ADVISORY · AUDIT · TAX · ACCOUNTING

MONAF INVESTMENTS
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Now, for tomorrow

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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
	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	

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act [Chapter 24:30] and other relevant statutes to maintain adequate accounting records and are responsible for the content and integrity of the finncial 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 6.

The financial statements set out on pages 7 to 18, which have been prepared on the going concern basis, were approved by the board on ....[illegible]...../....[illegible]..../..[illegible]... and were signed on their behalf by:

E. Mhlanga	**J. Cormack**

bakertilly

Chartered Accountants
(Zimbabwe)
8 Fletcher Road
Mt Pleasant
Harare

Zimbabwe

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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 7 to 18, which comprise the statement of financial position as at 31 March 2019, 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 2019, 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 Code of Ethics for Professional Accountants (Part A and B) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with IESBA Code and in accordance with other with other ethical requirements applicable to perform audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 8 in the financial statements, which indicates that the company incurred a net loss of ($160,052) during the year ended 31 March 2019 and, as of that date, the company's accumulated losses were ($6,830,532). As stated in note 8, these events or conditions, along with other matters as set forth in note 8, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Introduction of the Zimbabwean Dollar as the sole legal tender
Again, we draw attention to note 9 to the financial statements, on the introduction of the Zimbabwean Dollar as the sole legal tender in Zimbabwe. As stated in note 9, this is a non-adjusting event therefore the current year figures have not been modified to incorporate these developments. Our opinion is not modified in respect to this matter.

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 disclosures 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.

Baker Tilly

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

Date: 26/08/2014

Monaf Investments (Private) Limited
Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

	Note(s)	2019 $	2018 $
Assets			
Non-Current Assets			
Property, plant and equipment	2	164	1,028
Deferred tax	3	-	-
		164	**1,028**
Equity and Liabilities			
Equity			
Share capital	4	51,665	51,665
Accumulated loss		(6,830,532)	(6,670,480)
		(6,778,867)	**(6,618,815)**
Liabilities			
Non-Current Liabilities			
Loans from shareholders	5	6,703,428	6,544,118
Current Liabilities			
Trade and other payables		75,603	75,725
Total Liabilities		**6,779,031**	**6,619,843**
Total Equity and Liabilities		**164**	**1,028**

E. Mhlanga **J. Cormack**

Date.....22...../....08...../....2019..... **Date**.....22...../....08...../....2019.....

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2019 $	2018 $
Revenue		-	-
Other operating expenses			
Camp expenses		4,390	6,574
Consultancy fees		63,119	64,865
Depreciation		864	864
Exploration expenses		-	4,794
Field site expense		50	351
Fuel		3,129	1,793
Administration expenses		723	1,427
Permit/Licence fees		11,550	24,067
Power project expenses		43,425	2,618
Temporary labour		3,439	3,260
Travel and accomodation		25,213	21,989
		155,902	**132,602**
Loss before taxation		**(155,902)**	**(132,602)**
Taxation	6	(4,150)	-
Loss for the year		**(160,052)**	**(132,602)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(160,052)**	**(132,602)**

Monaf Investments (Private) Limited
Financial Statements for the year ended 31 March 2019

Statement of Changes in Equity

	Share capital $	Share premium $	Total share capital $	Accumulated loss $	Total equity $
Restated Balance at 01 April 2017	**3,265**	**48,400**	**51,665**	**(6,537,878)**	**(6,486,213)**
Loss for the year	-	-	-	(132,602)	(132,602)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(132,602)**	**(132,602)**
Balance at 01 April 2018	**3,265**	**48,400**	**51,665**	**(6,670,480)**	**(6,618,815)**
Other comprehensive income	-	-	-	(160,052)	(160,052)
Total comprehensive income for the year	**-**	**-**	**-**	**(160,052)**	**(160,052)**
Balance at 31 March 2019	**3,265**	**48,400**	**51,665**	**(6,830,532)**	**(6,778,867)**
Note(s)	4	4	4		

Statement of Cash Flows

	Note(s)	2019 $	2018 $
Cash flows from operating activities			
Loss before taxation		(155,902)	(132,602)
Adjustments for:			
Depreciation and amortisation	2	864	864
Changes in working capital:			
Trade and other payables		(122)	23,693
Cash used in operations		**(155,160)**	**(108,045)**
Tax paid		(4,150)	-
Net cash from operating activities		**(159,310)**	**(108,045)**
Cash flows from financing activities			
Movement in shareholders loan		159,310	108,045
Net cash from financing activities		**159,310**	**108,045**
Total cash movement for the year		-	-
Cash at the beginning of the year		-	-
Total cash at end of the year		-	-

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 (Chapter 24:03).

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.

Functional currency

On 22 February 2019, an electronic currency called the RTGS dollar was introduced through Statutory Instrument 33 of 2019 (S.I 33/19) and the currency commenced trading at a rate of 2.5 to the USD. In addition, S.I 33/19 fixed the exchange rate between the RTGS dollar and the USD at a rate of 1:1 for periods before the effective date. The rate of 1;1 is consistent with the rate mandated by the Central Bank at the time it issued the bond notes and coins as currency.

