52,310	11,205
		827,350	392,586
Total assets		10,147,303	10,801,777
Liabilities			
Current liabilities			
Trade and other payables	20	706,844	930,207
Total liabilities		706,844	930,207
Net assets		9,440,459	9,871,570
Equity			
Share capital	21	22,929,743	21,556,030
Share premium	21	25,027,278	22,841,009
Share based payment reserve	22	45,770	84,500
Merger reserve		1,824,000	1,824,000
Accumulated losses		(40,386,332)	(36,433,969)
Total equity		9,440,459	9,871,570

The loss for the reporting period dealt with in the financial statements of the parent Company was £3,952,363 (2017: £1,961,657).

The financial statements were approved by the Board of Directors and authorised for issue on 26 July 2019 and were signed on its behalf by



M A Borrelli
Executive Chairman

COMPANY STATEMENT OF CASH FLOW

for the 18 months ended 30 December 2018

	18 months to 30 December 2018 £	Year to 30 June 2017 £
Cash flows from operating activities		
(Loss)/profit before tax	(3,952,363)	(1,961,657)
Adjustments to reconcile net losses to cash utilised :		
Foreign exchange gains on foreign subsidiary loans	(325,918)	(175,784)
Depreciation of property, plant and equipment	14,017	6,056
Impairments	2,700,000	1,000,000
Loss on disposal of investment shares	664,053	-
Loss in Fair value of investment at balance sheet date	218,044	-
Finance income	(10)	(430)
Share based payments	(38,730)	-
Operating cash outflows before movements in working capital	(720,907)	(1,131,815)
Changes in:		
Trade and other receivables	(14,460)	(350,531)
Trade and other payables	(223,363)	412,882
Net cash outflow from operating activities	(958,730)	(1,069,464)
Investing activities		
Interest received	10	430
Loans to subsidiaries	(1,272,302)	(995,004)
Proceeds of sale of Investment shares	1,054,586	-
Purchases of property, plant and equipment	(26,559)	(10,932)
Disposals of property, plant and equipment	-	-
Purchases of development and E&E assets	-	(194,220)
Net cash outflow from investing activities:	(244,265)	(1,199,726)
Cash flows from financing activities		
Proceeds from issue of shares and warrants	1,300,000	1,384,455
Share issue costs	(55,900)	(58,320)
Net cash inflow from financing activities	1,244,100	1,326,135
Net (decrease)/increase in cash and cash equivalents	41,105	(943,055)
Cash and cash equivalents at beginning of period/year	11,205	954,260
Cash and cash equivalents at end of period/year	52,310	11,205

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 December 2018

	Share capital £	Share premium £	Share based payment reserve £	Merger reserve £	Accumulated losses £	Total equity £
As at 1 July 2016	21,310,951	21,759,953	84,500	1,824,000	(34,472,312)	10,507,092
Total comprehensive loss for the year	-	-	-	-	(1,961,657)	(1,961,657)
Issue of shares	245,079	1,139,376	-	-	-	1,384,455
Share issue costs	-	(58,320)	-	-	-	(58,320)
As at 30 June 2017	21,556,030	22,841,009	84,500	1,824,000	(36,433,969)	9,871,570
Total comprehensive loss for the period	-	-	-	-	(3,952,363)	(3,952,363)
Issue of shares	1,373,713	2,242,169	-	-	-	3,615,882
Share issue costs	-	(55,900)	-	-	-	(55,900)
Share based credit	-	-	(38,730)	-	-	(38,730)
As at 30 December 2018	22,929,743	25,027,278	45,770	1,824,000	(40,386,332)	9,440,459

Reserves Description and purpose

Share capital - amount subscribed for share capital at nominal value

Share premium - amounts subscribed for share capital in excess of nominal value

Share based payment reserve - amount arising on the issue of warrants and share options during the year

Merger reserve - amount arising from the issue of shares for non-cash consideration

Translation reserve - amounts arising on re-translating the net assets of overseas operations into the presentational currency

Accumulated losses - cumulative net gains and losses recognised in the consolidated income statement

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

1. GENERAL INFORMATION

BMR Group PLC (the 'Company' or "BMR") is incorporated and domiciled in the United Kingdom. The address of the registered office is 35 Piccadilly, London W1J 0DW.

The consolidated financial statements include the financial information of the Company and its subsidiary undertakings (together, the "Group"). The Company has changed its year-end from 30 June to 30 December, and the period being reported on in these accounts is for the eighteen months to 30 December 2018. The comparative period is for the twelve months to 30 June 2017. The nature of the Group's operations and its principal activity is that of the acquisition, evaluation and development of mineral stockpiles, in particular tailings. The Group's project is located in Zambia.

2. ADOPTION OF NEW AND REVISED STANDARDS

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods, except that that IFRS 9 will impact both the classification and measurement of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will impact the treatment of an operating leases and its presentation.

The Group plans to adopt these new standards on the required effective date. The Group does not expect a significant impact on its balance sheet or equity on the adoption of IFRS 9, IFRS 15 and IFRS 16.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU') and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The principal accounting policies adopted are set out below.

