

URU METALS LIMITED:
2020 ANNUAL REPORT

URU METALS LIMITED

2020 ANNUAL REPORT

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URU Metals Limited
Chairman's Statement
For the Year Ended 31 March 2020

I am pleased to present to our shareholders and stakeholders the consolidated financial statements of the Group for the year ended 31 March 2020.

As the clean energy revolution drives the growth in electric vehicles (EV's) and energy storage, the demand for the critical metals used in these components, namely nickel, cobalt and aluminium is forecast to grow and, in the case of nickel, outstrip supply. Nickel's high energy density makes it the most important metal by mass in the lithium-ion battery cathodes used by EV manufacturers.

Globally, nickel supply is sourced from two different types of deposits. Class I Nickel Sulphides deposits, which are scarcer but typically higher grade, make up approximately 40% of current global nickel production. The remaining 60% is found in Class II nickel laterite deposits, (U.S. Geological Survey, Mineral Commodity Summaries, January 2020). Class I nickel is sought after for use in electric vehicle (EV) lithium-ion batteries, whilst Class II nickel is mainly used in nickel pig iron and the steel industry.

Although modern technology allows for the profitable processing of laterites to extract battery grade nickel, increased energy and shipping costs hinder efficient processing, and it is easier and more cost effective to process Class I Nickel Sulphide to battery grade nickel.

The Zebediela Nickel Project contains a NI43-101 compliant nickel sulphide resource of over 1,600 million tons running at 0.245% Nickel, equating to a contained nickel resource of over 4 million tons of nickel, or 9 billion pounds, ranking it amongst the top ten largest nickel sulphide resources globally.

The Company has identified a target geological zone directly east and adjacent to the existing Zebediela resource. Exploration drilling in this area has resulted in grades of 0.56% nickel and 0.02% cobalt over a width of greater than 4 m, with significant PGE credits, resulting in a nickel equivalent grade of 3.01% nickel (metal prices as at 25 August 2020 using nickel, copper, 3PGE+Au; assumes 100% recovery for all metals). Drillhole Z017 intersected 1.7% Ni and 0.7 g/t 3PGE+Au over a width of 2.25 m, 20 m below the existing NI43-101 compliant resource.

The project is immediately adjacent to, and up-dip from, Ivanhoe Mines \$1.5 billion Platreef Project, and about 15 km along strike from Anglo Platinum's flagship Mogalakwena Mining Complex. Ivanhoe Mines' Platreef Project contains a total resource of 852 million tons at 0.31% nickel, 0.16% copper and 3.5 g/t 3PGE+Au (platinum + palladium + rhodium + gold). Mogalakwena has an estimated resource of 3.8 billion tons at 0.18% nickel, 0.10% copper and 2.4 g/t 3PGE+Au.

Subject to financing we look forward to conducting further geological exploration to the target to the east of the existing resource and hopefully proving up a 43-101 compliant resource with improved nickel grades and declaring a maiden PGE and cobalt resource.

Jay Vieira

Non-executive Chairman
30 September 2020

URU Metals Limited
Chief Executive Officer's Report
For the Year Ended 31 March 2020

Below are the major events in the year ended 31 March 2020 and major events after the reporting period.

Zebediela Nickel Project

Project Overview

The Zebediela Project continues to remain exciting due to some key highlights:

- Exploration drilling done in 2017, results summarised in the press release announced on the 16 March 2018, has revealed a new nickel and platinum group metals discovery, located in the mining district that hosts the world's third largest Ni-Cu-PGE deposit, the Platreef of the Bushveld Complex.
- This 30 m deep discovery is the up-dip extension of Ivanhoe Mines' 800 m deep \$900m Flatreef project.
- High grade and large-scale potential in an established mining area adjacent to Anglo Platinum's flagship open pit Mogalakwena Mining Complex and Ivanhoe Mines' Platreef Project in the Limpopo Province of South Africa.
- The NI 43-101 compliant resource, announced on 7 June 2012, is ranked the 5th nickel sulphide resource globally based on the metrics used by Wood Mackenzie. \$5 million was spent to declare a resource and complete a PEA (NI 43-101), which reported inferred and indicated resources totaling over 1.5 billion tonnes at 0.25% Ni, containing over 9 billion pounds, ranking it amongst the top ten largest nickel sulphide resources globally.
- Recent drilling by URU and a detailed analysis of historical data indicate that the Zebediela Project contains a significant amount of Platreef, the same material that is being mined by both Ivanhoe Mines' Platreef Project and at Anglo's Mogalakwena Mining Complex.

The project is located in a major nickel producing mining district in South Africa and is surrounded by world-class Ni-PGE deposits, and nickel grade vectors point to increased nickel grade related to Critical Zone rocks on URU's Zebediela Project.

There are 3 proposed mineralised targets associated with the Zebediela Ni Project, each target has a different style of mineralisation, mineralisation mechanisms and are hosted by different lithologies and stratigraphic units.

Target 1: Existing NI43-101 Compliant Class 1 Nickel Deposit

Target 1 is an existing nickel resource associated with the low-grade, disseminated nickel-rich sulphide mineralisation associated with the Lower Zone Uitloop II body. After the completion of the 2011 drilling campaign by South African Nickel (SAN), a NI 43-101-compliant PEA (Preliminary Economic Assessment) defined an indicated resource of 485.4 million tonnes averaging 0.245% nickel, and additional inferred resources of 1,115.1 million tonnes of 0.248% nickel. The Lower Zone Uitloop II body also contains significant iron minerals in the form of magnetite which is also a potential by-product.

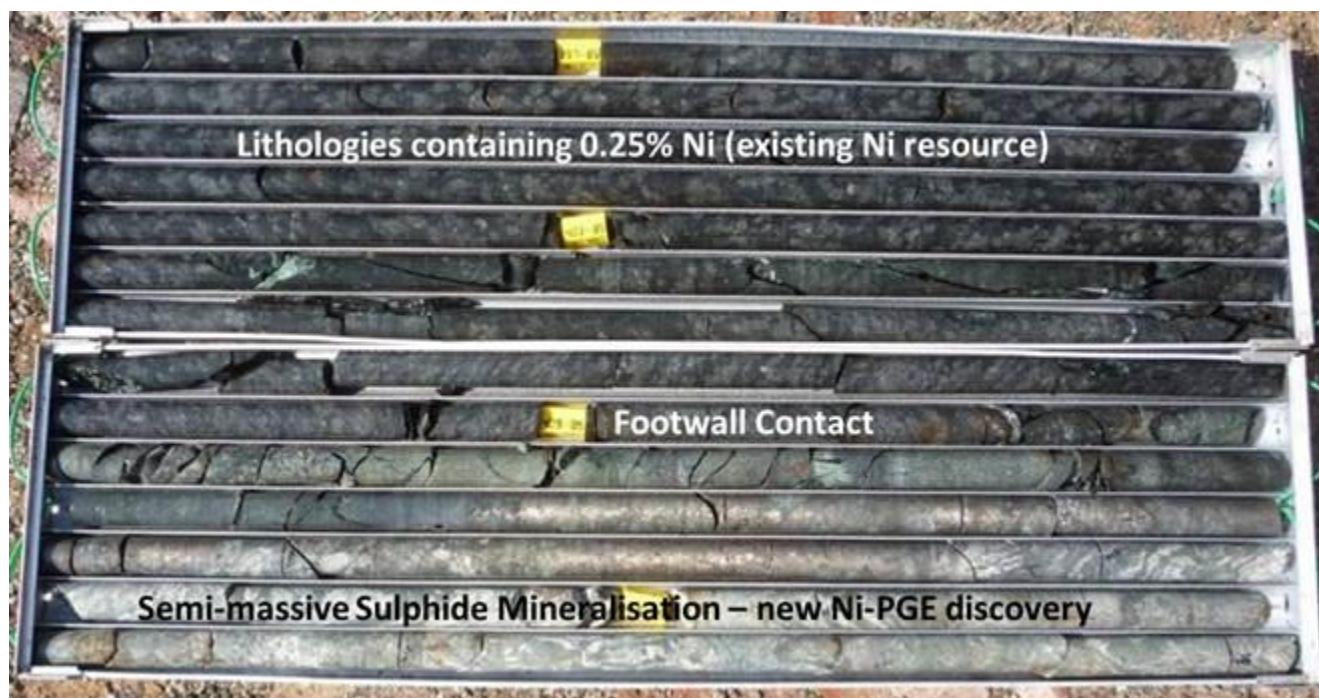
The low-grade disseminated nickel sulphide mineralisation is hosted by dunite, serpentinised dunite, harzburgite and pyroxenite. The economically extractable nickel is mainly hosted in fine-grained disseminated pentlandite (the host mineral for Class 1 nickel sulphide) mainly within the serpentinised dunite and harzburgite. There are two hypothesised mechanisms for the nickel mineralisation in the Lower Zone Uitloop body.

1. The low-grade nickel mineralisation may be epigenetic in nature, having formed during the release of chalcophile elements from olivine during serpentinisation. This serpentinisation process is a mineralisation mechanism seen in other low-grade disseminated nickel resources in Canada, the Domont intrusion, in Sweden, the Rönnebäcken deposit and in British Columbia, the Turnagain body.

2. Magmatic mineralisation process where olivine contains higher Ni values in sulphur-poor Lower Zone sequences and are depleted in Ni-content associated with sulphur-rich sequences due to partial Ni extraction into coexisting sulphur melt. The Lower Zone sequence of the Uitloop bodies intruded the Transvaal Supergroup, possibly assimilating and digesting sedimentary sulphur resulting in sulphur saturation, Ni-depletion in ultramafic silicates and enriched disseminated sulphide mineralisation as seen in the Uitloop II body.

At the base and margins of the Lower Zone body, there is potential for semi-massive sulphides associated with footwall or xenolith lithologies as seen in borehole Z017. The majority of the boreholes drilling on the Lower Zone Uitloop II body were stopped short of the footwall contact and hence did not intercept the footwall or xenoliths, therefore the potential semi-massive nickel sulphide deposit remains open for further exploration.

The image below from drilling conducted in 2017 shows the Lower Zone low-grade disseminated Class 1 sulphide deposit hosted in poikilitic harzburgite (Target 1), and below hosted in the metasediment footwall/xenolith rocks is a 2.25 m thick semi-massive sulphide with Ni at 1.66% and 3PGE+Au at 0.69 g/t (Target 2).

