

MetaINRG PLC
Financial Statements
28 February 2018

EDWARDS VEEDER (UK) LIMITED
Chartered accountant & statutory auditor
4 Broadgate
Broadway Business Park
Chadderton
Oldham
OL9 9XA

MetalNRG PLC
Financial Statements
Year ended 28 February 2018

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MetalNRG PLC

Officers and Professional Advisers

The board of directors	R. Gerritsen (Chief Executive Officer) C.P. Latilla-Campbell (non-executive Chairman) C. Schaffalitzky de Muckadell (non-executive) P. Johnson (non-executive) G.R.J. Heddle (non-executive)
Company secretary	City Group PLC
Registered office	6 Middle Street London EC1A 7JA
Auditor	Edwards Veeder (UK) Limited Chartered accountant & statutory auditor 4 Broadgate Broadway Business Park Chadderton Oldham OL9 9XA
Bankers	Lloyds Bank plc 39 Threadneedle Street London EC2R 8PT
Solicitors	Cooley (UK) LLP Dashwood 69 Old Broad Street London EC2M 1QS
Corporate Advisers	Peterhouse Corporate Finance Limited New Liverpool House 15 Eldon Street London EC2M 7LD
Brokers	SI Capital Limited 46 Bridge Street Godalming GU7 1HL

MetalNRG PLC

Strategic Report

Year ended 28 February 2018

Business review

The principal activity of the Company during the year was that of a natural resource investing company listed on NEX Exchange Growth Market in London.

The Company made two specific investments in 2018 and has continued to investigate a number of potential investments and strategic developments for the business.

Of the various projects considered during the course of the financial year ended 28 February 2018 the Company entered an agreement to acquire an interest in Western Australia "the "Palomino Cobalt Project". This project on acquisition consisted of licence applications submitted and pending to be submitted applications in respect of ground prospective for cobalt and gold based on publicly available information historic exploration data and proximity demonstrated by announcements released by other companies operating in the vicinity. The total acquisition cost was approximately £55,000 with 83% of that acquisition cost payable in new MetalNRG shares priced at 1.5p per share. See below for post 28 February 2018 developments in relation to this project.

A second investment was announced during the year, a transaction securing an 18.18% holding in US Cobalt Pty Ltd ('US Cobalt'). US Cobalt is the operator of Columbia Pass, a potentially high-grade cobalt exploration and development opportunity in the Las Vegas area of Nevada, United States. The Company invested AUD\$200,000 (approximately £118,000) in cash from existing resources to acquire 2,000,000 shares in US Cobalt amounting to an immediate 18.18% holding. In conjunction with the initial investment in US Cobalt, the Company paid a fee of AUD\$50,000 (approximately £29,507) payable in 1,967,133 MetalNRG shares at 1.5p per share, to secure a 3-month option (the 'Option') to acquire the remainder of the issued share capital of US Cobalt. The Company subsequently decided not to exercise the Option. On 22 March 2018, it was announced that Tyranna Resources Limited ('Tyranna'), an ASX listed resources and exploration company, had made an offer to acquire US Cobalt and had entered into an agreement with the Company to acquire its shareholding in US Cobalt. Subject to completion of this agreement the Company will be able to sell its shares in Tyranna and deliver a profit to shareholders. See details below.

The directors remain committed to evaluating commercially viable projects and ultimately taking forward one or several projects that they believe will deliver value for shareholders.

Post year end events

As announced on 23 February 2018, the Company is pursuing a new strategic development plan, specifically to invest in privately owned companies, which have an interest in seeking an IPO on the London markets, which the Company can assist with.

The Company will receive fees payable in shares in the listed entities upon successfully completing their IPOs. In January 2018, the Company facilitated the creation of Cobra Resources Limited and helped coordinate its IPO process which is expected to be completed by the end of July 2018. The Company's fees, payable in 4,166,666 Cobra Resources shares, is expected upon completion of the IPO.

MetalNRG PLC

Strategic Report

Year ended 28 February 2018

To ensure sufficient managerial resources were available to the Board and to assist in the Company's new strategic development plan, on 23 February 2018, Paul Johnson stepped down as the Chief Executive Officer and the Company appointed Rolf Gerritsen as the Company's new Chief Executive Officer. Paul Johnson remains on the Board as a Non-Executive Director and is focused on new project opportunities and assisting the new Chief Executive Officer with the development of new listed vehicles. The Company's intention through the above developments is to become a London focused mining investment and development house, providing a mechanism for quality resource project owners to see proactive advancement, financing and listing/quotation for their resource opportunities.