The financial statements are presented in Pounds Sterling ("£"). For reference the period end exchange rate from Pounds Sterling to US Dollar ("US\$") was 1.28 (2017: 1.31) where the functional currency of Zambian subsidiaries are accounted for in US\$.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its Income Statement for the year. The Company reported a loss for the financial period ended 30 December 2018 of £3,952,363 (2017: £1,961,657).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 December (2017: 30 June). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

Going concern

The operational requirements of the Company comprise maintaining a Head Office in the UK with a Board of one executive Director and two non-executive Directors, and one consultant for, amongst other things, determining and implementing strategy and managing operations.

Subsequent to the period end date, the Company has realized further cash proceeds from the sale of the balance of its holding of shares in Jubilee Metals. The Directors believe that the current cash resources are sufficient to meet the Company's reduced working capital requirements over the next 12 months from the date of approval of these financial statements.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources with a combination of its cash balances and expected income arising from its royalty arrangement with Jubilee Metals Group PLC over future net earnings from the Kabwe plant, to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in GBP, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of each Group company ('foreign currencies') are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

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

Deferred tax is the tax expected to be payable or recoverable on temporary 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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)***Property, plant and equipment***

Property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation and amortisation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Motor vehicles	25%
Other	25%

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of property, plant and equipment (including development assets)

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value for money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets comprise land use rights, mining licences and exploration & evaluation assets.

The land use rights and mining licences are stated at cost less accumulated amortisation and impairment losses. They are amortised using the straight-line basis over the unexpired period of the rights.

Exploration and evaluation costs

All costs of exploration and evaluation (E&E) are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible E&E assets.

The Group applies the full cost method of accounting for E&E costs, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources. Under the full cost method of accounting, costs of exploring for and evaluating mineral resources are accumulated by reference to appropriate cost centres being the appropriate licence area, but are tested for impairment on a cost pool basis as described below.

E&E assets comprise costs of (i) E&E activities that are ongoing at the balance sheet date, pending determination of whether or not commercial reserves exist and (ii) costs of E&E activities associated with adding to the commercial reserves of an established cost pool, did not result in the discovery of commercial reserves.

Such costs include directly attributable overheads, including the depreciation of property, plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the income statement as they are incurred.

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined. If commercial reserves have been discovered, the related E&E assets are assessed for impairment on a cost pool basis as set out below, and any impairment loss of the relevant E&E assets is then reclassified as development and production assets.

Development assets

Cost is the fair value of consideration required to acquire and develop the asset and includes the purchase price, acquisition of mineral rights, costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation and, for assets that take a substantial period of time to get ready for their intended use, borrowing costs.

Development assets are amortised to their residual values using the unit of production method when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development assets are written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 Exploration for and Evaluation of Mineral Resources and include the point at which a determination is made as to whether or not commercial reserves exist.

Where there are indications of impairment, the E&E assets concerned are tested for impairment. Where the E&E assets concerned fall within the scope of an established full cost pool, the E&E assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit.

The aggregate carrying value is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. Where the E&E assets to be tested fall outside the scope of any established cost pool, there will generally be no commercial reserves and the E&E assets concerned will generally be written off in full.

Any impairment loss is recognised in the income statement as additional depreciation and amortisation, and separately disclosed.

The Group considers the Zambia to be two cost pools, the Kabwe Tailings project and Star Zinc and splits the Zambian assets between the two for the purpose of determining whether impairment of Development assets has occurred.

Investment in subsidiaries

In the Company's financial statements, investment in subsidiaries are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Financial instruments

Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

De-recognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it has to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Loans and receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)***Impairment of financial assets***

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available for sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on financial assets are not reversed through the income statement.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resource will result and that outflow can be reliably measured.

Rehabilitation

Provisions are made for the estimated rehabilitation costs relating to areas disturbed during exploration activities up to reporting date but not yet rehabilitated. Changes in estimate are dealt with on a prospective basis as they arise.

Share-based payments

The Group has applied IFRS 2 Share-based Payment for all grants of equity instruments.

The Group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The inputs to the model include: the share price at the date of grant, exercise price expected volatility, risk free rate of interest.

Share capital

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

For the purposes of the disclosures given in note 18, the Group considers its capital to be total equity. There have been no changes in what the Group considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 the current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) *Impairment of development assets*

The Company had initially intended to raise its own funding and employ its own resources at its Kabwe tailing project for the construction, commissioning and operation of a plant for processing the tailings stockpiles (the "Kabwe Tailing Project"). To reduce the inherent risks, and thereby enhance the outcome, the Company subsequently determined that it should enter into an agreement with Jubilee Metals Group Plc ("Jubilee") in October 2017, so as to access Jubilee's more extensive funding and engineering capabilities and expertise. Following an updated agreement with Jubilee in August 2018, Jubilee has been appointed as the sole operator of the Kabwe Tailing Project giving it full control of the Project execution methodology. In return BMR granted Jubilee a 87.5% shareholding in the operating company Kabwe Operations Limited and an option to acquire the entire issued share capital of Enviro Mining Limited ("EML") and its wholly owned subsidiary undertakings based in Zambia ("EML Operating Group"). In the event the option is taken up and the acquisition implemented BMR will be entitled to a royalty at the rate of 12.5% of the net earnings of the Kabwe Tailing Project. While the overall risks have been reduced, certain risks and key sources of estimation and uncertainty remain in assessing the future cash flow expected to arise from the cash-generating unit in terms of the expected royalties using a suitable discount rate given the different circumstances that now exist.

In performing impairment reviews, the Group assesses the recoverable amount of its development assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. There is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined above.