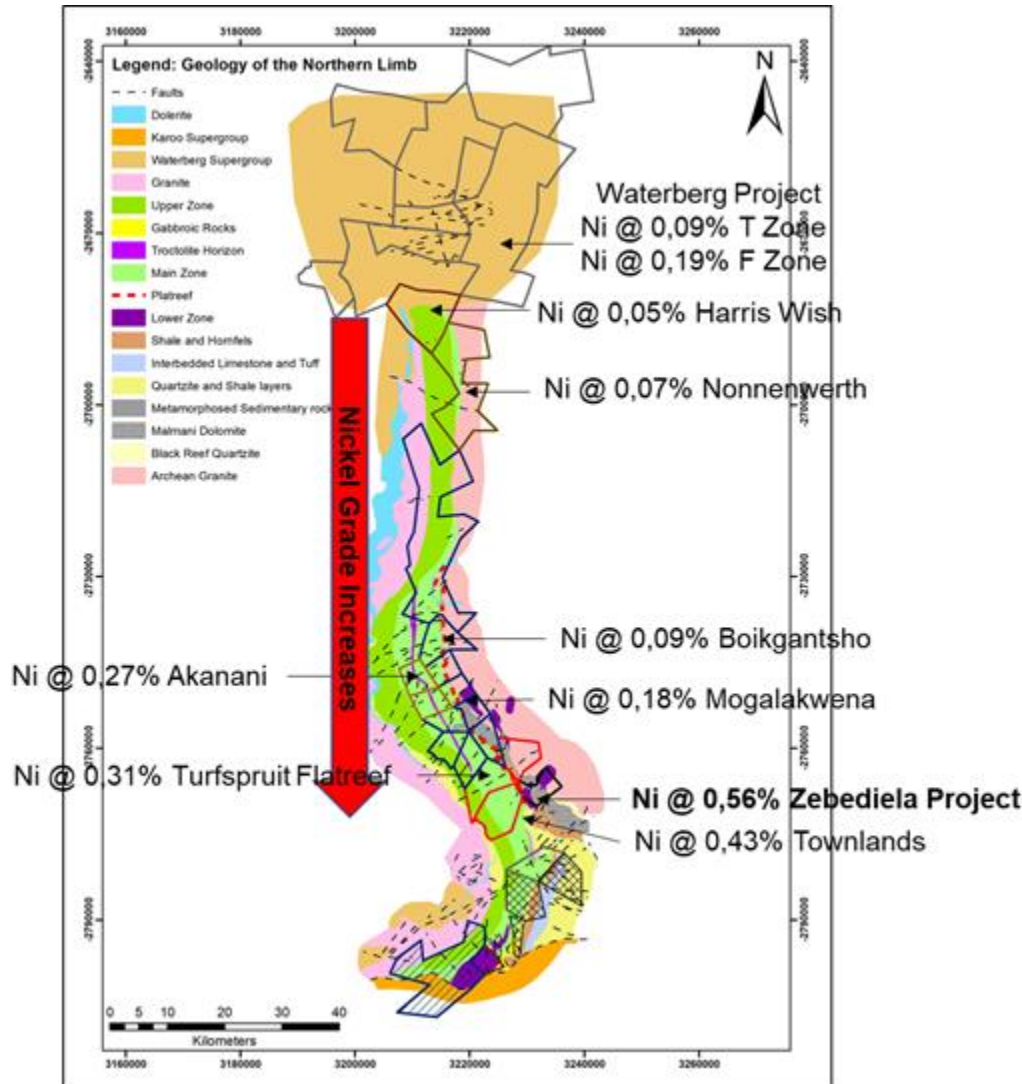


The Uitloop I Lower Zone body located about 2 km to the east of Uitloop II may potentially represent a similar low-grade, disseminated nickel sulphide deposit. The Uitloop I body forms a small hill about 1570 meters high, as the main lithology is orthopyroxene which is more resistant to weathering and erosion compared to the less resistant dunite which are the main lithologies associated with the Uitloop II body.

However, during recent geological mapping conducted from 2018 to 2019, dunite was observed at the base of the Uitloop I body, meaning that dunite may form the core of the body with an outer layer of orthopyroxenite. Therefore, the potential for a low-grade disseminated nickel sulphide deposit associated with this body is highly likely, should the Uitloop I body have been subjected to the same mechanisms that formed the mineralisation in the Uitloop II body.

Previously, the Lower Zone was believed to form an isolated satellite intrusion in the northern limb of the Bushveld Complex. However, new exploration results and academic research has shown that the Lower Zone forms a thick

succession of ultramafic lithologies beneath the Platreef. It has been suggested that all the Lower Zone satellite bodies associated with the northern limb are connected at depth. Therefore, the Uitloop bodies maybe connected at depth as shown and have similar mineral chemistry, lithological compositions and similar styles of mineralisation.



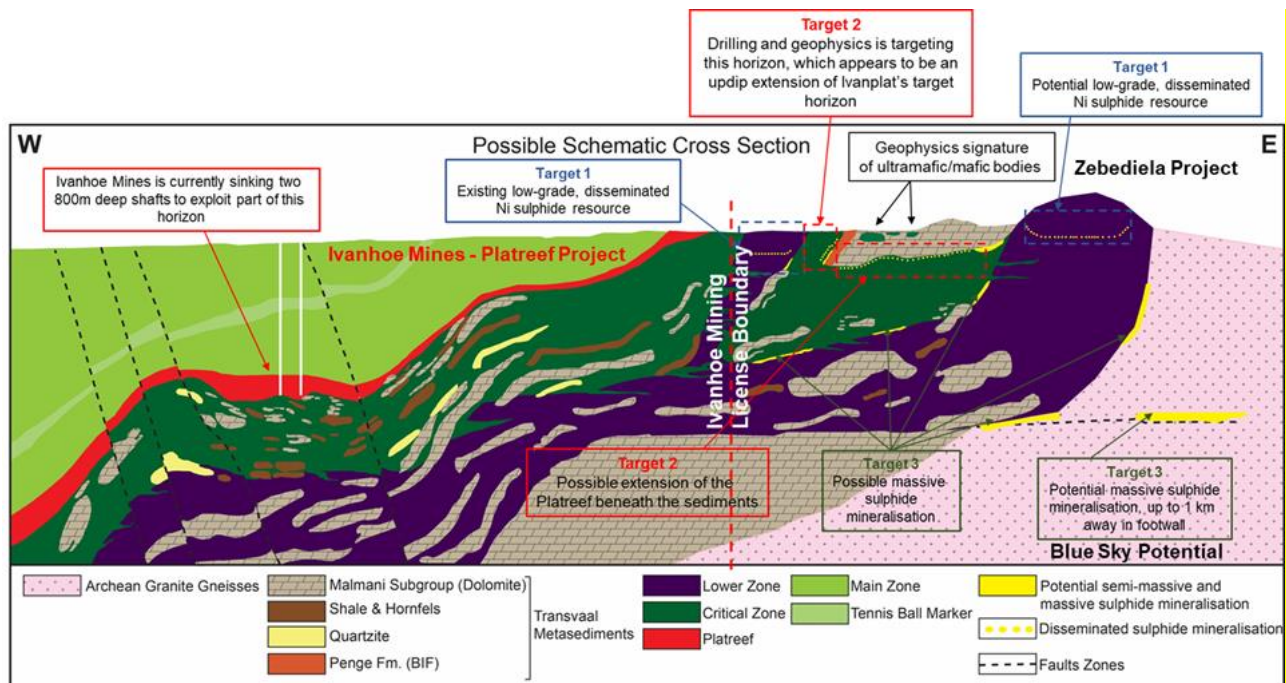
Target 2: Platreef Mineralisation

Drilling conducted in 2017 and geophysics conducted in 2018, as well as an analysis of historical drilling, indicates the Zebediela Project area contains significant amounts of Critical Zone material, which hosts the Platreef, which is the same material mined at Anglo American Platinum’s Mogalakwena Mine, and which forms the resource at Ivanhoe Mine’s \$1.5 billion Platreef Project.

From borehole, surface mapping and geophysical evidence, the Platreef may have a possible strike extension of >5 km on the Zebediela Project, at an approximate depth of <30 m in part of the project area. During a relogging exercise, Platreef lithologies and mineralisation were observed in a number of boreholes which were targeting the Lower Zone Ni sulphide deposits (Target 1). Boreholes Z01 and Z03 both end in an interval of mineralised feldspathic pyroxenite which was previously not sampled. Boreholes UIT1-3 to UIT1-5 and U3 all intercepted Platreef lithologies and mineralisation.

Therefore, the Platreef must be steeply dipping, in excess of 45°, extending at depth adjacent to the Lower Zone Uitloop II body. This provides evidence for the possible >5 km strike extension of the Platreef on the Zebediela Project. From the geological mapping, geophysics results and Ni and Cu anomalies in the soil geochemistry, the Platreef is interpreted to abut against the shale/hornfels layer which may represent the Penge banded iron formation (Transvaal footwall rocks). The geological studies also suggested that the Lower Zone Uitloop II body is completely surrounded by Platreef either at surface or at depth.

Soil geochemical anomalies, geophysical responses and the thick intervals of Platreef intercepted in the various boreholes beneath metasedimentary packages suggests that the Platreef extends beneath the Transvaal metasediments creating a large “raft or bridge” and finally abuts against the Lower Zone Uitloop I body and possible the Archean granite gneisses to the east. Borehole U3 was drilled at -50° in the direction of this possible Platreef extension and majority of the borehole intercepts Platreef lithologies and mineralisation. Boreholes UL2 and UL9 were also drilled in the direction of possible Platreef/Critical Zone extension and UIT1-2 was drilled on the extension, however, these boreholes were all stopped short in the overlying “raft or bridge” metasediments.



Target 3: Massive Nickel Sulphide Mineralisation

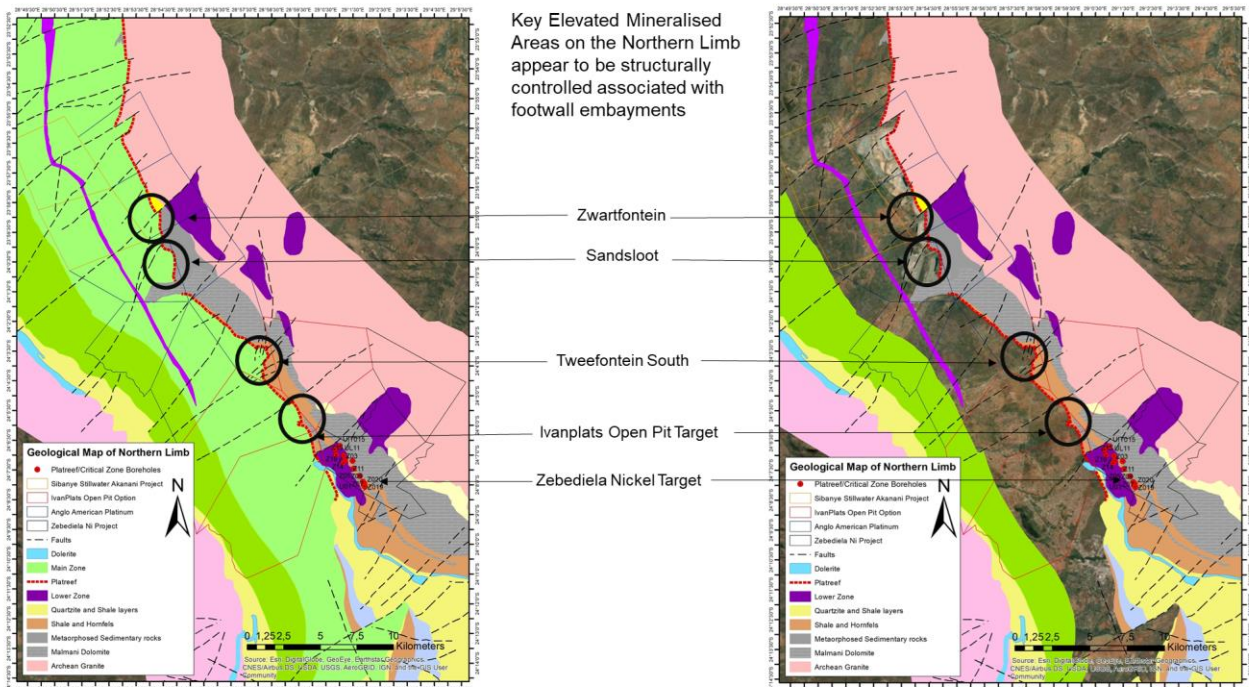
The Target 2 extension suggests that the Platreef magma intruded the footwall allowing for large amounts of footwall assimilation within the Platreef magma. This would have potentially upgraded the sulphur content of the magma and allowed for sulphur saturation to occur. There is potential for high grade mineralisation in this extension associated with strata-bound and contact style mineralisation (disseminated and semi-massive sulphides). The Lower Zone magma intruded the sediments prior to the intrusion of the Platreef magma, based on age dating of the Lower Zone and evidence of the Platreef intruding the Lower Zone, therefore the more voluminous Platreef magma would have intruded in the path of least resistance, possibly following a similar path of the Lower Zone magmas which formed the Uitloop I body.

Evidence for this is presented as follows:

1. On the Anglo Platinum property, there is a large dolomite tongue forms an embayment where the Sandsloot, Zwartfontein and Overysel open pit operations occur on the Anglo Platinum Mogalakwena Mining Complex which is the largest and most profitable platinum mine in the world.