On 6 March 2018, the Company announced that the Application for the Company, to have the right to acquire 100%, of exploration licence E46/1167, the Palomino Project, was granted by the Western Australia Department of Mines, Industry Regulation and Safety.

Licence E46/1167 represents an area covering ten graticular blocks or circa 31.9 square kilometres of ground. The area covered by the Palomino Cobalt Project is prospective for cobalt, with significant evidence of cobalt mineralisation from surface-based exploration work and notably stream sediment sampling. The Company had the right to acquire 100% of the Palomino Cobalt project, subject to the payment of 2,000,000 MetalNRG shares to the vendors at 1.5p per share (for £30,000 of additional consideration) and these shares have now been issued.

On 6 April 2018, the Company announced that due diligence on US Cobalt, the owner of the Goodsprings Cobalt and Base Metals Project, located in the State of Nevada, USA, had been successfully completed by Tyranna and that the parties (MetalNRG, Tyranna and US Cobalt) will work together to satisfy all conditions precedent which includes the drafting of the sale and purchase agreement. As a result of the transaction the Company will receive 21,719,457 shares in Tyranna at a current value of A\$0.017 (A\$369,230 or £206,459), for the Company's entire shareholding in US Cobalt. The Company has agreed to a 6 months trading hold on 25% of the shareholding in Tyranna on completion of the sale and purchase agreement.

Principal risks and uncertainties

The current principal risks and uncertainties facing the Company are general and economic risks, specifically currency exchange and liquidity risk together with the individual project or corporate investment risks and the potential for any investment to succeed or fail dependent on the underlying related commodity pricing or the outcome of exploration and/or project development activities. Currency exchange risk is managed by holding funds in US dollars and monitoring closely exchange fluctuations which could affect those funds. Liquidity risk is managed by the control of expenditure, the diversification of investments and the access to various sources of future business funding. Investments are made after careful board consideration and with due regard to technical assessment of underlying projects including where necessary the use of independent technical consultants.

This report was approved by the board of directors on 3 July 2018 and signed on behalf of the board by:

R. Gerritsen (Chief Executive Officer)
Director

P. Johnson (non-executive)
Director

City Group PLC
Company Secretary

Registered office:
6 Middle Street
London
EC1A 7JA

MetalNRG PLC
Directors' Report
Year ended 28 February 2018

The directors present their report and the financial statements of the Company for the year ended 28 February 2018.

The directors and their interests in the shares of the Company

The directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows:

	Ordinary Shares of £0.0001 each	
	At 28 Feb 2018	At 28 Feb 2017
C. P. Latilla-Campbell*	29,540,442	19,540,442
C. Schaffalitzky de Muckadell	2,100,000	100,000
P. Johnson	14,913,634	9,513,634
G.R.J. Heddle (Appointed 20 March 2017)	9,513,634	–
R.Gerritsen (Appointed 21 February 2018)	–	–

Substantial interests

At the date of this report the Company had been notified that, other than directors, the following were interested in 3% or more of the issued share capital of the Company:

	Ordinary shares of £0.0001 each	
	Number	%age
Buchanan Trading Inc*	24,750,000	15%
A.Neal	10,196,000	6%
RAB Special Situations (Master) Fund Ltd	6,500,000	4%

* Buchanan Trading, Inc is owned by a discretionary Trust in which Mr. Latilla-Campbell is a potential beneficiary.

Loss for the year and dividends

The loss for the year amounted to £156,917(2017: £37,983). The directors have not recommended a dividend.

Directors remuneration

No directors' remuneration was paid in the year.

Events after the end of the reporting period

Particulars of events after the reporting period are detailed in note 14 to the financial statements.

MetalNRG PLC

Directors' Report *(continued)*

Year ended 28 February 2018

Disclosure of information in the strategic report

In accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the company's strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

MetalNRG PLC

Directors' Report *(continued)*

Year ended 28 February 2018

This report was approved by the board of directors on 3 July 2018 and signed on behalf of the board by:

R. Gerritsen (Chief Executive Officer)
Director

P. Johnson (non-executive)
Director

City Group PLC
Company Secretary

Registered office:
6 Middle Street
London
EC1A 7JA

MetalNRG PLC

Independent Auditor's Report to the Members of MetalNRG PLC

Year ended 28 February 2018

Opinion

We have audited the financial statements of MetalNRG PLC (the 'company') for the year ended 28 February 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

MetalNRG PLC

Independent Auditor's Report to the Members of MetalNRG PLC *(continued)*

Year ended 28 February 2018

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

MetalNRG PLC

Independent Auditor's Report to the Members of MetalNRG PLC *(continued)*

Year ended 28 February 2018

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout 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 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 our 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.