The carrying amount of the Group's development assets at 30 December 2018 was £9,843,480 (2017: £11,003,391). Impairments amounting to £2,700,000 (2017: £nil) were made during the period.

The methods and key assumptions in relation to the calculation of the estimates are detailed in note 12.

ii) *Going concern*

As disclosed in note 3 the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

iii) Provisions for liabilities

As a result of exploration activities the Group is required to make provision for rehabilitation.

The Group makes full provision for the future costs of decommissioning and closure costs in relation to the reclamation works to be conducted on the tailings dumps so the site is rehabilitated to an acceptable alternative future land use form.

The amount of provision is expected to be incurred up to 2033 when the processing is expected to cease operations. This provision is based on an estimate and expectation of the decommissioning costs likely to incur in the future. A provision has been recognised as at 30 December 2018 of £383,559 (2017: £nil) in the Group balance sheet.

5. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors. The Board of Directors considers there to be only one operating segment, the exploitation and development of mineral resources and only three (2017: three) geographical segments being Zambia, Portugal and the UK.

The geographical split of loss and assets and liabilities is as follows:

	UK £	Zambia £	Portugal £	Total £
2018				
Loss before tax	(1,481,183)	(3,458,390)	(90,217)	(5,029,790)
Non-current assets				
Intangible assets	-	1,277,187	-	1,277,187
Development assets	-	9,843,480	-	9,843,480
Property, plant and equipment	25,019	490,370	-	515,389
	25,019	11,611,037	-	11,636,056

	UK £	Zambia £	Portugal £	Total £
2017				
Loss before tax	(965,366)	(473,722)	(163,103)	(1,602,191)
Non-current assets				
Intangible assets	-	1,390,267	-	1,390,267
Development assets	-	11,003,391	-	11,003,391
Property, plant and equipment	12,477	479,076	-	491,553
	12,477	12,872,734	-	12,885,211

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

6. LOSS FOR THE 18 MONTHS

The loss for the period has been arrived at after charging / (crediting):

	2018	2017
	£	£
Depreciation of property, plant and equipment (note 12)	49,010	28,775
Amortisation of intangibles	146,107	102,443
Impairment of development assets	2,700,000	-
Operating lease costs (Office rental costs)	46,210	32,234
Staff costs (note 8)	562,147	307,309
Loss on sale of investment	665,344	-
Loss in Fair value of investment at balance sheet date	216,752	-
Finance charge	9,298	86,753
Finance income	(12)	(430)

7. AUDITORS' REMUNERATION

The remuneration of the auditors can be analysed as follows:

	2018	2017
	£	£
Fees payable to the company's auditor for the audit of the company and group's financial statements	24,000	23,500
Fees payable to the company's auditor for other services:		
Other services relating to VAT advice	-	39,000
Other services relating to taxation work	4,275	3,675
	28,275	66,175

8. STAFF COSTS

	2018	2017
	Number	Number
Directors	3	3
Consultant	2	2
Support staff (including Zambia employees)	42	35
The average monthly number of employees	47	40
Their aggregate remuneration comprised:-	£	£
Fees	219,469	153,012
Wages and salaries	342,678	154,297
Share based (credit back)	(38,730)	-
	523,417	307,309

Included within staff costs £219,469 (2017: £153,012) relates to amounts in respect of Directors.

The highest paid director's emoluments were £118,800 (2017: £72,000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

9. TAXATION

No liability to corporation tax arose for the year ended 30 June 2017 and period ended 30 December 2018, as a result of underlying losses brought forward

Reconciliation of effective tax rate:

	2018 £	2017 £
Loss before tax	(5,029,790)	(1,602,191)
Tax credit at the standard rate of tax in the UK	955,660	304,416
Tax effect of non-deductible expenses	(37,471)	(30,814)
Deferred tax asset not recognized	(268,189)	(273,602)
Tax for the period	650,000	-

The standard rate of corporation tax in the UK applied during the year was 19% (2017: 19%).

At 30 December 2018, the Group are carrying forward estimated tax losses of £14.3m (2017: £10.7m) in respect of various activities over the years. No deferred tax asset was recognized in respect to these accumulated tax losses as there is insufficient evidence that the amount will be recovered in future years.

The Group has incurred indefinitely available tax losses of £5.30m (2017: £4.60m) to carry forward against future taxable income of the subsidiaries in which the losses arose and they cannot be used to offset taxable profits elsewhere in the Group.

10. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the consolidated net loss for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period. The calculation of the basic and diluted loss per share is based on the following data:

	2018 £	2017 £
Loss before tax		
Loss for the purpose of basic loss per share being consolidation net loss attributable to equity holders of the Company	4,211,579	1,602,191
	2018 Number	2017 Number
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per shares	290,210,363	182,267,931
Loss per ordinary share		
Basic and diluted	1.45p	0.88p

At the balance sheet date there were 9,529,898 (2017: 24,526,029) potentially dilutive Ordinary Shares. Potentially dilutive ordinary shares relate to warrants and share options issued to directors, consultants and third parties. In 2018 and 2017, the potential Ordinary shares are anti-dilutive and therefore the diluted loss per share has not been calculated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