2. On the farm Tweefontein, an increase in grade appears to be associated with an embayment at “Tweefontein South”, where Anglo American are currently conducting exploration drilling.
3. Ivanplats’ open pit option was also targeted in a structurally controlled embayments in the Transvaal sediments, which hosts higher grade Platreef material than Platreef further along strike to both the south and the north of this target.

The Zebediela Project is possibly located in the largest structurally controlled basin in the northern limb, which may yield strata-bound and contact-style mineralisation close to surface as seen in the rest of the northern limb of the Bushveld Complex. These embayments may form a trap site for Bushveld magmas to assimilate footwall lithologies and precipitate larger concentrations of sulphur within the magmas. The continuous flow of magma during the emplacement of the Platreef magmas, would have allowed for sulphur to have a constant replenishment or interact with fresh magma which host the Ni, Cu and PGE. Ni, Cu and PGE are all incompatible elements in silicate melt and prefer to be hosted by sulphur-rich liquids. Therefore, the Company believes that the potential of semi-massive and massive-sulphide mineralisation within the structurally controlled embayments is highly likely.



The average grades of Target 2 relative to other Ni-Cu-PGE producers in South Africa are presented below.

Company	Project/Reef	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	3PGE + Au (g/t)*
URU Metals***	Zebediela Target 2	0.56	0.18	0.59	1.13	0.10	0.06	1.88
Anglo Platinum	Mogalakwena	0.18	0.10	1.14	1.35	0.09	0.15	2.73
Ivanplats**	Open pit	0.20	0.14	0.33	0.44		0.09	0.86
Ivanplats	Flatreef	0.34	0.17	1.95	2.01	0.14	0.30	4.40
PTM Waterberg Project	T-zone	0.09	0.18	1.18	2.04	0.03	0.80	4.05
	F-zone	0.19	0.08	0.91	2.04	0.05	0.15	3.15
Sibanye Stillwater	Akanani P1- Lower Reef	0.24	0.13	1.53	2.03	0.13	0.21	3.90
Akanani Project**	Akanani P2- Upper Reef	0.24	0.13	1.64	1.88	0.23	0.15	3.90
Merensky Reef	Mine reserves	0.15	0.06	2.52	1.18	0.21	0.21	4.12
UG2 Reef	Mine reserves	0.04	0.02	2.54	1.64	0.46	0.16	4.80
African Rainbow Minerals****	Nkomati Mine	0.35	0.13	0.20	0.60	0.03	0.09	0.92

*3PGE+Au equals platinum + palladium + rhodium + gold

**From Indicated Resources

***From drill results only. This does not constitute a resources or reserve statement in any manner or format whatsoever

****Pill splits are taken from the massive sulphide ore and applied to the lower grades disseminated ore

A basket price comparison on a US Dollar per metric ton basis with other Ni-Cu-PGE producers in South Africa demonstrates that the recent drilling done on the Zebediela project compares favourably to other profitable producing mines in the area, as well as developing projects. A weighted average of drill intersections of Critical Zone material shows that URU's Zebediela project has a higher basket price per ton than Anglo American Platinum's flagship Mogalakwena Mine, located 20 km away.

Company	Project/Reef	Ni (\$/t)	Cu (\$/t)	Pt (\$/t)	Pd (\$/t)	Rh (\$/t)	Au (\$/t)	Basket Price (\$/t)*	Depth to Mineralisation
URU Metals	Zebediela Project Target 2	83.23	11.84	17.49	74.88	32.15	3.72	223.30	30 m
Anglo Platinum	Mogalakwena	26.75	6.58	33.79	89.45	28.94	9.29	194.81	30 m
Ivanplats	Open pit	29.72	9.21	9.78	29.16	0.00	5.58	83.45	30 m
Ivanplats	Flatreef	50.53	11.18	57.80	133.19	45.01	18.59	316.31	800 m
PTM Waterberg Project	T-zone	13.38	11.84	34.98	135.18	9.65	49.57	254.59	150 m
	F-zone	28.24	5.26	26.98	135.18	16.08	9.29	221.02	130 m
Sibanye Stillwater	Akanani P1- Lower Reef	35.67	8.55	45.35	134.51	41.80	13.01	278.90	800 m
Akanani Project	Akanani P2- Upper Reef	35.67	8.55	48.61	124.57	73.95	9.29	300.65	800 m
Merensky Reef	Mine reserves	22.29	3.95	74.70	78.19	67.52	13.01	259.66	800 m
UG2 Reef	Mine reserves	5.94	1.32	75.29	108.67	147.89	9.91	349.03	800 m
African Rainbow Minerals	Nkomati Mine	52.02	8.55	5.93	39.76	9.65	5.58	121.48	400 m

Commodity Prices as at 25 August 2020

Target 3 are nickel-rich massive-sulphide bodies located within the ultramafic lithologies close to, or on, the footwall contact, or injected up to several hundred meters into the footwall. These massive-sulphide bodies may be up to 1 km away from the primary Bushveld intrusion.

The Nkomati nickel deposit associated with a satellite intrusion of the Bushveld Complex, the Uitkomst Complex, had a high-grade nickel-rich massive-sulphides which were discovered several meters into the footwall granites below the satellite intrusion. Within the Uitkomst layered intrusion there are low-grade disseminated nickel-rich sulphide deposits hosted by dunite, harzburgite and pyroxenite. This mineralisation model may be applicable to the Zebediela Project where there is potential for massive-sulphides at the base of the Uitloop Lower Zone bodies or within the footwall Archean granite basement, based on the similar geological characteristics between the Uitkomst Complex (and other nickel deposits associated with ultramafic magma conduit systems) and the Uitloop Lower Zone bodies. Both the intrusions are of Bushveld composition (Lower Zone/Critical Zone affinities), and both intruded the Transvaal Supergroup and abut against the Archean granite basement. The Uitloop Lower Zone bodies intruded the Black Reef Quartzite, the Malmani Subgroup, the Penge Formation and the Duitschland Formation. The Uitkomst Complex intruded Black Reef Quartzite, the Malmani Subgroup, the Rooihoogte Formation and the Timeball Hill Formation. Both intrusions possibly assimilated a large amount of country rock, thus upgrading the concentration of sulphur in the magma, due to the high amount of sulphur in the assimilated sedimentary rocks.

The Uitloop II body contains low-grade disseminated nickel-rich sulphides hosted by dunite, harzburgite and pyroxenite and discrete disseminated chromitite (up to 70% chromite) layers up to 1 m thick. These are similar characteristics of the low-grade disseminated ore exploited in the Nkomati Ni mine. The Uitkomst Complex represents a chonolith (like-pipe)

structure, where the Uitloop bodies have been suggested to represent a conduit-type intrusion. However, the structure of the Uitloop Lower Zone bodies still requires further investigation. The potential for massive-sulphide bodies associated with the Lower Zone and footwall requires further investigation. In summary, the Uitloop Lower Zone bodies show similarities to the Uitkomst Complex in mineralisation, rock composition and intrusion into footwall sediments with a possible external source of sulphur, therefore the possibility of massive-sulphide deposit associated with the Lower Zone Uitloop bodies is highly likely.

Mineral Rights

As announced in the previous reporting period, an application was made and accepted in August 2019 to the South African Department of Minerals and Energy (DMRE) for a mining right over the Zebediela Project .

As part of the Mining Right application process, the Company submitted an application for Environmental Authorisation for the Zebediela Project and commenced with environmental impact assessment studies and a public consultation process.

The first phase of the Environmental Authorisation Process, the Environmental Scoping Report, was accepted by the DMRE and the approval to proceed with the Environmental Impact Assessment (“EIA”) phase was granted on the 19 February 2020 by the DMRE.

The specialist studies related to the EIA phase were planned to commence at the end of March 2020, but due to the Covid-19 lockdown in South Africa the studies had to be postponed. An extension for the submission of the final report relating to the EIA phase was granted by the DMRE and the final EIA report will need to be submitted Q1 2021.

Specialist studies related to the EIA are currently underway and the company remains on track to submit the EIA within the regulated timeframes.

Strategy for 2020/2021

As per the RNS released in August 2020, the company is committed to seeking funding to advance the geological exploration on the high-grade nickel, cobalt and PGE target to the east of the existing nickel resource.

We will specifically be focusing on developing the high-grade nickel, cobalt and platinum group metal target that hosts the crucial metals that form the supply of not only batteries, but also hydrogen fuel cells, that are so essential to the green energy revolution.

In parallel to this, the Company will continue to advance the mining right application and associated Environmental Authorisation with the DMRE, which will ultimately lead to a right to mine one of the world’s largest known Class 1 nickel deposits for 30 years. The appointed environmental specialists will ensure that future mining is carried out in the most environmentally friendly manner possible, thus assisting with fulfilling the Company’s vision of becoming one of the world’s most environmentally friendly sources of Class 1 nickel.

The Company’s bullish outlook on nickel was detailed in the Chairman’s Statement, and the Company’s flagship Zebediela Project represents a future source of an environmentally friendly supply of nickel, cobalt and PGE’s into the rechargeable battery market.

John Zorbas
Chief Executive Officer

30 September 2020

URU Metals Limited
Strategic Report
For the Year Ended 31 March 2020

The Directors are pleased to present their Strategic Report for the year ended 31 March 2020.

The Company was incorporated in the British Virgin Islands (“BVI”) on 21 May 2007 and The Company’s shares were admitted to trading on AIM, a market operated by the London Stock Exchange on 12 September 2007.

Our Business

The Group’s mission is to identify and invest in quality mineral exploration and development projects.

The Group’s vision is to become the AIM market’s premier nickel supplier into the EV battery market and supply metals into the green energy revolution. The Group will achieve its vision by developing its flagship Zebedelia Nickel Project and targeting higher grade areas within the mineral right boundaries.

Our Strategy

The key pillars of our strategy are:

1 Advancing 100% owned project <i>Medium to long – term returns</i>	Umnex Minerals Limpopo (Pty) Ltd & Lesego Platinum Uitloop (Pty) Ltd	Further geological studies to improve on the quality of the existing Class 1 nickel resource and target cobalt and platinum group metals mineralisation.
2 Strategic Investments <i>Near to medium– term returns</i>	The investment in Management Resource Solutions PLC	The Group will make appropriate investments in listed or unlisted mining and mineral development and support services companies to optimise shareholder value. Where appropriate, the Group will act as an active investor and will strive to advance corporate actions that deliver value adding outcomes (for example, project development to increase company valuation or to achieve a listing).

URU Metals Limited
Strategic Report (continued)
For the Year Ended 31 March 2020

Operating and Financial Review

As the Group is primarily involved in exploration and project development, no revenue was generated in the year (2019: Nil).

	Group 31 March 2020	Group 31 March 2019
Operating results		
Loss for the year (USD '000)	(732)	(2,291)
	(732)	(2,291)
Basic diluted loss per share (US dollars)	(0.94)	(2.94)
Diluted loss per share (US dollars)	(0.94)	(2.94)

Zebediela Nickel Project

The Zebediela Nickel Project extends over three separate adjacent prospecting rights in the Limpopo Province of South Africa. All three rights are held by Lesego Platinum Uitloop (Pty) Ltd, which in turn is 100% owned by Umnex Minerals Limpopo (Pty) Ltd.

A mining right application has been submitted to the DMRE which consolidates the rights into a single right and, once awarded, will grant Lesego Platinum Uitloop (Pty) Ltd the right to mine nickel, copper, cobalt, platinum group metals, chrome and other metals and minerals for 30 years.

Market Trends

Nickel prices are primarily being driven up by a growing use of nickel in high tech applications such as batteries for electric vehicles. Whilst the use of nickel containing stainless steel is growing, uncertainty in supply of Class 2 nickel deposits, and dwindling Class 1 nickel deposit resources, will lead to higher prices.

Environmental matters

The Company is currently completing an Environmental Impact Assessment for the development of the Zebediela Class 1 nickel resource.

The Group's employees

The Group's CEO was John Zorbas who carried out the executive duties during the year ended 31 March 2020.

