MONAF INVESTMENTS (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

General Information

Country of incorporation and domicile	Zimbabwe	
Nature of business and principal activities	Coal exploration in Binga	
Directors	E. Mhlanga	Chairman
	J. Cormack	Managing Director
	T. C. Matanga	Board Member
	R. Mlauzi	Board Member
	A. Burns	Board Member
Registered office	30 Tunsgate Road Northwood Harare	
Auditors	Baker Tilly Chartered Accountants (Zimbabwe)	
Company registration number	7339/98	

Contents

Directors' Responsibilities and Approval

The directors are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board on ..../............/............ and were signed on their behalf by:

E. Mhlanga **J. Cormack**

INDEPENDENT AUDITOR'S REPORT

To the members of Monaf Investments (Private) Limited

Opinion

We have audited the financial statements of Monaf Investments (Private) Limited set out on pages 6 to 14, which comprise the statement of financial position as at 31 March 2017, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Monaf Investments (Private) Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act [Chapter 24:03].

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of Monaf Investments (Private) Limited in accordance with the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe, Public Accountants and Auditors Act [Chapter 27:12] and we have fulfilled our ethical responsibilities under these ethical requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the directors for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act [Chapter 24:03] and for such internal control as the directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

____

Partner: Fungai Nyagwaya
PAAB Practising Number: 0477
Baker Tilly Chartered Accountants (Zimbabwe)
8 Fletcher Road, Mount Pleasant
Harare

Date: …........./…......../……………

Statement of Financial Position as at 31 March 2017

	Note(s)	2017 $	2016 $
Assets			
Non-Current Assets			
Property, plant and equipment	2	59,757	64,774
Equity and Liabilities			
Equity			
Share capital	3	51,665	51,665
Accumulated loss		(6,809,705)	(6,687,151)
		(6,758,040)	**(6,635,486)**
Liabilities			
Non-Current Liabilities			
Loans from shareholders	4	6,765,765	6,675,020
Current Liabilities			
Trade and other payables		52,032	25,240
Total Liabilities		**6,817,797**	**6,700,260**
Total Equity and Liabilities		**59,757**	**64,774**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2017 $	2016 $
Revenue		**-**	**-**
Other operating expenses			
Camp expenses		5,947	2,880
Consultancy fees		67,296	17,040
Depreciation		5,016	56,784
Exploration expenses		16,655	224
Field site expense		894	20
Fuel		8,575	2,969
General and administration expenses		1,238	1,972
Permit/Licence fees		3,707	8,880
Power project expenses		-	131,934
Temporary labour		4,376	3,777
Travel and accomodation		8,850	11,985
		122,554	**238,465**
Loss for the year		**(122,554)**	**(238,465)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(122,554)**	**(238,465)**

Statement of Changes in Equity

	Share capital $	Share premium $	Total share capital $	Accumulated loss $	Total equity $
Balance at 01 April 2015	**3,265**	**48,400**	**51,665**	**(6,448,686)**	**(6,397,021)**
Loss for the year	-	-	-	(238,465)	(238,465)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(238,465)**	**(238,465)**
Balance at 01 April 2016	**3,265**	**48,400**	**51,665**	**(6,687,151)**	**(6,635,486)**
Loss for the year	-	-	-	(122,554)	(122,554)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(122,554)**	**(122,554)**
Balance at 31 March 2017	**3,265**	**48,400**	**51,665**	**(6,809,705)**	**(6,758,040)**
Note(s)	3	3	3		

Statement of Cash Flows

	Note(s)	2017 $	2016 $
Cash flows from operating activities			
Loss before taxation		(122,554)	(238,465)
Adjustments for:			
Depreciation and amortisation	2	5,016	56,784
Changes in working capital:			
Trade and other payables		26,793	7,832
Cash used in operations		**(90,745)**	**(173,849)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(320)
Cash flows from financing activities			
Movement in shareholders loan		90,745	174,169
Net cash from financing activities		**90,745**	**174,169**
Total cash movement for the year		**-**	**-**
Cash at the beginning of the year		-	-
Total cash at end of the year		**-**	**-**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the company's functional currency.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Plant and Equipment	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.2 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other payables

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

1.4 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Accounting Policies

1.4 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

Notes to the Financial Statements

	2017 $	2016 $

2. Property, plant and equipment

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Total
Buildings	59,249	(1,384)	57,865
Furniture and fixtures	125	(125)	-
Motor vehicles	2,515	(2,515)	-
Office equipment	797	(578)	219
Plant and equipment	2,088	(415)	1,673
	64,774	**(5,017)**	**59,757**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Buildings	60,818	-	(1,569)	59,249
Furniture and fixtures	4,331	-	(4,206)	125
Motor vehicles	40,058	-	(37,543)	2,515
Office equipment	9,297	320	(8,820)	797
Plant and equipment	6,734	-	(4,646)	2,088
	121,238	**320**	**(56,784)**	**64,774**

3. Share capital

	2017	2016
Authorised		
50000 Ordinary shares of $0.10 each	5,000	5,000
Issued		
Ordinary	3,265	3,265
Share premium	48,400	48,400
	51,665	**51,665**

4. Loans to (from) shareholders

Someden Investments (Private) Limited	(6,765,765)	(6,675,020)

Terms and conditions

Monaf shall apply all monies borrowed towards exploration and development of its portfolio of coal assets in Zimbabwe and associated investments.

Monaf undertakes to keep Someden Investments (Private) Limited regularly informed (on a monthly basis) in writing of progress in the expansion of Monaf's business. Notwithstanding the foregoing, Someden Investments (Private) Limited is not obliged to monitor or verify how the amount advanced is used.

No interest shall be charged on the principle amount of the Loan outstanding.

If Monaf fails to make any payment due under the agreement on the due date of payment, interest on the unpaid amount (capital and interest) shall accrue daily, from the date of non - payment to the date of actual payment (both before and after judgement), at a rate of per week.

Monaf shall repay the Loan (and all amounts accrued or outstanding this agreement) then outstanding on, as applicable, the earlier of:
- the date falling 12 months after commencement of the commercial coal production and sales with in Monaf's portifolio of coal assets in Zimbabwe or divestment of all or substantially all such portfolio of coal assets in Zimbabwe: and
- no less than 30 days Business Days' written notice from Someden Investments (Private) Limited.

5. Related parties

Relationships

Ultimate holding company	Consolidated Growth Holdings Limited
Holding company	Someden Investments (Private) Limited
Fellow subsidiaries	Liberation Mining (Private) Limited
	Apex Petroleum
	Postwall Properties
Shareholder with significant influence	Monaf Discretionary Trust

Related party balances

Loan accounts - Owing (to) by related parties		
Someden Investments (Private) Limited	6,765,765	6,675,020