11. INTANGIBLE ASSETS

	Land use Rights £	Small scale licence £	Large scale licence £	Exploration and evaluation assets £	Total £
GROUP					
Cost					
At 30 June 2016	3,073,307	746,826	1,696,484	11,076,405	16,593,022
Additions	-	-	-	295,069	295,069
Foreign exchange difference	93,159	16,533	-	155,917	265,609
Transfer to development assets	-	-	-	(11,527,391)	(11,527,391)
At 30 June 2017	3,166,466	763,359	1,696,484	-	5,626,309
Additions	-	-	-	-	-
Foreign exchange difference	36,606	17,891	-	-	54,497
At 30 December 2018	3,203,072	781,250	1,696,484	-	5,680,806
Accumulated depreciation					
At 30 June 2016	(1,985,345)	(429,425)	(1,696,484)	(524,000)	(4,635,254)
Charge for the year	(23,600)	(78,843)	-	-	(102,443)
Foreign exchange difference	(15,346)	(6,999)	-	-	(22,345)
Transfer out	-	-	-	524,000	524,000
At 30 June 2017	(2,024,291)	(515,267)	(1,696,484)	-	(4,236,042)
Charge for the period	(33,663)	(112,444)	-	-	(146,107)
Foreign exchange difference	(4,650)	(16,820)	-	-	(21,470)
At 30 December 2018	(2,062,604)	(644,531)	(1,696,484)	-	(4,403,619)
Carrying amount					
At 30 December 2018	1,140,468	136,719	-	-	1,277,187
At 30 June 2017	1,142,175	248,092	-	-	1,390,267

Depreciation of the small scale licence is applied by reference to the period of the licence granted and the large scale licence has been fully impaired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

12. DEVELOPMENT ASSETS

	Group £	Company £
Cost		
At 1 July 2016	-	-
Transfer from intangible assets	11,527,391	194,220
At 30 June 2017	11,527,391	194,220
Additions	1,372,380	-
Transfers	-	(194,220)
Foreign exchange difference	167,709	-
At 30 December 2018	13,067,480	-
Accumulated depreciation		
At 1 July 2016	-	-
Transfer in	(524,000)	-
At 30 June 2017	(524,000)	-
Impairment	(2,700,000)	-
At 30 December 2018	(3,224,000)	-
Carrying amount		
At 30 December 2018	9,843,480	-
At 30 June 2017	11,003,391	194,220

The main bulk of costs included within Development assets are those associated with the Kabwe Tailings Project. Included within the additions to development assets is an amount of £614,660 paid to Blue Square Materials in relation to corporate advisory and technical support services provided in support of securing the restoration and maintenance of the Group's small-scale mining license under the terms of the agreement entered into between the two parties on 3 June 2018. Incorporated in the development assets is a fair value adjustment of £6,885,175 as a result of the acquisition of Enviro Mining Limited on 20 June 2011 and its two subsidiary companies, Enviro Processing Limited and Enviro Props Limited (together "EML Operating Group"). The Enviro Operating Group owns the leasehold rights and title to Stand 5187 containing the stockpiles at Kabwe and the contents of the washplant and leachplant tailings.

The Group evaluates whether the Development assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable.

Previously the Company had initially intended to raise its own funding and employ its own resources at its Kabwe Tailings Project for the construction, commissioning and operation of a plant for processing the tailings stockpiles. To reduce the inherent risks, and thereby enhance the outcome, the Company subsequently determined that it should enter into an agreement with Jubilee Metals Group Plc ("Jubilee") in October 2017, so as to access Jubilee's more extensive funding and engineering capabilities and expertise. Following an updated agreement with Jubilee in August 2018, Jubilee has been appointed as the sole operator of the Kabwe Tailings Project giving it full control of the Project execution methodology. In return BMR granted Jubilee a 87.5% shareholding in the operating company Kabwe Operations Limited and through an option for Jubilee to acquire 100% of the issued share capital of its subsidiary company Enviro Mining Limited it would also own 100% of the operating companies. In the event the option is taken up and the acquisition implemented BMR will become entitled to a

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

royalty at the rate of 12.5% of the net earnings of the Kabwe Tailings Project. While the absolute revenues will reduce, the overall risks have been reduced owing to the fact the Company has no capital outlay, the project has been further de-risked by transferring the plant to Jubilee who have greater engineering capabilities, experience and expertise and have raised funds and acquired a specific plant to process the tailings. Certain risks and key sources of estimation and uncertainty remain in assessing the future cash flow expected to arise from the cash-generating unit in terms of the expected royalty income. Having considered these factors together with the other usual factors influenced by inter alia market and location considerations in choosing a suitable discount rate and in the light of the change in circumstances a lower discount rate of 12.5% has been used in discounting expected future income streams in assessing the Development assets.

Following the impairment review the Group recognised an impairment charge of £2,700,000 against the carrying value of the Development assets. This value was calculated based on net present values generated by from third party reports and an internal evaluation of future income streams allied with the associated production generating the anticipated royalty income using a conservative discount rate. More details and the main assumptions used are outlined below.