MetalNRG PLC

Independent Auditor's Report to the Members of MetalNRG PLC *(continued)*

Year ended 28 February 2018

We communicate with those charged with governance 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.

Mr Lee Lederberg (Senior Statutory Auditor)

For and on behalf of
Edwards Veeder (UK) Limited
Chartered accountant & statutory auditor
4 Broadgate
Broadway Business Park
Chadderton
Oldham
OL9 9XA

3 July 2018

MetalNRG PLC

Statement of Comprehensive Income

Year ended 28 February 2018

	Note	2018 £	2017 £
Administrative expenses		<u>157,037</u>	<u>37,983</u>
Operating loss	4	(157,037)	(37,983)
Other interest receivable and similar income	6	<u>120</u>	<u>–</u>
Loss before taxation		(156,917)	(37,983)
Tax on loss	7	<u>–</u>	<u>–</u>
Loss for the financial year and total comprehensive income		<u>(156,917)</u>	<u>(37,983)</u>
Loss per share			
Basic loss per share (pence per share)	8	(0.11)	(0.06)
Diluted loss per share (pence per share)	8	<u>(0.09)</u>	<u>(0.05)</u>

All the activities of the Company are from continuing operations.

The notes on pages 15 to 22 form part of these financial statements.

MetalNRG PLC

Statement of Financial Position

28 February 2018

	Note	2018 £	£	2017 £
Fixed assets				
Investments	9		175,433	–
Current assets				
Debtors	10	2,396		23,181
Cash at bank and in hand		209,673		128,526
		<u>212,069</u>		<u>151,707</u>
Creditors: amounts falling due within one year	11	<u>14,014</u>		<u>8,308</u>
Net current assets			<u>198,055</u>	<u>143,399</u>
Total assets less current liabilities			<u>373,488</u>	<u>143,399</u>
Net assets			<u>373,488</u>	<u>143,399</u>
Capital and reserves				
Called up share capital	12		250,709	243,563
Share premium account	13		1,095,221	715,361
Profit and loss account	13		(972,442)	(815,525)
Shareholders funds			<u>373,488</u>	<u>143,399</u>

These financial statements were approved by the board of directors and authorised for issue on 3 July 2018, and are signed on behalf of the board by:

R. Gerritsen (Chief Executive Officer)
Director

P. Johnson (non-executive)
Director

Company registration number: 05714562

The notes on pages 15 to 22 form part of these financial statements.

MetalNRG PLC

Statement of Changes in Equity

Year ended 28 February 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 March 2016	241,660	667,260	(777,542)	131,378
Loss for the year	—	—	(37,983)	(37,983)
Total comprehensive income for the year	—	—	(37,983)	(37,983)
Issue of shares	1,903	48,101	—	50,004
Total investments by and distributions to owners	1,903	48,101	—	50,004
At 28 February 2017	243,563	715,361	(815,525)	143,399
Loss for the year	—	—	(156,917)	(156,917)
Total comprehensive income for the year	—	—	(156,917)	(156,917)
Issue of shares	7,146	379,860	—	387,006
Total investments by and distributions to owners	7,146	379,860	—	387,006
At 28 February 2018	<u>250,709</u>	<u>1,095,221</u>	<u>(972,442)</u>	<u>373,488</u>

The notes on pages 15 to 22 form part of these financial statements.

MetalNRG PLC

Statement of Cash Flows

Year ended 28 February 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	(156,917)	(37,983)
<i>Adjustments for:</i>		
Other interest receivable and similar income	(120)	–
Accrued income	–	(113)
<i>Changes in:</i>		
Trade and other debtors	20,785	(4,431)
Trade and other creditors	5,706	(2,078)
Cash generated from operations	(130,546)	(44,605)
Interest received	120	–
Net cash used in operating activities	<u>(130,426)</u>	<u>(44,605)</u>
Cash flows from investing activities		
Purchases of other investments	(175,433)	–
Net cash used in investing activities	<u>(175,433)</u>	<u>–</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	387,006	50,004
Net cash from financing activities	<u>387,006</u>	<u>50,004</u>
Net increase in cash and cash equivalents	81,147	5,399
Cash and cash equivalents at beginning of year	128,526	123,127
Cash and cash equivalents at end of year	<u>209,673</u>	<u>128,526</u>

The notes on pages 15 to 22 form part of these financial statements.