The Group has deliberately engaged in a strategy of hiring expertise on a contract or consultant basis as required in order to reduce administrative costs, and ensure access to the best skilled people on an as needed basis. The Group currently has contracts with individuals or companies to provide public relations, project management, and accounting/controller expertise for itself and its subsidiaries.

URU Metals Limited
Strategic Report (continued)
For the Year Ended 31 March 2020

Social and community issues

The Company has embarked on significant public consultation processes to identify and mitigate social, community and environmental concerns. The Company currently has registered over 136 Interested and Affected Parties as part of the Environmental Impact Assessments underway, and continues to engage meaningfully with impacted communities.

Funding

The Group continued to fund its activities from its own cash resources in the year. The financial position and the results of operations are detailed in the consolidated financial statements.

Financial Objectives

The Group's financial objectives are to achieve:

- Active project development;
- Strategic investment and value release to shareholders; and
- Good corporate governance and sound financial management.

Segmental Analysis

Information on segmental reporting is set out in note 20 to the consolidated financial statements.

Principal Risks and Uncertainties

The Group is exposed to a number of risks and uncertainties, which could have a material financial, operational and reputational impact on its long-term performance and on the Group's ability to develop its project portfolio.

As part of the Group's normal procedures, the Board and management continually evaluate the going concern premise and as an exploration Group, use budgets and cash flow forecasts to evaluate requirements in ensuing periods.

URU Metals Limited
Strategic Report (continued)
For the Year Ended 31 March 2020

Principal Risks and Uncertainties (continued)

The risks that management has assessed as “high” are summarised below.

Category	Risk	Detail	Mitigation Measure/Comments
Strategic	Mineral Reserve and Resource estimates	Mineral Reserves and Mineral Resources estimates are based on several assumptions, including geological, mining, metallurgical and other factors. There can be no assurance that the anticipated tonnages or grades will be achieved. This is particularly the case at exploration stage projects.	Mineral Reserves and Mineral Resources will be prepared to internationally recognised code compliant standards by Qualified Persons under NI 43-101 requirements.
	Licence transfers	The timing of transfer of mineral licences can be uncertain and regulatory approval cannot be foreseen.	A mining right application has been submitted and accepted that will consolidate the rights under the name of Lesego Platinum Uitloop (Pty) Ltd and provide exclusive access to the Company for the mineral rights for 30 years.
Financial	Commodity Prices	The Group’s financial performance is dependent upon the price of nickel. Adverse movement in commodity prices could have a material impact on operations.	The Board monitors commodity prices and potential impacts on cash flow, project development and the ability of The Group to raise necessary capital. Capital expenditure plans are aligned to prevailing and anticipated market conditions. By targeting projects with resources that fall within the highest grade quartile and lowest cost quartile of producers, the exposure to low commodity prices is somewhat mitigated. The Company is targeting metals such as nickel and cobalt that will be critical to the manufacture of batteries for energy storage for electric vehicles and other applications.
	Costs and capital expenditure	The Group is exposed to on-going expenditure obligations resulting from its project development activities in South Africa.	Management conducts cash flow analyses and reduces capital expenditure requirements wherever possible. If necessary, project scopes are adjusted or in some cases deferred to preserve capital.
	Liquidity	The Group needs to finance its on-going development and growth, which exposes the Group to liquidity risk. If the Group is not able to obtain sufficient financial resources, it may not be able to raise sufficient funds to develop projects, acquire additional assets or meet its ongoing financial needs.	Management monitors liquidity and exploration expenditure. The Board strives to ensure liquidity through timely corporate actions, if and when required.
Operational	Project Execution	The inability to develop near- and longer-term capital projects will impact on the Group’s strategic objectives and affect its ability to meet growth and production objectives.	The Group will review its project portfolio on a regular basis and utilises relevant data, such as code compliant Mineral Reserve and Mineral Resource estimates, to guide development priorities. A balanced portfolio will reduce risks associated with a specific project or commodity. The Group will also make use of experienced contract and consultant personnel with relevant experience in project execution.

URU Metals Limited
Strategic Report (continued)
For the Year Ended 31 March 2020

Principal Risks and Uncertainties (continued)

Category	Risk	Detail	Mitigation Measure/Comments
Personnel	Management	Loss of key management personnel can impact on the Group's strategic and operational functionality.	The Group seeks to provide competitive salary arrangements to attract and retain the services of these personnel members.
	Skills Availability	Skills shortages have been a feature of exploration across the board. The inability to attract suitably skilled individuals in the vicinity of the Group's operations can impact on the quality and efficiency of the work performed.	Management has implemented retention strategies, including competitive compensation packages, as and when required. The Group also makes use of experienced contract and consultant personnel with relevant experience in project execution.
	Health and Safety	The mining and resource processing sectors are inherently hazardous. Failure to adopt high levels of safety management can result in a number of negative outcomes, including bodily harm to employees and contractors, and damage to the Group's reputation.	The Group takes the health and safety of all those who work for and with the Group very seriously. Measures are based on the principles outlined in the Prospectors and Developers of Canada's e3 program.
Environmental Remediation		Unforeseen environmental degradation resulting from the Group's operational activities may result in liability and/or the requirement to undertake extensive remedial clean up actions.	All operational models take environmental responsibilities into account. Third parties are contracted as required to identify environmental risks and mitigation measures. Environmental Impact studies are ongoing.
External	Political, Legal and Regulatory Development	The Group may be affected by political or regulatory developments in the countries and jurisdictions in which it operates, including changes to fiscal and other regulatory measures.	The Group focuses on project development in stable, mining-friendly countries, and liaises with governments on aspects of its operations on a regular basis. The Group monitors the political landscape to keep abreast of likely changes in regulatory policies, and adjusts its asset mix accordingly.
	Community Relations	Disputes regarding land claims, objections to mining may arise with local communities, causing disruption to projects or operations.	The Group is committed to the establishment of close working relationships with communities in the areas in which it operates. The Group consults with local stakeholders, identifying them prior to the onset of activities. The Group will work with stakeholders to define the way in which the Group's operations will positively impact local communities. The Group engages experienced personnel to assist with local community relations.
	Global pandemic	Prevents progress of the mining right application	The Group has and will work with the DMRE in establishing extensions for required documentation.

John Zorbas

Chief Executive Officer
30 September 2020

URU Metals Limited
Directors' Report
For the Year Ended 31 March 2020

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2020.

Business Review

The Group's results for the year are set out in the consolidated statement of comprehensive income in these consolidated financial statements.

A review of the business, significant contracts, progress and the Group's future prospects can be found in the Strategic Report.

Key Performance Indicators

Management do not consider that the Group has any meaningful KPI's as it is in the exploration and evaluation stage.

Events after the Reporting Date

On 6 May 2020, the Company issued a Convertible Loan Note for \$250,000 to Boothbay Absolute Return Strategies LP ("Boothbay"). The Convertible Loan Note can be increased to \$500,000 prior to the maturity of the Loan Note on 31 May 2021 or such later date as the Company may in its sole discretion determine. The Loan Note is unsecured, bears no interest and is convertible at the lower of:

- (i) a voluntary conversion price triggered on serving a conversion notice (being 85 pence per share for a period of 90 days from the date of the Loan Note; and following expiry of the 90 day period, a 35% discount to the Volume Weighted Average Price ("VWAP") per share in the 5 trading days prior to the noteholder serving a conversion notice);
- (ii) on an equity fund raising of not less than US\$5 million (excluding a Loan Note conversion), a 35% discount to the price per share paid by investors on such a fund raising;
- (iii) on a share sale (meaning a sale of Ordinary Shares giving control of the Company, whether for cash and/or by way of exchange for shares in another company and/or for other consideration, and whether or not control of the Company changes as a result of such transaction), a 35 per cent. discount to the price per share paid on the share sale; or
- (iv) if there is no conversion notice served, fund raising or share sale prior to the maturity date, at a 35% discount to the VWAP per share in the 5 trading days prior to the maturity date.

On 6 May 2020, the Company raised approximately £200,000 through the subscription for 235,294 ordinary shares at 85 pence per share. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

The Company also agreed to issue 470,588 ordinary shares at 85 pence per share to Alegana Enterprises Limited (a company controlled by J. Zorbas) in lieu of unpaid director fees and salaries, as detailed in note 17. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

Dividends

The Directors do not recommend the proposal of a final dividend in respect of the current year.

Directors

The Directors who served the Group during the year and up to the date of this report were as follows:

URU Metals Limited
Directors' Report (continued)
For the Year Ended 31 March 2020

Executive director

John Zorbas

Non-Executive Directors

Jay Vieira

Kyle Appleby

Directors' interests

The Directors' interests in the share capital of the Company at the year end were as stated below:

	2020	% Held	2019	% Held
	Number of shares		Number of shares	
J. Vieira	4,444	0.57%	4,444	0.57%
J. Zorbas - direct	33,644	4.31%	33,644	4.31%
J. Zorbas – indirect (1)	118,511	15.18%	118,511	15.18%

(1) J. Zorbas holds 15.18% of the share capital indirectly through Captor Capital Corp. J. Zorbas exercises control over Captor Capital Corp. due to his position as Chief Executive Officer and his shareholding in the company.

The interests of Directors' in options over the share capital of the Company at the year end were as stated below:

	2020	2019
	Number	Number
J. Zorbas	10,000	10,000
J. Vieira	5,400	5,400

Directors' interests in transactions

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business, except in respect of service agreements.

Directors' remuneration

	2020	2019
Salary and fees	\$	\$
Executive Directors:		
J. Zorbas	180,000	183,000
Non-executive Directors:		
J. Vieira	15,000	16,000
K. Appleby	16,000	16,000

Group's policy on payment of creditors

It is the Group's policy to pay suppliers in accordance with the terms and conditions agreed between the Group and its suppliers, provided that the goods and services have been supplied in accordance with the agreed terms and conditions. At present the majority of the Group's creditors, including taxation are within agreed terms.

URU Metals Limited
Directors' Report (continued)
For the Year Ended 31 March 2020

Political and charitable donations

There were no political and charitable donations made by the Group during the year.

Financial Instruments

The Group's financial risk management objectives are to control debt levels and to ensure there is sufficient working capital available for the Group's overheads and capital expenditure commitments.

Financial instruments are disclosed and discussed in note 4 to the consolidated financial statements.

Employees

The Group recognises the benefit of keeping its employees informed of all relevant matters on a regular basis. The Group is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job.

Health and safety

The Company and its subsidiaries have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice. The avoidance of occupational accidents and illnesses is given a high priority.

Principal Risks and Uncertainties

The principal risks and uncertainties associated with the Group's business and industry are detailed in the Strategic Report.

Information to shareholders - Website

The Group has its own web site (www.urumetals.com) for the purposes of improving information flow to its shareholders and potential investors.

Substantial shareholdings

On the date of signing this annual report, the following were holders of 3% or more of the Group's issued share capital:

<u>Registered holder</u>	<u>Percentage of issued share capital</u>
John Zorbas	33.92%
Lexinter International Limited	15.83%
Captor Capital Corporation	7.97%
Hargreaves Lansdown Asset Management Limited	6.27%
Interactive Investor Limited	3.92%
Halifax Share Dealing Limited	3.85%

Auditor

The auditor Moore Kingston Smith LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

Disclosure of information to the auditor

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware and

they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

URU Metals Limited
Directors' Report (continued)
For the Year Ended 31 March 2020

Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities can be found on page 18 of these financial statements. The Statement of Directors' Responsibilities forms part of the Directors' Report.