	Net Book Value of Assets Acquired	Fair Value Adjustment	Fair Value
	£	£	£
Development assets	2,776,181	8,751,210	11,527,391
Other net assets acquired	1,372,380	-	1,372,380
Foreign exchange difference	22,091	145,618	167,709
	4,170,652	8,896,828	13,067,480
Impairment provision	(474,000)	(2,750,000)	(3,224,000)
	3,696,652	6,146,828	9,843,480
Deferred tax (note 19)	-	(1,663,175)	(1,663,175)
	3,696,652	4,483,653	8,180,305

Included within development assets are costs associated with the acquisition of Star Zinc and this is considered to be a separate cash generating unit ("CGU") representing a second operating segment to the main Kabwe Tailings Project. The Company paid £222,720 additional costs during the period in this regard and a separate impairment review was carried out in relation to this based on an assessment of the net realizable value. As a result a further impairment charge of £200,000 was made in relation to this operating segment. The table below outlines the position with regard to the carrying values of the two "CGUs".

	Kabwe Tailings Project	Star Zinc	Total
	£	£	£
Development assets at cost	12,650,540	416,940	13,067,480
Impairment provision	(3,024,000)	(200,000)	(3,224,000)
	9,626,540	216,940	9,843,480

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

12. DEVELOPMENT ASSETS (continued)

With regard to the Kabwe Tailings Project, on the basis of third party reports incorporating values derived from JORC classifications and internal evaluation of future income streams allied with the associated production costs, net present values, using conservative discount rates, have been generated which compared with the Company's expected returns would mean an impairment would be prudent. The recoverable amount is determined from value in use calculations based on cash flow projections from revenue and expenditure forecasts covering a 15 year period to 2033. The growth rate is assumed to be zero and the level of production is constant on the basis the main plant is assumed to be at the most efficient capacity over the period of extraction., The key assumptions used are as follows:

	2018	2017
Discount rate	12.5%	20%
Prevailing Metal prices (per tonne)		
- Zinc	\$2,450	\$2,510
- Lead	\$2,354	\$3,169
Metal recovery rate from processing as follow:		
- Zinc	77%	80%
- Lead	80%	86%
Estimated monthly tonnage of Zinc and Lead for the main plant (JORC Compliant)	37,000	31,000

As described above, the Group adopted reduced discount rate of 12.5%. The discount rate is based on the specific circumstances of the Group, derived from its cost of capital with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. In considering the discount rates applying to the CGUs, the directors have considered the relative sizes, risks and the inter-dependencies of its CGUs.

Sensitivity analysis

A sensitivity analysis has been carried out for each CGU. The results of the analysis can be summarized as follows:

If the estimated discount rate used for the Group's discounted cash flow had been one percentage point higher than the starting assumption of 12.5% the total recoverable amount would be 5% lower.

These calculations are hypothetical and should not be viewed as an indication that these figures are any more or less likely to be changed. The sensitivity analysis should therefore be interpreted with caution.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

13. PROPERTY PLANT AND EQUIPMENT

	Construction in Progress £	Land and Buildings £	Motor Vehicles £	Other £	Total £
GROUP					
Cost					
At 30 June 2016	-	37,062	107,027	98,914	243,003
Additions	399,728	12,576	-	14,730	427,034
Foreign exchange difference	-	820	1,046	1,586	3,452
At 30 June 2017	399,728	50,458	108,073	115,230	673,489
Additions	20,214	-	-	51,321	71,535
Foreign exchange difference	-	1,182	2,533	3,029	6,744
At 30 December 2018	419,942	51,640	110,606	169,580	751,768
Accumulated depreciation					
At 30 June 2016	-	(2,613)	(102,432)	(46,716)	(151,761)
Charge for the year	-	(698)	(2,369)	(25,708)	(28,775)
Foreign exchange difference	-	(454)	(977)	31	(1,400)
At 30 June 2017	-	(3,765)	(105,778)	(72,393)	(181,936)
Charge for the period	-	(991)	(2,253)	(45,766)	(49,010)
Foreign exchange difference	-	(137)	(2,575)	(2,721)	(5,433)
At 30 December 2018	-	(4,893)	(110,606)	(120,880)	(236,379)
Carrying amount					
At 30 December 2018	419,942	46,747	-	48,700	515,389
At 30 June 2017	399,728	46,693	2,295	42,837	491,553

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

13. PROPERTY PLANT AND EQUIPMENT (continued)

	Other £	Total £
COMPANY		
Cost		
At 30 June 2016	14,897	14,897
Additions	10,932	10,932
At 30 June 2017	25,829	25,829
Additions	26,559	26,559
At 30 December 2018	52,388	52,388
Accumulated depreciation		
At 30 June 2016	(7,296)	(7,296)
Charge for the year	(6,056)	(6,056)
At 30 June 2017	(13,352)	(13,352)
Charge for the period	(14,017)	(14,017)
At 30 December 2018	(27,369)	(27,369)
Carrying amount		
At 30 December 2018	25,019	25,019
At 30 June 2017	12,477	12,477

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

14. INVESTMENT IN SUBSIDIARIES

	Cost of Investment £	Long Term Loans £	Total £
COMPANY			
Cost at 30 June 2016	4,676,701	5,355,005	10,031,706
Advance to subsidiary undertakings	-	995,004	995,004
Effect of forex exchange rate charges	-	175,784	175,784
Impairment loss	(1,000,000)	-	(1,000,000)
At 30 June 2017	3,676,701	6,525,793	10,202,494
Advance to subsidiary undertakings	-	1,466,522	1,466,522
Effect of forex exchange rate charges	-	325,918	325,918
Impairment loss	-	(2,700,000)	-
At 30 December 2018	3,676,701	4,618,233	9,294,934

The Company had investment in the following subsidiary undertakings at 30 December 2018 and 30 June 2017:

Name	Activity and operation	Country of incorporation	Ordinary Shares held Company	Ordinary shares held Group
Enviro Mining Limited 10 th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	Holding Company	Mauritius	100%	100%
Enviro Processing Limited Plot 5209, Mine Plant Kabwe, Zambia	Tailings processing	Zambia	—	100%
Enviro Props Limited Plot 5209, Mine Plant Kabwe, Zambia	Property holding	Zambia	—	100%

The Group holding of 100% in the Zambian subsidiaries is held as to 99% by Enviro Mining Limited and 1% by a nominee on behalf of the Company.