MetalNRG PLC

Notes to the Financial Statements

Year ended 28 February 2018

1. General information

MetalNRG PLC is a public company limited by shares which is incorporated in England.

The registered office is 6 Middle Street, London EC1A 7JA.

The registered number is 05714562.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. There are no key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2018	2017
	£	£
Impairment of debtors	17,570	–
Foreign exchange differences	13,114	(16,147)

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

5. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>5,940</u>	<u>6,480</u>

6. Other interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	<u>120</u>	<u>–</u>

7. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018	2017
	£	£
Loss on ordinary activities before taxation	<u>(156,917)</u>	<u>(37,983)</u>
Loss on ordinary activities by rate of tax	<u>(29,814)</u>	<u>(7,597)</u>
Unused tax losses	<u>29,814</u>	<u>7,597</u>
Tax on loss	<u>–</u>	<u>–</u>

8. Loss per share

Basic loss per share

	2018	2017
Basic loss per share from continuing operations (pence per share)	<u>(0.11)</u>	<u>(0.06)</u>

The loss and weighted average number of shares used in the calculation of basic loss per share are as follows:

	2018	2017
	£	£
Loss used in the calculation of basic loss per share from continuing operations	<u>(156,917)</u>	<u>(37,983)</u>
	2018	2017
	No.	No.
Weighted average number of ordinary shares in issue	<u>(138,826,404)</u>	<u>(67,359,271)</u>

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

8. Loss per share *(continued)*

Diluted loss per share

	2018	2017
Diluted loss per share from continuing operations (pence per share)	<u>(0.09)</u>	<u>(0.05)</u>

The loss and weighted average number of shares used in the calculation of the diluted loss per share are as follows:

	2018	2017
	£	£
Loss used in the calculation of diluted loss per share from continuing operations	<u>(156,917)</u>	<u>(37,983)</u>

	2018	2017
	No.	No.
Weighted average number of ordinary shares in issue used in the calculation of basic loss per share	(138,826,404)	(67,359,271)
Share options granted	(13,000,000)	(10,000,000)
Warrants issued	<u>(29,500,000)</u>	<u>–</u>
Weighted average number of ordinary shares in issue used in the calculation of diluted loss per share	<u>(181,326,404)</u>	<u>(77,359,271)</u>

Since the year-end, 23,750,000 new ordinary shares have been issued (2,500,000 as a result of investments, 2,500,000 as a result of a subscription, 15,750,000 as a result of the exercise of existing warrants and 3,000,000 as a result of the exercise of existing options), In addition, 18,250,000 new warrants have been issued and 8,000,000 new options have been granted. At the date of this report, the total number of ordinary shares of £0.0001 each in issue was 162,576,404, the total number of outstanding warrants was 32,000,000 and the total number of outstanding options was 18,000,000.

In calculating the basic and diluted loss per share, only ordinary shares, options and warrants are included. Deferred shares are excluded on the basis that they have no dividend or voting rights

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

9. Investments

	Other investments other than loans £
Cost	
At 1 March 2017	–
Additions	175,433
At 28 February 2018	<u>175,433</u>
Impairment	
At 1 March 2017 and 28 February 2018	–
Carrying amount	
At 28 February 2018	<u>175,433</u>
At 28 February 2017	–

10. Debtors

	2018 £	2017 £
Prepayments and accrued income	2,295	1,749
Other debtors	101	21,432
	<u>2,396</u>	<u>23,181</u>

11. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	6,945	1,239
Accruals and deferred income	7,069	7,069
	<u>14,014</u>	<u>8,308</u>

12. Called up share capital

Authorised share capital

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.0001 each	5,131,730,000	513,173	5,131,730,000	513,173
Deferred Ordinary shares of £0.0049 each	48,332,003	236,827	48,332,003	236,827
	<u>5,180,062,003</u>	<u>750,000</u>	<u>5,180,062,003</u>	<u>750,000</u>

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

12. Called up share capital *(continued)*

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.0001 each	138,826,404	13,883	67,359,271	6,736
Deferred Ordinary shares of £0.0049 each	<u>48,332,003</u>	<u>236,827</u>	48,332,003	236,827
	<u>187,158,407</u>	<u>250,709</u>	<u>115,691,274</u>	<u>243,563</u>

Share movements

	No.	£
Ordinary shares of £0.0001 each At 1 March 2017	67,359,271	6,736
Issue of shares	<u>71,467,133</u>	<u>7,147</u>
At 28 February 2018	<u>138,826,404</u>	<u>13,883</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

At the year-end there were the following directors share options:

500,000 exercisable share options held by directors on ordinary shares of £0.0001 each at an exercise price of £0.005 per share. These expire on 7 November 2019.