On behalf of the Board

John Zorbas

Chief Executive Officer

30 September 2020

URU Metals Limited
Statement of Directors` Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 financial performance and cash flows of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, in preparation of the Group financial statements, the Group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with all applicable legislation and as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

URU Metals Limited

Corporate Governance Report

Statement of Compliance

The Directors recognise the importance of sound corporate governance and comply where possible with appropriate recognised corporate governance standards as far as practicable and to the extent appropriate given the Group's size, assets, liabilities and other relevant information. The Company formally adopted the Quoted Companies Alliance Corporate Governance ("QCA Code"). The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company. The Board recognises that the Company does not fully comply with the 10 principles and general provisions of the QCA Code but does use it as a benchmark in assessing its corporate governance standards. Areas of non-compliance are disclosed in the text below. Details of the Company's compliance with the QCA code can be found below and in the Corporate Governance section of the Company's website at www.urumetals.com.

Board of Directors

The Board's principal responsibilities include assisting in the formulation of corporate strategy, reviewing and approving all significant corporate transactions, monitoring operational and financial performance, reviewing and approving annual budgets and generally assisting management to enhance the overall performance of the Group in order to deliver maximum value to its shareholders. The Group held three Board meetings in the financial year.

As independent Non-executive Chairman Jay Vieira, commits approximately between two to four days per month to URU Metals business. As Non-executive Director, Kyle Appleby dedicates approximately between two and four days per month to URU Metals business. Kyle is not considered to be independent. As CEO, John Zorbas is employed full time. Biographical details of the Directors can be found on the Group's website www.urumetals.com/about-us/board-of-directors.

Committees

The Group has in operation the following committees: an Audit Committee and a Remuneration and Nomination Committee.

Audit Committee

The Audit Committee comprises Jay Vieira and Kyle Appleby, is chaired by Kyle Appleby and meets twice a year. There is an opportunity for any meeting to be in private between the Non-Executive Directors and the Group's auditor to consider any matter they wish to bring to the attention of the Committee. The terms of reference and areas of delegated responsibility of the Audit Committee are in the consideration and approval of the following matters:

- monitoring the quality and effectiveness of the internal control environment, including the risk management procedures followed by the Group;
- reviewing the Group's accounting policies and ensuring compliance with relevant accounting standards;
- reviewing the Group's reporting and accounting procedures;
- ensuring that the financial performance of the business is properly measured, controlled and reported on;
- reviewing the scope and effectiveness of the external audit and compliance by the Group with statutory and regulatory requirements;
- approving the external auditors' terms of engagement, their audit plan, their remuneration and any non-audit work;
- considering reports from the auditor on the outcome of the audit process and ensuring that any recommendations arising are communicated to the Board and implemented on a timely basis;
- reviewing the Board's statement on internal control in the Annual Report; and
- ensuring compliance with the relevant requirements of the AIM Rules.

The Committee has not prepared a separate Audit Committee Report but will consider doing so for future reporting periods.

URU Metals Limited
Corporate Governance Report (continued)

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises Kyle Appleby and Jay Vieira. Jay Vieira chairs this committee. The Remuneration and Nomination Committee meets as and when necessary. It keeps under review the skill requirements of the Board and the skill, knowledge, experience, length of service and performance of the Directors. It also reviews their external interests with a view to identifying any actual, perceived or potential conflicts of interests, including the time available to commit to their duties to the Group. It sets and reviews the scale and structure of the Executive Directors' remuneration packages, including share options and the terms of the service contracts. The remuneration and the terms and conditions of the Non-Executive Directors are determined by the Executive Director with due regard to the interests of the shareholders and the performance of the Group. The Committee also makes recommendations to the Board concerning the allocation of share options to employees.

The Committee also monitors the independence of each Non-Executive Director and makes recommendations concerning such to the Board. The results of these reviews are important when the Board considers succession planning and the re-election and reappointment of directors. Members of the Committee take no part in any discussions concerning their own circumstances.

The Committee is also responsible for keeping under review the senior management team of the organisation to ensure the continued ability of the organisation to compete effectively in the marketplace.

Directors Time Commitment

The Board is satisfied that each of the Directors are able to allocate sufficient time to the Group to discharge their responsibilities effectively. The number of meetings of the Board and its Committees, the number of meetings attended and total possible meetings which each Director could have attended are outlined below:

Attendance by Directors	Board	Audit Committee	Remuneration and Nomination Committee
Kyle Appleby	3/3	2/2	1/1
Jay Vieira	3/3	2/2	1/1
John Zorbias	3/3	n/a	n/a

Board Evaluation

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. Therefore, the Board accepts that the Company does not comply with this aspect of the QCA Code. However, during Board meetings the Directors are welcome to discuss any areas where they feel a change would be beneficial for the Company, and the Company Secretary remains on hand to provide impartial advice. The need for a formal Board evaluation will be kept under review as the Board and Group develops.

Internal Control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide it with reasonable assurance regarding the reliability of financial information used within the business and for publication. The Board is also responsible for ensuring that assets are safeguarded and risk is identified as early as practicably possible. As noted, the Audit Committee has a significant role in this area. The internal control systems established are designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against misstatement or loss. The Group does not currently have an internal audit function and this will be kept under review as the Group progresses. The Board reviews the effectiveness of the systems of internal control and its reporting procedures and augments and develops these procedures as required to ensure that an appropriate control framework is maintained at all times. The principal control mechanisms deployed by the Group are:

URU Metals Limited
Corporate Governance Report (continued)

- Board approval for all strategic and commercially significant transactions;
- detailed scrutiny of the monthly management accounts with all material variances investigated;
- executive review and monitoring of key decision-making processes at subsidiary board level;
- Board reports on business performance and commercial developments;
- periodic risk assessments at each business involving senior executive management;
- standard accounting controls and reporting procedures; and
- regularly liaising with the Group’s auditor and other professionals as required.

Advisers

ONE Advisory Limited has been contracted by the Company to act as Company Secretary and assists the Company with compliance with applicable rules, regulations and obligations governing its operation, including assistance with Board and shareholder meetings where required, and with Market Abuse Regulations (“MAR”) compliance. ONE Advisory Limited also supports the Board in its development of the Company’s corporate governance responsibilities, assisting with the Company’s application of the QCA Code and amendments in relation to AIM Rule 26.

The Company’s Nomad is consulted on all relevant matters and all Directors have access to independent professional advice, if required. Neither the Board nor its Committees have sought external advice on any significant matter during the year.

Culture

Given the size of the Group and the limited numbers of employees therein, the Board does not consider monitoring and assessment of corporate culture to be relevant at this time, but will keep this matter under review if the employee base were to increase.

Shareholder Communication

The Group’s website (www.urumetals.com) is the primary source of information on the Group. This includes an overview of the activities of the Group, information on the Group’s subsidiaries and details of all recent Group announcements.

Corporate Responsibility

The Group operates responsibly with regards to its shareholders, employees, other stakeholders, the environment and the wider community. The Group is committed to the well-being of all employees and ensures that their health, safety and general welfare is paramount at all times. We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arm’s length, commercial basis.

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. The Directors have elected to prepare these financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable by law.

Approved by the Board on 30 September 2020 and signed on its behalf by:

John Zorbas
Chief Executive Officer

**Independent auditor's report
to the members of URU Metals Limited**

Disclaimer of opinion

We were engaged to audit the financial statements of URU Metals Limited for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We do not express an opinion on the financial statements of the company. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for disclaimer of opinion on the financial statements

The audit evidence available to us in respect of going concern was limited. The directors have prepared a cash flow forecast for a period of twelve months from the date of signature of the audit report. This shows that the Group is dependent on the availability of additional funding in order to continue in business and meet its liabilities as they fall due and although the Group may be able to obtain additional financing from its shareholders there is no certainty that this support will be forthcoming.

Although, as explained in note 4a, the directors believe that it is likely that further shareholder or debt funding will be forthcoming there can be no certainty in this respect. As a result of this limitation, we have been unable to obtain sufficient appropriate audit evidence concerning the appropriateness of the going concern basis of preparation of the financial statements.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered gross assets to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be \$40,000, based on a percentage of gross assets.

**Independent auditor's report
to the members of URU Metals Limited (continued)**

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 50% of materiality, namely \$20,000.

We agreed to report to the Audit Committee all audit differences in excess of \$2,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our engagement to audit the financial statements

Our Group audit work was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The audit work is conducted centrally by one audit team, led by the Senior Statutory Auditor.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of opinion on the financial statements, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. However, because of the matter described in the Basis for disclaimer of opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Independent auditor's report
to the members of URU Metals Limited (continued)**

Use of our report

This report is made solely to the Company's members, as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

MATTHEW BANTON (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
Devonshire House
60 Goswell Road
London EC1M 7AD

30 September 2020

URU Metals Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2020

	2020	2019
	\$'000	\$'000
Administrative expenses	(732)	(737)
Exceptional items (note 18)	-	(1,554)
Operating loss	(732)	(2,291)
Net loss for the year	(732)	(2,291)
Other comprehensive income		
Items that will be reclassified subsequently to income		
Unrealised loss on financial assets at fair value through OCI	-	(876)
Effect of translation of foreign operations	(62)	(350)
Other comprehensive loss for the year	(62)	(1,226)
Total comprehensive loss for the year	(794)	(3,517)
Basic and diluted net loss per share (US dollars) (note 8)	(0.94)	(2.94)

The loss per share calculation relates to both continuing and total operations.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

URU Metals Limited
Consolidated Statement of Financial Position
As at 31 March 2020

	As at 31 March 2020 \$'000	As at 31 March 2019 \$'000
ASSETS		
Non-current assets		
Property, plant and equipment (note 10)	7	43
Intangible assets (note 11)	2,724	2,471
Long-term prepaid assets (note 9)	41	41
Total non-current assets	2,772	2,555
Current assets		
Trade and other receivables (note 13)	60	64
Cash and cash equivalents	66	475
Total current assets	126	539
Total assets	2,898	3,094
EQUITY AND LIABILITIES		
Equity		
Share capital (note 14)	7,806	7,806
Share premium (note 14)	46,938	46,938
Other reserves	1,085	1,030
Accumulated deficit	(54,571)	(53,839)
Total equity	1,258	1,935
Current liabilities		
Trade and other payables (note 16)	1,640	1,159
Total liabilities	1,640	1,159
Total equity and liabilities	2,898	3,094

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Approved on behalf of the Board on 30 September 2020:

Jay Vieira, Non-executive Chairman

Kyle Appleby, Non-executive Director

URU Metals Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 March 2020

	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Net loss for the year	(732)	(2,291)
Adjustments for:		
Depreciation	37	40
Stock-based compensation	117	-
Impairment of intangible asset	-	868
Impairment of financial assets at fair value through OCI	-	686
Unrealised foreign exchange gain	67	114
Changes in non-cash working capital items:		
Decrease in receivables	4	3
Increase in trade and other payables	482	182
Net cash used in operating activities	(25)	(398)
Investing activities		
Purchase of intangible assets	(397)	(401)
Net cash used in investing activities	(397)	(401)
Loss/(gain) on exchange rate changes on cash and cash equivalents	13	(43)
Net decrease in cash and cash equivalents	(409)	(842)
Cash and cash equivalents, beginning of year	475	1,317
Cash and cash equivalents, end of year	66	475

The accompanying notes to the consolidated financial statements are an integral part of these statements.

URU Metals Limited
Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended 31 March 2020

Equity attributable to shareholders

	Share Capital \$'000	Share Premium \$'000	Share Option and Warrants Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Deficit \$'000	Total \$'000
At 31 March 2018	7,806	46,938	2,344	(964)	(50,672)	5,452
Net loss and comprehensive loss for the year	-	-	-	(350)	(3,167)	(3,517)
At 31 March 2019	7,806	46,938	2,344	(1,314)	(53,839)	1,935
Stock-based compensation	-	-	117	-	-	117
Net loss and comprehensive loss for the year	-	-	-	(62)	(732)	(794)
At 31 March 2020	7,806	46,938	2,461	(1,376)	(54,571)	1,258

The accompanying notes to the consolidated financial statements are an integral part of these statements.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

1. General information

URU Metals Limited (the “Company”), formerly known as Niger Uranium Limited, and before that, as UraMin Niger Limited, was incorporated in the British Virgin Islands (“BVI”) on 21 May 2007. The Company’s shares were admitted to trading on AIM, a market operated by the London Stock Exchange on 12 September 2007. The address of the Company’s registered office is Intertrust, P.O. Box 92, Road Town, Tortola, British Virgin Islands, and its principal office is Suite 401, 4 King Street West, Toronto, Ontario, Canada, M5H 1A1.