The Group holding of 100% in the Mauritius subsidiary is held as to 95% by the Company and 5% by a nominee on behalf of the Company.

The Company held a 80% shareholding in BMR Minas Portugal, a company incorporated in Portugal as at the period end. The company has remained dormant throughout the period and was subsequently dissolved in June 2019

The Company held a 12.5% shareholding in Kabwe Operations Limited a company incorporated in Mauritius.

The Company held a 15% shareholding in Enviro Zambia Limited a company incorporated in Mauritius as at the period end and subsequently disposed of the shareholding on 24 June 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

15. CURRENT ASSET INVESTMENT

	30 Dec 2018 £	30 Jun 2017 £
Balance as at 1 July 2017	-	-
Additions	2,315,882	-
Disposals	(1,718,639)	-
Fair value through profit and loss	(218,044)	-
Balance as at 30 December 2018	379,199	-

The investment represents the acquisition of 63,166,969 new ordinary shares of Jubilee Metals Group Plc in return for 72,371,298 new ordinary shares of BMR Group Plc.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Group and Company				
Prepayment	14,145	34,716	11,050	30,567
Amount due from related party	382,638	-	382,638	-
Other receivables	14,570	350,840	2,153	350,814
Vat receivable	27,948	31,522	-	-
	439,301	417,078	395,841	381,381

As outlined in note 27, a provision has been made in respect of a VAT assessment received from HM Revenue & Customs ("HMRC").

The fair value of trade and other receivables is not significantly different from the carrying value and none of the balances are past due.

17. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents as at 30 December 2018 of £104,517 (2017: £154,969) comprise cash at bank and in hand.

The Company's cash and cash equivalents as at 30 December 2018 of £52,310 (2017: £11,205) comprise cash at bank and in hand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	30 Dec 2018 £	30 Jun 2017 £
Balance as at 1 July 2017	-	-
Addition	383,559	-
Balance as at 30 December 2018	383,559	-

The Group makes full provision for the future costs of decommissioning and closure costs in relation to the reclamation works to be conducted on the tailings dumps so the site is rehabilitated to an acceptable alternative future land use form.

The amount of provision is expected to be incurred up to 2033 when the processing is expected to cease operations.

This provision is based on an estimate and expectation of the decommissioning costs likely to incur in the future. For the period under review, the directors have assessed that the inflation rate in Zambia for the ensuing period to be applied to the current cost of decommissioning is 10% and the discount rate representing the cost of capital is 20%

19. DEFERRED TAX

Differences between IFRS and statutory tax rules (in the United Kingdom and elsewhere) give rise to temporary differences between the carrying values of certain assets and liabilities for financial reporting purposes and for income tax purposes.

	£
Deferred tax liabilities	
At 30 June 2017 and 1 July 2017	2,275,314
Deferred tax adjustment re impairment of fair value	(650,000)
Foreign exchange difference	37,861
At 30 December 2018	1,663,175

The deferred tax liabilities arose on the acquisition of exploration and evaluation assets in 2011. These will be released to the income statement as the fair value of the related exploration and evaluation assets is amortised.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade payables	284,590	494,328	283,485	494,328
Other taxes and social security	6,029	10,223	3,759	7,379
Vat payable	374,350	374,350	374,350	374,350
Accruals	59,366	68,959	45,250	54,150
Amount due to related party	244,247	-	-	-
	968,582	947,860	706,844	930,207

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

BMR was de-registered for VAT with effect from 1 August 2015 on the basis there was no effective consideration for any services provided as no invoices had been raised by BMR and issued to its subsidiaries and that management services were not considered supplies for VAT purposes. A provision has been made for £374,350 (2017 - £374,350) in relation to VAT previously claimed including interest. The Company has appealed and submitted its case for continued registration after having sought professional advice.

21. SHARE CAPITAL AND SHARE PREMIUM

	2018		2017	
	Number	£	Number	£
Issued equity share capital				
Issued and fully paid				
Ordinary shares of £0.01 each	335,710,863	3,357,109	198,339,565	1,983,396
Deferred shares of £0.009 each	1,346,853,817	12,121,684	1,346,853,817	12,121,684
Deferred shares				
of £0.01 each	19,579,925	195,799	19,579,925	195,799
Deferred shares of £0.04 each	181,378,766	7,255,151	181,378,766	7,255,151
		22,929,743		21,556,030

The deferred shares of £0.01 each and £0.009 each confer no rights to vote at a general meeting of the Company or to a dividend. On a winding-up the holders of the deferred shares are only entitled to the paid up value of the shares after the repayment of the capital paid on the ordinary shares and £5,000,000 on each ordinary share.