9,500,000 exercisable share options held by directors on ordinary shares of £0.0001 each at an exercise price of £0.0075 per share. These expire on 7 November 2019.

3,000,000 exercisable share options held by directors on ordinary shares of £0.0001 each at an exercise price of £ 0.005 per share. These expire on 15 March 2020.

At the year-end there were the following directors share warrants:

3,750,000 exercisable share warrants held by directors on ordinary shares of £0.0001 each at an exercise price of £ 0.001 per share. These expire on 30 September 2018.

Each ordinary share is entitled to one vote in any circumstances. Each ordinary share is entitled pari passu to dividend payments or any other distribution and to participate in a distribution arising from a winding up of the Company.

Each deferred share has no voting rights and is not entitled to receive a dividend or other distribution. Deferred shares are only entitled to receive the amount paid up after the holders of ordinary shares have received the sum of £1 million for each ordinary share, and the deferred shares have no other rights to participate in the assets of the Company.

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

13. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

14. Events after the end of the reporting period

As announced on 23 February 2018, the Company is pursuing a new strategic development plan, specifically to invest in privately owned companies, which have an interest in seeking an IPO on the London markets, which the Company can assist with.

The Company will receive fees payable in shares in the listed entities upon successfully completing their IPOs. In January 2018, the Company facilitated the creation of Cobra Resources Limited and helped coordinate its IPO process which is expected to be completed by the end of July 2018. The Company's fees, payable in 4,166,666 Cobra Resources shares, is expected upon completion of the IPO.

To ensure sufficient managerial resources were available to the Board and to assist in the Company's new strategic development plan, on 23 February 2018, Paul Johnson stepped down as the Chief Executive Officer and the Company appointed Rolf Gerritsen as the Company's new Chief Executive Officer. Paul Johnson remains on the Board as a Non-Executive Director and is focused on new project opportunities and assisting the new Chief Executive Officer with the development of new listed vehicles. The Company's intention through the above developments is to become a London focused mining investment and development house, providing a mechanism for quality resource project owners to see proactive advancement, financing and listing/quotation for their resource opportunities.

On 6 March 2018, the Company announced that the Application for the Company, to have the right to acquire 100%, of exploration licence E46/1167, the Palomino Project, was granted by the Western Australia Department of Mines, Industry Regulation and Safety.

Licence E46/1167 represents an area covering ten graticular blocks or circa 31.9 square kilometres of ground. The area covered by the Palomino Cobalt Project is prospective for cobalt, with significant evidence of cobalt mineralisation from surface-based exploration work and notably stream sediment sampling. The Company had the right to acquire 100% of the Palomino Cobalt project, subject to the payment of 2,000,000 MetalNRG shares to the vendors at 1.5p per share (for £30,000 of additional consideration) and these shares have now been issued.

On 6 April 2018, the Company announced that due diligence on US Cobalt, the owner of the Goodsprings Cobalt and Base Metals Project, located in the State of Nevada, USA, had been successfully completed by Tyranna and that the parties (MetalNRG, Tyranna and US Cobalt) will work together to satisfy all conditions precedent which includes the drafting of the sale and purchase agreement. As a result of the transaction the Company will receive 21,719,457 shares in Tyranna at a current value of A\$0.017 (A\$369,230 or £206,459), for the Company's entire shareholding in US Cobalt. The Company has agreed to a 6 months trading hold on 25% of the shareholding in Tyranna on completion of the sale and purchase agreement.

MetalNRG PLC

Notes to the Financial Statements *(continued)*

Year ended 28 February 2018

15. Related party transactions

There is no individual with ultimate overall control of the Company.

C.P. Latilla-Campbell is a director and shareholder of the Company and also a director and sole shareholder of London Finance & Investment Corporation Limited (LFIC). Accountancy charges incurred by the Company amounting to £3,750 (2017: £3,000) represent proportional recharges in respect of the time spent on Company business by the LFIC company accountant. At the year end trade creditors included an amount of £250 (2017: £250) outstanding to LFIC.