The consolidated financial statements of the Group for the year ended 31 March 2020 comprise the Company and its subsidiaries.

2. Nature of operations

During the year ended 31 March 2020, the Group’s principal business activities were the exploration and development of mineral properties in South Africa.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Group has not yet established whether its mineral properties contain reserves that are economically recoverable. Changes in future conditions could require material write-downs of the carrying values of mineral properties.

The Group is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to:

- Dependence on key individuals;
- Receipt and maintenance of all required exploration permits and property titles;
- Successful development; and
- The ability to secure adequate financing to meet the minimum capital required to successfully develop the Group’s projects and continue as a going concern.

3. Basis of preparation

The annual consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The Group has consistently applied the accounting policies detailed below throughout all periods presented.

The consolidated financial statements have been prepared on a historical cost basis convention, as modified by the revaluation of financial assets at fair value through other comprehensive income.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

3. Basis of preparation (continued)

Items included in the consolidated financial statements for each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). Similarly, the Group reports its results in a specified currency (the “presentation currency”). The functional currencies of the Company and its subsidiaries (with their abbreviation defined in note 6) are set out in the table below:

URU Metals Limited ("URU")	CAD
Niger Uranium Societe Anonyme ("NUSA")	CFA
8373825 Canada Inc. ("Nueltin")	CAD
Svenska Skifferoljeaktiebolaget ("SSOAB")	SEK
Southern Africa Nickel Ltd. ("SAN Ltd")	USD
Umnex Minerals Limpopo Pty ("UML")	USD
Lesogo Platinum Uitloop Pty ("LPU")	USD

All of the Company’s subsidiaries were dormant in the year.

The Group’s consolidated financial statements are presented in US Dollars, rounded to the nearest thousand.

In accordance with IAS 21, Effects of Changes in Foreign Exchange Rates (“IAS 21”), Group entities and operations whose functional currencies differ from the presentation currency are translated into US dollars.

- Monetary assets and liabilities are translated at the closing rate as at the date of the statement of financial position;
- Income and expenses are translated at the average rate of exchange for the reporting period;
- Equity balances are initially translated at closing exchange rates and subsequent balances are translated at historical rates; and
- Translation gains and losses are recognised in consolidated other comprehensive income and are reported as such in accumulated other comprehensive income.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Going concern

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assume that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. As at 31 March 2020 the Group had net current liabilities of \$1,514,000 (2019: \$620,000). The Company raised approximately £200,000 in an equity financing and raised a further \$250,000 by the issuance of a convertible loan note in May 2020 but has not yet achieved profitable operation and expects to incur further losses in the development of business. However, the Group needs further financing to operate over the next twelve months. Management acknowledges that uncertainty remains over the ability of the Group to meet its funding requirements but believes that financing will be available and continues to explore debt and equity financing options that would provide the Group with sufficient cash to continue with its exploration activities. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These circumstances indicate the existence of material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern.

There is, however, no assurance that the sources of funding described above will be available to the Group, or that they will be available on terms and a timely basis that are acceptable to the Group. Accordingly, these consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used that would be necessary should the Group be unable to continue as a going concern. These adjustments could be material.

The directors have considered the impact of the COVID-19 pandemic, and the measures taken to contain it, on the Group. Due to the nature of the Group's activities, there has been limited impact on the business with a request for the extension of the Environmental Impact Assessment process being granted by the DMRE.

The Directors have prepared detailed financial forecasts and cash flows for the twelve months from the date of signing these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of current and future economic conditions over the forecast period.

(b) Basis of consolidation

Subsidiaries

Subsidiaries are all entities that are controlled by the Group. The definition of control involves three elements; power over the investee, exposure or rights to variable returns and the ability to use power over the investee to affect the amount of the investors' returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

4. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or other comprehensive loss.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Associates

Associates are entities over which the Group exercises significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associate's profits or losses after acquisition of its interest is recognised in profit or loss and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

Financial asset at fair value through other comprehensive income

Financial assets consist of equity investments in other companies or limited partnerships where the Group does not exercise either control or significant influence.

Financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

Joint arrangements, joint operations and joint ventures

A joint arrangement is a contractual arrangement in which two or more parties have joint control. Joint control only exists when decisions require unanimous consent of the parties sharing that control. A joint arrangement is either a joint operation, where the parties have rights to the assets and obligations of the operation and thus recognise its share of the assets, liabilities, and operations, or a joint venture, where the parties have rights to the net assets or the obligation, and thus recognise their interest as an investment using the equity method.

Transactions eliminated on consolidation

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

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(c) Foreign currency transactions

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in consolidated statement of other comprehensive income.

ii) Foreign operations

The assets and liabilities of operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group presentation currency (where different) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group presentation currency at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions. Equity balances are translated to presentation currency at historical exchange rates.

Foreign currency differences are recognised directly in other comprehensive income and such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income in the FCTR.

(d) Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment was determined by reference to the cost at the date of acquisition.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within the statement of comprehensive income.

Depreciation is calculated over the depreciable amount, which is the cost of the asset, less its residual value. If the useful lives and depreciation methods are the same for significant parts of assets, these are not depreciated on a component basis. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment as follows:

Field equipment	3 years
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(e) Exploration costs and intangible assets

Exploration and evaluation costs are capitalised on a project-by-project basis, pending determination of the technical feasibility and the commercial viability of the project. In accordance with IFRS 6, 'Exploration for and Evaluation of Mineral Resources', the Group allocates costs incurred to cash generating units (CGUs), which are projects, or groups of projects, which share a consistent profile and proximity. Exploration costs are presented in intangible assets in the Statement of Financial Position.

Capitalised costs include costs directly related to the exploration and evaluation activities in the CGU.

General and administrative costs are allocated to the exploration property to the extent that the costs are directly related to activities in the relevant areas of interest. Costs incurred before the legal rights are obtained to explore an area and costs relating to a relinquished or abandoned licence are recognised in profit or loss.

Exploration and evaluation assets shall be assessed for impairment at each reporting period in accordance with IFRS 6, and any impairment loss is recognised in profit or loss.

Once technical feasibility and commercial viability have been established, exploration assets attributable to those projects are tested for impairment and reclassified from exploration properties to development properties.

Mineral property acquisition costs, and exploration and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Group, are capitalised until the property to which they relate is placed into production, sold, allowed to lapse or abandoned.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets and financial liabilities

Financial assets and financial liabilities are classified into one of three categories as summarised in the table below:

Category	Derivative status	Initial measurement	Subsequent to initial recognition, held at:	URU's assets in the category
Amortised cost	Non-derivative	Fair value	Amortised cost using the effective interest method	Trade and other receivables
Amortised cost	Non-derivative	Fair value	Same as above	Cash and cash equivalents
Other financial liabilities	Non-derivative	Fair value	Same as above	Trade and other payables
Other financial liabilities	Non-derivative	Fair value	Fair value through profit and loss	Contingent consideration
Fair value through other comprehensive income	Non-derivative	Fair value	Fair value through profit and loss	Marketable securities

The classification is determined at initial recognition and depends on the nature and the purpose of the financial asset. Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets at amortised cost

A financial asset shall be classified at amortised cost if both of the following conditions are met and is not designated at FVTPL: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(g) Financial instruments (continued)

Other financial liabilities

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Financial assets at fair value

Fair value determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company has no financial instruments carried at fair value as at 31 March 2020 other than the investment in Management Resource Solutions Plc (MRS) which is a Level 2 financial asset at fair value.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if it is a derivative financial instrument. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current. Securities in privately held companies are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuation in the consolidated financial statements. These are included in Level 1 as disclosed in note 6.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair values of financial assets through other comprehensive income are presented as fair value gain or loss on investment in the consolidated statement of comprehensive income, and within operating activities in the statement of cash flows.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual right to the asset's cash flows expire or if the Group transfers the financial asset and substantially all risks and rewards of ownership to another entity. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

(iii) Offset

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

(h) Impairment of assets

(i) Financial assets

Financial assets are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the financial assets have been affected by one or more events that occurred after the initial recognition of the financial asset.

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

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Fair value less cost of disposal is determined as the amount that would be obtained from the disposal of the assets in an arm's length transaction between knowledgeable and willing parties.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Loss per share

The Group presents basic and diluted loss per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the period. Diluted earnings or loss per share is similar to basic earnings or loss per share, except that the denominator is adjusted to include the dilutive potential ordinary shares that would have been outstanding assuming that options and warrants with an average market price for the year greater than their exercise price are exercised and the proceeds used to repurchase ordinary shares.

(k) Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s chief operating decision maker, the CEO, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(l) Employee benefits

Pension obligations and other post-employment benefits

The Group does not offer any pension and/or post-employment benefits to employees.

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan, The Niger Uranium Limited Share Option Plan 2008. The grant date fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions, such as forfeiture rates, are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(m) New accounting standards and interpretations

During the year ended 31 March 2020 the Group adopted the following IFRS standards:

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognise a right-of-use asset and a liability for all leases except short term leases and leases of low value assets on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

On 1 April 2019, the Group has adopted the standard and there was no material impact on the Company's consolidated financial statements.

(b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after 1 January 2019. At 1 April 2019, the Group adopted this standard and there was no material impact on the consolidated financial statements.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

4. Significant accounting policies (continued)

(m) New accounting standards and interpretations (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

5. Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement and make estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The Group makes estimations and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results.

The estimates, assumptions and judgements which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are:

Determination of the Functional Currency

The Group comprises several entities in three different countries; Canada, South Africa and Sweden. The statutory financial statements of each entity, where required, are prepared using the functional currency of the country where it is registered to do business except where management have chosen a more appropriate currency as the functional currency. On preparation of the consolidated financial statements management chooses an appropriate exchange rate to translate each of the functional currencies to the presentational currency. The consolidated financial statements are presented in USD. These judgements may change if future events dictate that a more appropriate presentational currency should be adopted.

Impairment of exploration and evaluation expenditure (intangible assets)

At 31 March 2020 the carrying value of intangible assets of the Group were \$2,724,000 (2019: \$2,471,000). The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not yet reached a stage that permits a reasonable assessment of the existence of reserves. The directors have carried out an assessment of the carrying value of exploration and evaluation expenditure and any required impairment in accordance with the accounting policy in note 4.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

5. Critical Accounting Estimates and Judgements (continued)

Assessment of significant influence

The Group holds 9.59% of the issued share capital of Management Resource Solutions Plc ('MRS') which is below the 20% assumed threshold for significant influence. However as J. Zorbas was appointed as the Non-executive Chairman of MRS on 10 April 2017 management have reviewed the criteria detailed in IAS 28 'Investments in Associates' of potential indication of the existence of significant influence. Management judgement is therefore required to assess whether significant influence is exercised over MRS in the year and have concluded that the Group did not exercise significant influence over MRS in the year. J. Zorbas resigned as Non-executive Chairman of MRS on 30 August 2019.

Valuation of financial assets at fair value through other comprehensive income

The Group has adopted a policy of the revaluation of financial assets through other comprehensive income. Management therefore need to determine fair value and thus need to exercise judgement in their assessment of the fair value hierarchy.

In respect of the carrying value of the shares held in MRS management have assessed the cancellation of the company's shares on AIM on 5 March 2020, due to two of its principal subsidiaries being placed into administration, and the likelihood that the company will achieve a successful fundraising and will execute a reverse takeover. At 31 March 2020 the directors consider that the shares in MRS should remain fully impaired.

Share based payments

The Company has issued share options to Directors and advisors. The Black Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves a number of estimates and judgements to establish the appropriate inputs to be entered into the model, including areas such as the use of appropriate interest and dividend rates, exercise restrictions and behavioral considerations. A significant element of judgement is therefore involved in the calculation of the charge.