The deferred shares of £0.04 each have no rights to vote or to participate in dividends and carry limited rights on return of capital. Shares issued during the year:

	Number of shares	Nominal value	Share Premium
At 30 June 2016	173,831,727	1,738,317	21,759,953
Ordinary shares issued during the year	24,507,838	245,079	1,139,376
Share issue costs	-	-	(58,320)
At 30 June 2017	198,339,565	1,983,396	22,841,009
Ordinary shares issued during the period	137,371,298	1,373,713	2,242,169
Share issue costs	-	-	(55,900)
At 30 December 2018	335,710,863	3,357,109	25,027,278

Shares Issued	Number of Shares	Nominal Value	Share Premium
28 October 2016 at £0.01 each	9,253,731	92,537	527,463
16 February 2017 at £0.01 each	5,920,774	59,208	355,246
28 June 2017 at £0.01 each	9,333,333	93,334	256,667
At 30 June 2017	24,507,838	245,079	1,139,376
20 November 2017 at £0.01 each	40,000,000	400,000	400,000
12 January 2018 at £0.01 each *	72,371,298	723,713	1,592,169
19 January 2018 at £0.01 each *	25,000,000	250,000	250,000
At 30 December 2018	137,371,298	1,373,713	2,242,169

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

21. SHARE CAPITAL AND SHARE PREMIUM

Jubilee Metals Group Plc subscribed for 97,371,298 new ordinary shares in the Company. 25,000,000 of the Company's shares were issued for 2.00 pence each, raising aggregate proceeds of £0.5 million, and the remaining 72,371,298 shares were issued in exchange for 63,166,969 new ordinary shares of 1 penny each in Jubilee Metals Group Plc. At the mid-market closing price of a Jubilee share on 12 January 2018 of approximately 3.67 pence, the Jubilee Subscription Shares have an aggregate value of approximately £2.32 million, which is equivalent to approximately 3.20 pence for each of the 72,371,298 BMR Subscription Shares.

22. SHARE BASED PAYMENTS

Equity settled share-based payments

The Company has a share option scheme for directors, employees and consultants.

Name	Price	Note	30 June 2017 or date of appointment Number	Cancelled or Lapsed Number	Granted during the year Number	Exercised during the year Number	30 December 2018 or date of resignation Number
SHARE OPTIONS							
M A Borrelli	6p	A	8,210,243	-	-	-	8,210,243
J N Hawke	6p	A	3,926,637	(3,926,637)	-	-	-
Consultants	6p	A	5,246,292	(3,926,637)	-	-	1,319,655
Total share options			17,383,172	(7,853,274)	-	-	9,529,898
SHARE WARRANTS							
Novum Securities	28p	B	7,142,857	(7,142,857)	-	-	-
Total Share Warrants			7,142,857	(7,142,857)	-	-	-
Total Share Options and Warrants			24,526,029	(14,996,131)	-	-	9,529,898

Note A – Exercisable at any time before 12 June 2020

Share Options

There were no share options granted in the year and cancelled share options as a result of leavers created a write back of £38,730 (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

23. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to shareholders.

The capital resources of the Group comprises issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. The Group's primary objective is to provide a return to its equity shareholders through capital growth. Going forward the Group will seek to maintain a yearly ratio that balances risks and returns of an acceptable level and also to maintain a sufficient funding base to the Group to meet its working capital and strategic investment needs.

Categories of financial instruments

	2018 £	2017 £
Group		
Financial assets		
Cash and cash equivalents	104,517	154,969
Other receivables classified as loan and receivables at amortised cost	425,156	382,362
	<u>529,673</u>	<u>537,331</u>
Financial liabilities classified as held at amortised cost		
Trade and other payables	909,216	868,678
	<u>909,216</u>	<u>868,678</u>
Company		
Financial assets		
Cash and cash equivalents	52,310	11,205
Other receivables classified as loan and receivables at amortised cost	384,791	350,814
	<u>437,101</u>	<u>362,019</u>
Financial liabilities classified as held at amortised cost		
Trade and other payables	661,594	922,828
	<u>661,594</u>	<u>922,828</u>

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

23. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Directors' assessment of the development assets at fair value, are disclosed in note 12.

Financial risk management objectives

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Group has no committed borrowings, the Group is not exposed to any risks associated with fluctuations in interest rates on loans. Fluctuation in interest rates applied to cash balances held at the balance sheet date would have minimal impact on the Group.

Foreign exchange risk and foreign currency risk management

Foreign currency exposures are monitored on a monthly basis. Funds are transferred between the Sterling and US Dollar accounts in order to minimise foreign exchange risk. The Group holds the majority of its funds in Sterling.

The carrying amounts of the Group's and Company's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

	Financial liabilities		Financial assets	
	2018	2017	2018	2017
Group	£	£	£	£
US Dollars	645,297	2,844	114,822	175,885
Company				
US Dollars	-	-	19,156	573

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

23. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis

The Group is exposed primarily to movements in Sterling against the US Dollar. Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the US Dollar and Sterling. The analysis is based on a weakening and strengthening of Sterling by 10 per cent against the US Dollar in which the Group has assets and liabilities at the end of each respective period.

A movement of 10 per cent reflects a reasonably possible sensitivity when compared to historical movements over a three to five year timeframe. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ten per cent change in foreign currency rates.

A positive number below indicates an increase in profit where the US Dollar strengthens ten per cent. against Sterling. For a ten per cent. weakening of the US Dollar against Sterling, there would be an equal and opposite impact on the profit, and the balance below would be negative.