The company was not significantly affected by the introduction of the RTGS Dollar and thus the functional currency is still the US Dollar.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Determination of the functional currency

In the determination of functional currency, the following factors were considered;

- -The currency that mainly influences sales prices of goods and services.
- -The currency in which funds from financing activities (i.e issuing debt and equity instruments) are generated.
- -The currency in which receipts from operating activities are usually retained.
- -The currency that influences costs and expenses of the entity.

The following was observed from an analysis of transactions during the year

- -Funds from financing activities were denominated predominantly in US Dollar.
- -The costs and expenses of the entity were mostly influenced by the US Dollar.

As a result of considering the above factors, we conclude that the functional currency of the company at year end was the US Dollar.

1.3 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.

1.3 Property, plant and equipment (continued)

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.

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.

1.4 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.

1.5 Tax

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 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.

1.6 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.

1.7 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.

1.8 Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with prior year except for the addition of the following new revised standards.

IFRS 9 Financial Instruments

The company adopted IFRS 9 with a transition date of 1 January 2018. It supersedes IAS 39 in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The company has chosen not to restate comparatives on adoption of IFRS 9 as it concluded that IFRS 9 did not have a material effect on the financial statements.

IFRS 15 Revenue from Contract with Customers

The company adopted IFRS 15 with a transition date of 1 January 2018. It supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Program; IFRIC 15 Agreements for construciton of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions involving Advertising Services. It defines new five-step model to recognise revenue from contracts with customers. The company undertook a review of the main type of revenue and has concluded that IFRS 15 did not have a significant impact on its revenue recognition.

The aggregate effect of the changes in accounting policy on the financial statements were not material therefore the financial statements were not restated in this regard.

2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Office equipment	5,516	(5,516)	-	5,516	(5,516)	-
Plant and equipment	37,500	(37,427)	73	37,500	(36,627)	873
Other equipment	68,249	(68,158)	91	68,249	(68,094)	155
Total	**111,265**	**(111,101)**	**164**	**111,265**	**(110,237)**	**1,028**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Total
Other equipment	155	(64)	91
Plant and equipment	873	(800)	73
	1,028	**(864)**	**164**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Depreciation	Total
Other equipment	219	(64)	155
Plant and equipment	1,673	(800)	873
	1,892	**(864)**	**1,028**

	2019 $	2018 $

3. Deferred tax

Deferred tax

	2019 $	2018 $
Property, plant and equipment	42	244
Tax loss	(42)	(244)
Total deferred tax	-	-

Recognition of deferred tax asset

The company recognises deferred tax assets arising from tax losses when there is a reasonable expectation that sufficient taxable profit will be available in future to utilise these losses.

Based on managements assessment the company is not likely to have taxable profits before the unused tax losses expire. Consequently the only deferred tax asset recognised is limited to the extent that the company has sufficient taxable temporary differences.

Unrecognised deferred tax asset

	2019 $	2018 $
Unused tax losses not recognised as deferred tax assets	132,560	109,629

4. Share capital

	2019 $	2018 $
Authorised		
50000 Ordinary shares of 0.1 each	5,000	5,000

In terms of the Articles of Association but subject to the limitations imposed by the Companies Act (Chapter 24:03), the unissued shares comprising 17 350 (2017: 17 350) ordinary shares have been placed at the disposal of the directors for an indefinite period.

	2019 $	2018 $
Issued		
Ordinary	3,265	3,265
Share premium	48,400	48,400
	51,665	**51,665**

	2019 $	2018 $

5. Loans to (from) shareholders

Someden Investments (Private) Limited	(6,703,428)	(6,544,118)

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 1% 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.

6. Taxation

Major components of the tax expense

	2019 $	2018 $
Current		
Local income tax - current period	-	-
CGT	4,150	-
	4,150	-
Deferred		
Tax loss created	(132,602)	(109,873)
Deferred tax	42	244
Unrecognised tax loss	132,560	109,629
	-	-

	2019 $	2018 $

7. Related parties

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

Related party balances

	2019 $	2018 $
Loan accounts - Owing (to) by related parties		
Someden Investments (Private) Limited	6,703,428	6,544,118

8. Going concern

We draw attention to the fact that at 31 March 2019, the company had accumulated losses of $ (6,830,532) and that the company's total liabilities exceed its assets by $ (6,778,867). These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company is still in the exploration phase. The holding company will continue to finance Monaf's operations until a mine is established which generates an income.

9. Events after the reporting period

Zimbabwean Dollar to be the sole currency for legal tender purposes

With effect from the 24th of June 2019, the Zimbabwean Dollar became the sole legal tender in Zimbabwe. Statutory Instrument 142 of 2019 was issued by the Reserve Bank of Zimbabwe to that effect. All other foreign currencies will no longer be legal tender alongside the Zimbabwean Dollar for domestic transactions in Zimbabwe.

The bond notes and RTGS Dollar are at par with the Zimbabwean Dollar, that is to say each bond note unit and each RTGS Dollar is equivalent to a Zimbabwean Dollar, and each hundredth part of a bond note unit and each hundredth part of an RTGS Dollar is equivalent to a Zimbabwean cent.

The event is post balance sheet hence there are no adjustments to the financial statements. Going forward, the company's functional currency will change from the US Dollar to the Zimbabwean Dollar.