Calculation and recognition of contingent consideration

The Group is exposed to potential contingent consideration from previous acquisitions as detailed in note 11. Management exercises judgement in assessing whether the contingent consideration should be recognised in the consolidated financial statements.

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

6. Financial risk management

The Group's Board of Directors monitors and manages the financial risks relating to the operations of the Group. These include credit risk, liquidity risk and market risk which includes foreign currency and interest rate risks.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to the Group's cash and cash equivalents and trade and other receivables. The Group has no allowance for impairment that might represent an estimate of incurred losses on other receivables. The Group has cash and cash equivalents of \$66,000 (2019 - \$475,000), which represent the maximum credit exposure on these assets. As at 31 March 2020, the majority of the cash and cash equivalents were held with a major Canadian chartered bank from which management believes the risk of loss to be minimal.

Liquidity risk

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

Typically the Group tries to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. Management monitors the rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The following are the contractual maturities of financial liabilities:

	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6 months to 5 years \$'000
31 March 2020				
Trade and other payables	1,640	1,640	1,640	-
31 March 2019				
Trade and other payables	1,159	1,159	1,159	-

Market risk

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

Foreign currency rate risk

The Group, operating internationally, is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily Pound Sterling ("GBP"), the Canadian Dollar ("CAD"), the South African Rand ("ZAR"), Swedish Krona ("SEK") and the US Dollar ("USD").

URU Metals Limited
Notes to Consolidated Financial Statements
For the Year Ended 31 March 2020

6. Financial risk management (continued)

The Group does not hedge its exposure to currency risk.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The Group's exposure to foreign currency risk, based on notional amounts, was as follows:

	USD \$'000	ZAR \$'000	GBP \$'000	SEK \$'000	CAD \$'000	Total \$'000
31 March 2020						
Cash and cash equivalents	50	-	5	-	11	66
Trade and other receivables	-	-	-	-	60	60
Trade and other payables	-	(191)	(380)	(49)	(1,020)	(1,640)
31 March 2019						
Cash and cash equivalents	-	-	466	-	9	475
Trade and other receivables	-	-	-	-	64	64
Trade and other payables	-	-	(201)	(53)	(905)	(1,159)

Interest rate risk

The financial assets and liabilities of the Group are subject to interest rate risk, based on changes in the prevailing interest rate. The Group does not enter into interest rate swap or derivative contracts. The primary goal of the Group's investment strategy is to make timely investments in listed or unlisted mining and mineral development properties to optimize shareholder value. Where appropriate, the Group will act as an active investor and will strive to advance corporate actions that deliver value adding outcomes. The Group will undertake joint ventures with companies that have the potential to realise value through mineral project development, and invest substantially in those joint ventures to advance asset development over the near term.

Market risk

Sensitivity analysis

A 10% strengthening of the USD against the following currencies at the year end would have increased/(decreased) equity and profit or loss by the amounts shown below. This was determined by recalculating the USD balances held using a 10% greater exchange rate to the USD. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 March 2020		31 March 2019	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
GBP	-	(38)	-	(27)
CAD	-	(95)	-	83
SEK	-	(5)	-	6
ZAR	-	(19)	-	-

URU Metals Limited
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7. Capital risk management

The Group includes its share capital, share premium, reserves and accumulated deficit as capital. The Group's objective is to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. In light of economic changes and with the risk characteristics of the underlying assets, the Group manages the capital structure and makes adjustments to it. As the Group has no cash flow from operations and in order to maintain or adjust the capital structure, the Group may issue new shares, issue debt and/or find a strategic partner. The Group is not subject to externally imposed capital requirements.

The Group prepares annual expenditure budgets to facilitate the management of its capital requirements and updates them as necessary depending on various factors such as capital deployment and general industry conditions. During the year ended 31 March 2020 there were no changes in the Group's approach to capital management.

8. Earnings per Share

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue in the year.

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has potentially issuable shares which relate to share options issued to directors and third parties. In the years ended 31 March 2020 and 31 March 2019 none of the options had a dilutive effect on the loss in the two years.

	As at 31 March 2020 \$'000	As at 31 March 2019 \$'000
Loss used in calculating basic and diluted earnings per share (US dollars)	(732)	(2,291)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	779,944	780,571
Weighted average number of shares for the purpose of diluted earnings per share	779,944	780,571
Basic loss per share (US dollars)	(0.94)	(2.94)
Diluted loss per share (US dollars)	(0.94)	(2.94)

9. Long-term prepaid assets

	31 March 2020 \$'000	31 March 2019 \$'000
Long-term prepaid assets	41	41

On determination that an impairment charge was required for the Group's SSOAB Licences project, the Group identified a long-term prepaid asset for future drilling costs that may be applied to projects undertaken in other locations. Accordingly, the long-term prepaid asset was transferred out of intangible assets.

URU Metals Limited
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For the Year Ended 31 March 2020

10. Property, plant and equipment

<i>COST</i>	Field equipment \$'000
At 31 March 2018	121
Impact of foreign exchange	(3)
At 31 March 2019	118
Impact of foreign exchange	(4)
At 31 March 2020	114
<hr/>	
<i>ACCUMULATED DEPRECIATION</i>	Field equipment \$'000
At 31 March 2018	36
Depreciation for the year	40
Impact of foreign exchange	(1)
At 31 March 2019	75
Depreciation for the year	37
Impact of foreign exchange	(5)
At 31 March 2020	107
<hr/>	
<i>CARRYING VALUE</i>	Field equipment \$'000
At 31 March 2019	43
At 31 March 2020	7

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11. Intangible assets

Exploration costs

COST	\$'000
At 31 March 2018	5,061
Additions	401
Foreign exchange	(369)
At 31 March 2019	5,093
Additions	397
Foreign exchange	(310)
At 31 March 2020	5,180

ACCUMULATED AMORTISATION AND IMPAIRMENT	\$'000
At 31 March 2018	1,818
Impairment (note 18)	868
Foreign exchange	(64)
At 31 March 2019	2,622
Foreign exchange	(166)
At 31 March 2020	2,456

CARRYING VALUE	\$'000
At 31 March 2019	2,471
At 31 March 2020	2,724

The Group has operated three distinct projects, SSOAB Licences, Nueltin Licence and the South African Projects as detailed below.

The exploration costs, amortisation and impairment detailed in the above table are in respect of the Group's South African Projects only. The Group's exploration costs in respect of its SSOAB Licences project of \$1,145,000 were fully impaired at 31 March 2016 and the exploration costs in respect of its Nueltin Licence project of \$153,000 were fully impaired at 31 March 2015. The Burgersfort South African project was fully impaired at 31 March 2019. At 31 March 2020 the carrying value is solely in relation to the Zebediela Nickel Project described below.

SSOAB Licences

SSOAB (as defined in note 3) had 100% ownership of several exploration licences near the town of Örebro, Sweden. The Swedish licences are considered to be a single project, and thus to be one CGU. During the year ended 31 March 2016, due to the continued decline of the prices of oil and uranium, the Group decided not to pursue the development of SSOAB properties and therefore determined that the recoverable amount of the intangible assets under the SSOAB properties was estimated to be \$nil. The Group fully impaired the intangible assets in the consolidated statement of financial position for the year ended 31 March 2016. The foreign currency reserve of SSOAB was reclassified from equity to the consolidated statement of comprehensive income in the year ended 31 March 2017.

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11. Intangible assets (continued)

Nueltin Licence

Nueltin (as defined in note 3) was party to an option agreement with Cameco Corporation ("Cameco"), the holder of a licence located in the Nunavut Territory of Canada. Under the agreement, Nueltin could earn 51% interest in the project from Cameco in return for exclusively funding CDN\$2.5 million in exploration expenditure by 31 December 2016. The Cameco project was considered to be one CGU. The Group fully impaired the intangible assets in the consolidated statement of financial position in the year ended 31 March 2015 as the Group had no plans to pursue the project in Nunavut Territory and thus let the option expire.

South African Projects

In November 2013, the Group acquired (i) a 100% interest in Southern Africa Nickel Limited ("SAN Ltd.") which had been the Group's joint venture partner since 2010 on the Zebediela Nickel Project and (ii) a 50% interest in the Burgersfort Project. SAN Ltd in turn had a 74% interest in a joint operation (the "SAN-Umnex Joint Venture"). The remaining 26% was held by Umnex Mineral Holdings Pty ("UMH"), which had title to the Zebediela licences through its subsidiary, UML. With the Group's acquisition of SAN Ltd., the SAN-URU joint venture was dissolved and San Ltd. obtained ownership of the JV's 50% interest in the Burgersfort Project with BSC Resources as the other party to the agreement. On 10 April 2014, SAN Ltd. and UMH agreed that SAN Ltd. would purchase 100% of Umnex Minerals Limpopo Pty ("UML") from UMH for consideration of 33,194,181 new Group shares and 8,000,000 bonus shares issued to directors and officers for their services in the acquisition of UML.

The Burgersfort Project extends over two adjacent prospecting rights in Burgersfort North and Burgersfort South. The Group has no plans to pursue the project and fully impaired the intangible assets related to the Burgersfort Project in the amount of \$868,000 in the consolidated statement of financial position as at 31 March 2019.

The Zebediela Nickel Project extends over three separate adjacent prospecting rights in the Limpopo Province of South Africa. All three rights are now held by Lesogo Platinum Uitloop Pty ("LPU"), which in turn is 100% owned by UML.

All three rights are currently compliant with minimum expenditure obligations, annual report submissions, annual prospecting fees, and submitted prospecting work programs.

Under the terms of the acquisition agreement, UMH is permitted to return the shares and take back the licences should the Group:

- fail to maintain adequate cash funds to meet its general and project expenditure obligations, or
- fail to meet the purchased rights' minimum statutory expenditure obligations

As at 31 March 2020, the "general and project expenditure obligations" and the "minimum statutory expenditure obligations" of the general and project expenditure obligations had not been determined.

Additionally, conditional consideration of 12,000 free-trading shares is payable if either 1) a transaction is consummated by the Group to sell, farm-out, or similarly dispose of any portion of a mineral project on some or all of the mining titles, or 2) a mining right is obtained from DMRE in respect of some or all of the rights, or 3) an effective change of control of the Group occurs. As at 31 March 2020 none of the above conditions have occurred.

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For the Year Ended 31 March 2020

11. Intangible assets (continued)

On 19 April 2017, the Group entered into a Corporate and Management Services Agreement (the "Agreement") with UMH. As per the Agreement, UMH shall provide to UML services including project management, coordination of mining rights application, mineral rights management, finance and accounting, technical, metallurgical, engineering and geological services and corporate finance and capital raising. In exchange of the services, UMH will earning the following fees:

1. Once the Bankable Feasibility Study commences a monthly retainer of ZAR150,000 until then a monthly retainer of ZAR75,000 will be paid;
2. First right of offer for technical, metallurgical, engineering and geological services at market related pricing;
3. Capital raising and corporate finance fees of 5% of the transaction value of capital raised through UMH sources;
4. UMH will be issued a 1.5% royalty on all revenue generated from the Zebediela project. 1% of the royalty can be purchased back by the Company or its successor for the amount of \$2 million provided that the Company exercises this right within 24 months of the Mining Right being issued by the Department of Mineral Resources of South Africa.

On 4 December 2018 the Company announced that the DMRE had formally approved and executed the renewal of the primary prospecting right. The right will expire on 2 December 2021.

On 19 February 2020, the DMRE formally accepted the Final Scoping Report and granted approval for the Environmental Impact Assessment phase to proceed. An extension was granted on 28 August 2020 for the delays caused by the COVID-19 lockdown measures.