The following table details the Group's sensitivity to a ten per cent. strengthening in the US Dollar against Sterling

	2018 £	2017 £
(Decrease)/increase in income statement and net assets (US \$)	<u>(48,225)</u>	<u>(16,108)</u>

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure on trade receivables.

The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Liquidity risk management

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. Management monitor forecasts of the Group's liquidity reserve, comprising cash and cash equivalent, on the basis of expected cash flow. At 30 December 2018, the Group held cash and cash equivalent of £104,517 (2017: £154,969) and the directors assess the liquidity risk as part of their going concern assessment (see note 3)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

23. FINANCIAL INSTRUMENTS (continued)

Liquidity risk management (continued)

The Group and Company aim to maintain appropriate cash balances in order to meet its liabilities as they fall due.

Maturity analysis

Group 2018	Total £	On demand £	In 1 month £	Between 1 and 6 months £	Between 6 and 12 months £	Between 1 and 3 years £
Trade and other payables	968,582	111,607	35,192	35,192	786,590	-
Company 2018	Total £	On demand £	In 1 month £	Between 1 and 6 months £	Between 6 and 12 months £	Between 1 and 3 years £
Trade and other payables	706,844	108,674	34,973	34,971	528,227	-
Group 2017	Total £	On demand £	In 1 month £	Between 1 and 6 months £	Between 6 and 12 months £	Between 1 and 3 years £
Trade and other payables	947,860	315,797	188,754	44,959	398,350	-
Company 2017	Total £	On demand £	In 1 month £	Between 1 and 6 months £	Between 6 and 12 months £	Between 1 and 3 years £
Trade and other payables	930,207	315,797	185,910	30,150	398,350	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 months ended 30 December 2018

24. OPERATING LEASE ARRANGEMENT

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Land and buildings		
Within one year	5,450	5,250
Within 2-5 years	-	-
Total	5,450	5,250

Operating lease payments represent rentals payable by the Company for its office properties.

25. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Jubilee Metals Group Plc ("Jubilee")

Jubilee is a related party of the Group because it owns 29% of share capital of the Company and Colin Bird is the non-executive Chairman of Jubilee.

At the period end there was a balance owing by Jubilee to the Company of £382,638 (2017: £Nil), which including a payment of £52,178 made by the Company to Jubilee to cover an initial deposit in regard to the Environmental Protection Fund in Zambia.

Transactions with Kabwe Operations Limited ("Kabwe")

Kabwe is a related party of the Group because the Company owns 12.5% of the share capital of Kabwe.

At the period end there was a balance owing by the Group to Kabwe of £244,247 (2017: £Nil) and a balance owing by Kabwe to the Company of £2,019 (2017: £Nil)

Transactions with Enviro Zambia Limited ("Enviro")

Enviro is a related party of the Group because the Company owns 15% of the share capital of Kabwe.

At the period end there was a balance owing by Enviro of £8,667 to the Company (2017: £Nil).

Directors' transactions

Transactions with the Directors are shown in the Directors' Report.

Remuneration of key management personnel

The key management personnel of the Group are considered to be the Directors. Details of their remuneration are covered in note 8 and the Report of the Remuneration Committee within the Corporate Governance section.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
18 months ended 30 December 2018

26. NET DEBTS RECONCILIATION

	2018	2017
Cash and cash equivalent	104,517	154,969
Net debt	104,517	154,969
Net debt as at 1 July 2017	154,969	1,014,354
Cash flow	(3,231,235)	(2,185,520)
Issue of new equity (net proceeds)	1,244,101	1,326,135
Cash flow from Share swap and sale of Investment shares	1,719,930	-
Other non-cash movement	216,752	-
Net debt	104,517	154,969

27. CONTINGENT LIABILITIES AND PROVISIONS

BMR is currently de-registered for VAT with effect from 1 August 2015 on the bases there was no effective consideration for any services provided as no invoices had been raised by BMR and issued to its subsidiaries and that management services were not considered as supplies for VAT purposes. The Company has received assessments and has provided for £374,500 (2017: £374,500) in back VAT claimed including interest. The Company has appealed and submitted its case for continued registration after having sought professional advice. The Directors do not expect any resulting assessment to be materially different from this provision taking into account consideration of any possible compliance penalty.

28. EVENTS AFTER THE REPORTING DATE

On 22 June 2019, Galileo exercised its right and gave notice to BMR Group Plc to acquire the Kabwe Residual Rights, including the Kashitu Zinc willemite exploration prospect representing the remaining 15% of the shares in Enviro Zambia Limited from the Company. The consideration for the acquisition comprises a cash component of £50,000 and the issuance of 15,000,000 Galileo ordinary shares of 0.1p par value to the Company at a price of 1.15p per Ordinary Share. Galileo has elected and BMR has agreed to the issuance of 9,615,385 Galileo ordinary shares priced at 0.52p in lieu of the £50,000 cash payment. As a result of the acquisition, Galileo now owns the entire share capital of Enviro Zambia Limited. Enviro Zambia Limited owns 95% of Enviro Processing Zambia Limited, to which Star Zinc's large-scale exploration licence 19653-HQ-LEL remains to be transferred, subject to Zambian regulatory approval, from Enviro Processing Limited, the wholly owned subsidiary of BMR. (see Chairman's Statement)