12. Financial assets at fair value through other comprehensive income

	As at 31 March 2020 \$'000	As at 31 March 2019 \$'000
At 1 April	-	1,676
Fair value adjustment through other comprehensive income	-	(876)
Impairment (note 18)	-	(686)
Foreign exchange loss	-	(114)
At 31 March	-	-

On 1 March 2017, the Group acquired 7,550,000 shares of MRS for £0.15 per share by issuance of 25,166,666 ordinary shares of the Group. The fair value of the MRS shares was determined to be the value of the shares of the Group issued, as MRS was a public company whose shares were not trading at the time and the market price was not available. On 5 May 2017, the MRS shares resumed trading on the AIM market of the London Stock Exchange.

During the year ended 31 March 2018 the Group acquired an additional 10,000,000 ordinary shares of MRS at £0.05 per share. At 31 March 2020 and 31 March 2019 the Group held 17,550,000 ordinary shares representing 9.59% of the issued share capital of MRS. As at 31 March 2019 the investment in MRS shares were valued at \$686,000 based on share price of £0.03 per share.

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12. Financial assets at fair value through other comprehensive income (continued)

However, on 4 September 2019, the London Stock Exchange temporarily suspended the trading of MRS shares as two of the company's principal subsidiaries were placed into administration. As a result, the Group recorded a full impairment of the MRS shares which was included as an exceptional item in profit and loss for the year ended 31 March 2019. Due to the cancellation of the MRS shares listing on the London Stock Exchange on 5 March 2020, management have assessed the carrying value of the investment in MRS shares and have determined that the carrying value remains \$nil at 31 March 2020.

Management have assessed whether the Group exercises significant influence over MRS in accordance with the accounting policy as per note 4. Management have taken into consideration the criteria as set out in IAS 28 'Investments in Associates' and have determined that the Group did not exercise significant influence over MRS during the year. J. Zorbas was a non-executive director of MRS until his resignation on 30 August 2019.

13. Trade and other receivables

	As at 31 March 2020 \$'000	As at 31 March 2019 \$'000
Other receivables	60	64

14. Share capital and share premium

	Number of shares	Share capital \$'000	Share premium \$'000	Total \$'000
At 31 March 2019 and 31 March 2020	780,571	7,806	46,938	54,744

Issued shares

All issued shares are fully paid up.

Authorised: unlimited number of common shares. There are no preferences or restrictions attached to any classes of common shares.

Unissued shares

In terms of the BVI Business Companies Act, any unissued shares are under the control of the Directors.

Dividends

Dividends declared and paid by the Group were \$nil for the year ended 31 March 2020 (2019 - \$nil).

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15. Reserves

(a) Share option and warrants reserve

The Share Option Plan is administered by the Board of Directors, which determines individual eligibility under the plan for optioning to each individual. Below is disclosure of the movement of the Group's share options as well as a reconciliation of the number and weighted average exercise price of the Group's share options outstanding on 31 March 2020 and 31 March 2019.

The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No stock options were granted during the year ended 31 March 2020 and 2019.

(i) Reconciliation of share options outstanding as at 31 March 2020:

Exercise prices (£)	Weighted average remaining life (years)	Number of options outstanding	Number exercisable
60	2.15	15,050	15,050
90	2.15	15,150	15,150
49	0.56	2,633	2,633
70	2.02	32,833	32,833

The share options detailed in the above table have been adjusted to reflect the share consolidation in the year.

The inputs into the Black Scholes option pricing model for the options granted are as follows:

	April 2017	April 2017	October 2020
Exercise price (£)	60	90	49
Expected volatility	92.88%	92.88%	54.9%
Expected life	5 years	5 years	10 years
Risk-free interest rate	0.91%	0.91%	3.16%
Expected dividends	0.0%	0.0%	0.0%

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For the Year Ended 31 March 2020

15. Reserves (continued)

(ii) Continuity and exercise price

The number and weighted average exercise prices of share options are as follows:

	Number of options	Weighted average exercise price per share (£)
At 31 March 2019 and 2020	32,833	70

The following is a continuity of the Group's warrants granted under its Share Incentive Scheme.

	Number of options	Weighted average exercise price per share (£)
At 31 March 2019	100	345
Warrants expired	(100)	345
At 31 March 2020	-	-

As at 31 March 2020, the Company had no warrants outstanding.

(b) Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve represents foreign currency differences recognised directly in other comprehensive income when assets and liabilities of foreign operations are translated to the Group's presentational currency at exchange rates at the reporting date and income and expenses are translated to the Group's presentational currency at average exchange rates.

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Notes to Consolidated Financial Statements
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16. Trade and other payables

	As at 31 March 2020 \$'000	As at 31 March 2019 \$'000
Other payables	888	360
Accruals	752	799
	1,640	1,159

17. Related party transactions

(a) Transactions with key management personnel

During the year ended 31 March 2020, nil (2019 - nil) share options were granted to key management personnel as defined by IAS 24 'Related party disclosures'. Key management personnel include J. Peng, a senior employee of Marrelli Support Services Inc. (MSSI), a company which provides financial accounting services to the Group. The share options granted in the year ended 31 March 2018 expire on 19 April 2022.

The following share options, granted to current and past directors and management, were outstanding as at 31 March 2020.

Directors/officers	Exercise price (£)	Number of options outstanding	Expiry date
Directors			
J. Zorbas	60	5,000	19 April 2022
J. Zorbas	90	5,000	19 April 2022
J. Vieira	60	2,600	19 April 2022
J. Vieira	90	2,600	19 April 2022
Management			
J. Peng	60	1,000	19 April 2022
J. Peng	90	1,000	19 April 2022
Former directors			
D. Subotic	60	2,600	19 April 2022
D. Subotic	60	2,600	19 April 2022
H. Kloeppe	60	1,000	19 April 2022
H. Kloeppe	90	1,000	19 April 2022

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17. Related party transactions (continued)

(b) Directors' remuneration

	Year ended 31 March 2020 \$'000	Year ended 31 March 2019 \$'000
Fees for services as director	31	32
Basic salary	180	183
Total	211	215

Included in trade and other payables in note 16 are amounts accrued in respect of director fees and salary of directors' of the Company in the year totalling \$895,000 (2019: \$748,000) being amounts due to J.Zorbas (\$817,000(2019:\$688,000)); J Vieira (\$48,000, (2019:\$44,000)); and K. Appleby (\$30,000 (2019: \$16,000)).

At 31 March 2020, the Company was owed \$37,000 (2019: \$39,000) by Captor Capital Corp. a company of which J. Zorbas is a shareholder and Chief Executive Officer.

18. Loss before income tax

The following items have been charged in arriving at the loss before income tax for the year:

	Year ended 31 March 2020 \$'000	Year ended 31 March 2019 \$'000
Auditors' remuneration	72	87
Directors' fees	31	32
Share-based payment charge	117	-
Operating lease charges	7	17
Depreciation	37	40
Exceptional items	-	1,554
Foreign exchange loss	67	120

The exceptional items in the prior year related to the impairment of the shares in MRS of \$686,000 (note 12) and the impairment of the Group's 50% interest in the Burgersfort project of \$868,000 (note 11).

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19. Income tax expense and deferred taxation

The Group is incorporated in the British Virgin Islands (BVI). The BVI Business Companies Act imposes no corporate or capital gains taxes and the Group's losses will also not result in an income tax recovery in the BVI. However, the Group may be liable for taxes in the jurisdictions where it operates or develops mining properties.

Effective 13 July 2012, the Group became resident in Canada, and is subject to income taxes at a combined federal and provincial statutory tax rate of 26.5% (2019 - 26.5%).

Income tax expense from the amount that would be computed by applying the Canadian federal and provincial statutory income tax rates to the loss for the year is as follows:

	2020	2019
	\$'000	\$'000
Loss for the year before taxation	(732)	(2,291)
Expected income tax recovery	(194)	(607)
Benefit of losses not recognised	194	607

A deferred tax asset has not been recognised in respect of the losses because there is insufficient evidence of the timing of future taxable profits against which it can be recovered.

The significant components of the Group's unrecognised deductible temporary differences as at 31 March 2020 and 2019 are as follows:

	2020	2019
	\$'000	\$'000
Loss carry-forward	14,495	13,696
Share issuance costs	97	164
Other	982	982

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20. Segmental information

(a) Reportable segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. Both are determined by the CEO, the Group's chief operating decision-maker, and have not changed in the year. The strategic business units offer different services, and are managed separately because they require different strategies.

The following summary describes the operations in each of the Group's reportable segments:

Exploration Includes obtaining licenses and exploring these license areas
Corporate Office Includes all Group administration and procurement

There are no other operations that meet any of the quantitative thresholds for determining reportable segments during the years ended 31 March 2020 or 31 March 2019.

There are varying levels of integration between the Exploration and Corporate Office reportable segments. This integration includes shared administration and procurement services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segmented results. Any inter-segment transactions would be determined on an arm's length basis. Inter-segment pricing for the years ended 31 March 2020 and 2019 consisted of funding advanced from Corporate Office to Exploration.

(b) Operating segments

	Exploration		Corporate office		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Depreciation	(37)	(40)	-	-	(37)	(40)
Reportable segment loss before tax	(37)	(908)	(695)	(1,383)	(732)	(2,291)

As at 31 March	Exploration		Corporate office		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Reportable segment assets	2,763	2,509	135	585	2,898	3,094
Reportable segment liabilities	(11)	(11)	(1,629)	(1,148)	(1,640)	(1,159)

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20. Segmental information (continued)

(c) Geographical segments

During the years ended 31 March 2020 and 31 March 2019, business activities took place in Canada and South Africa. In presenting information based on the geographical segments, segment assets are based on the physical location of the assets.

The following table presents segmented information on the Group's operations and loss for the year ended 31 March 2020 and assets and liabilities as at 31 March 2020:

	Canada	Sweden	South Africa	Total
	\$'000	\$'000	\$'000	\$'000
Net loss	(695)	-	(37)	(732)
Total assets	135	-	2,763	2,898
Non-current assets	41	-	2,731	2,772
Liabilities	(1,629)	(11)	-	(1,640)

The following table presents segmented information on the Group's operations and loss for the year ended 31 March 2019 and assets and liabilities as at 31 March 2019:

	Canada	Sweden	South Africa	Total
	\$'000	\$'000	\$'000	\$'000
Net loss	(1,383)	-	(908)	(2,291)
Total assets	566	-	2,528	3,094
Non-current assets	43	-	2,512	2,555
Liabilities	(1,148)	(11)	-	(1,159)

21. Contingent liabilities

The Group is subject to the conditional consideration in respect of the acquisition of UML as detailed in note 11.

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22. Events after the reporting date

On 6 May 2020, the Company issued a Convertible Loan Note for \$250,000 to Boothbay Absolute Return Strategies LP ("Boothbay"). The Convertible Loan Note can be increased to \$500,000 prior to the maturity of the Loan Note on 31 May 2021 or such later date as the Company may in its sole discretion determine. The Loan Note is unsecured, bears no interest and is convertible at the lower of :

- (i) a voluntary conversion price triggered on serving a conversion notice (being 85 pence per share for a period of 90 days from the date of the Loan Note; and following expiry of the 90 day period, a 35% discount to the Volume Weighted Average Price ("VWAP") per share in the 5 trading days prior to the noteholder serving a conversion notice);
- (ii) on an equity fund raising of not less than US\$5 million (excluding a Loan Note conversion), a 35% discount to the price per share paid by investors on such a fund raising;
- (iii) on a share sale (meaning a sale of Ordinary Shares giving control of the Company, whether for cash and/or by way of exchange for shares in another company and/or for other consideration, and whether or not control of the Company changes as a result of such transaction), a 35 per cent. discount to the price per share paid on the share sale; or
- (iv) if there is no conversion notice served, fund raising or share sale prior to the maturity date, at a 35% discount to the VWAP per share in the 5 trading days prior to the maturity date.

On 6 May 2020, the Company raised approximately £200,000 through the subscription for 235,294 ordinary shares at 85 pence per share. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

The Company also agreed to issue 470,588 ordinary shares at 85 pence per share to Alegana Enterprises Limited (a company controlled by J. Zorbas) in lieu of unpaid director fees and salaries, as detailed in note 17. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.