

# **Mila Resources Plc**

## **Financial Statements**

**For the year ended  
30 June 2020**

**Registered number 09620350 (England and Wales)**

**MILA RESOURCES PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**MILA RESOURCES PLC  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**DIRECTORS AND ADVISORS**

**Directors (*both executive*)**

Mark Stephenson  
Lee Daniels

**Company Secretary**

Nick Foster

**Head Office & Registered Office**

Lockstrood Farm  
Ditchling Common  
Burgess Hill, West Sussex  
RH15 0SJ

**Independent Auditor**

PKF Littlejohn LLP  
Statutory Auditor  
15 Westferry Circus  
London  
E14 4HD

**Bankers**

HSBC  
50 Church Road  
Burgess Hill  
RH15 9AE

**Registrars and Transfer Office**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**Financial Public Relations**

St Brides Partners Limited  
3 St Michael's Alley  
London  
EC3V 9DS

**Registered Number**

09620350

**Website**

[www.milaresources.com](http://www.milaresources.com)

**MILA RESOURCES PLC**  
**STATEMENT FROM THE BOARD**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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Dear Shareholder

We have pleasure in presenting the financial statements for the year ended 30 June 2020.

The last year while challenging has created exceptional opportunities for investment in the resource sector. We were extremely disappointed that the transaction to acquire 100% of the share capital of E-Tech Metals Ltd was terminated without cause as we had materially advanced the due diligence process and the preparation of a prospectus. We however quickly identified New Generation Metals Limited ("NGM") as an exceptional alternative and have managed to preserve much of the prospectus preparation that we had completed to smoothly change to the proposed new transaction.

**New Generation Minerals**

NGM is a UK private company, whose principal asset is the Kathleen Valley gold project ("Project") in Western Australia. The Project is located in the prolific Wiluna-Norseman gold belt which hosts several world-class mines owned by a number of premier Australian gold companies including Northern Star and St Barbara. NGM holds other nickel and cobalt assets in Western Australia including a JORC inferred resource of 3.8 Mt Nickel-Cobalt project and one copper-gold project in Argentina.

The Kathleen Valley gold project has been discovered next door and on strike to recent discoveries by ASX listed Bellevue Gold, a company that has made substantial discoveries in the region particularly with the Deacon and Viago extensions of the historic Bellevue mine located 7km south of the Project. In June 2020, Bellevue made a discovery at its Government Well prospect, which is on the western boundary of the NGM Project. Bellevue has grown substantially in the last year, and now has a market capitalisation of over A\$1.1 billion.

NGM built its land package by consolidating control of several groups. In May 2019, NGM commenced drilling at the Project and made its first discovery holes. NGM carried out further drilling in September 2020 with peak gold grades of 13.95 g/t. NGM intends to continue to drill intensively and develop the mineral resource at the Project using funds raised from its existing shareholders and from a placing intended to take place at the time of the Proposed Transaction.

The Proposed Transaction remains subject to due diligence, completion of the acquisition and re-listing of the enlarged group on the Official List.

**Financial**

Funding

The Company is funded through investment from its Shareholders following the Company's successful Standard Listing IPO onto the London Stock Exchange in 2016, raising £1.05 million before costs.

Expenditure

During the year, the Company has continued its fiscal discipline with the Company continuing to maintain low overheads. Any monies spent on business development opportunities has only occurred after a particular project has passed our initial technical review.

Current Assets

At 30 June 2020, the Company was owed £85,849 (2019: £Nil) in respect of a secured loan provided to the RTO target E-Tech Metals Limited ('E-Tech') during the year. This loan was fully repaid in November 2020, see note 22 Subsequent Events.

**MILA RESOURCES PLC**  
**STATEMENT FROM THE BOARD**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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Liquidity, cash and cash equivalents

At 30 June 2020, the Company held £186,316 (2019: £428,673) of cash and cash equivalents, all of which are denominated in pounds sterling. It should be noted that the outstanding loan due from E-Tech was subsequently repaid after year and as a result does not form part of this balance of “Liquidity, cash and cash equivalents”

**Mark Stephenson**

Executive Director  
25 January 2021

### **Understanding our business**

The Company was incorporated on 3 June 2015, with the view of pursuing an initial public offering of its securities onto the London Stock Exchange through a Standard Listing to raise the necessary funds required for the execution of the business strategy, which is to acquire a business or asset.

This IPO was completed during 2016, with the Company successfully raising £1,050,000 before costs with Admission to the Main Market of the London Stock Exchange in October 2016.

### **Key performance indicators**

Appropriate key performance indicators will be identified in due course as the business strategy is implemented following a successful acquisition. Given the current nature of the Company's business, the Directors are of the opinion that the primary performance indicator is the completion of an acquisition.

### **Business review**

For a review of developments in the year, please see page 4, the "Statement from the board".

### **Principal risks and uncertainties**

The principal risks currently faced by the Company relate to:

#### *Acquiring Less than Controlling Interests*

The Company may acquire either less than whole voting control of, or less than a controlling equity interest in, a target, which may limit the Company's operational strategies and reduce its ability to enhance Shareholder value.

#### *Inability to Fund Operations Post-Acquisition*

The Company may be unable to fund the operations post acquisition of the target business if it does not obtain additional funding, however, the Company will ensure that appropriate funding measures are taken to ensure minimum commitments are met. The current global pandemic, Covid-19, may make obtaining of sufficient funds more challenging.

#### *The Company's Relationship with the Directors and Conflicts of Interest*

The Company is dependent on the Directors to identify potential acquisition opportunities and to execute an acquisition.

The Directors are not obliged to commit their whole time to the Company's business; they will allocate a portion of their time to other businesses which may lead to the potential for conflicts of interest in their determination as to how much time to assign to the Company's affairs.

#### *Suitable Acquisition Opportunities may not be Identified or Completed*

The Company's business strategy is dependent on the ability of the Directors to identify sufficient suitable acquisition opportunities. If the Directors do not identify a suitable acquisition target, the Company may not be able to fulfil its objectives. Furthermore, if the Directors do not identify a suitable target, the Company may not acquire it at a suitable price or at all. In addition, if an acquisition identified and subsequently aborted the Company may be left with substantial transaction costs.

#### *Risks Inherent in an Acquisition*

Although the Company and the Directors will evaluate the risks inherent in a particular target, they cannot offer any further assistance that all of the significant risk factors can be identified or properly assessed. Furthermore, no assurance can be made that an investment in Ordinary Shares in the Company will

**MILA RESOURCES PLC**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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ultimately prove to be more favourable to investors than a direct investment, if such an opportunity were available, in a target business.

*Reliance on External Advisors*

The Directors expect to rely on external advisors to help identify and assess potential acquisitions and there is a risk that suitable advisors cannot be placed under contract or that such advisors that are contracted to fail to perform as required.

*Failure to Obtain Additional Financing to Complete an Acquisition or Fund a Target's Operations*

There is no guarantee that the Company will be able to obtain any additional financing needed to either complete an acquisition or to implement its plans post acquisition or, if available, to obtain such financing on terms attractive to the Company. In that event, the Company may be compelled to restructure or abandon the acquisition or proceed with the acquisition on less favourable terms, which may reduce the Company's return on the investment. The failure to secure additional financing on acceptable terms could have a material adverse effect on the continued development or growth of the Company and the acquired business. The current global pandemic, Covid-19, may make obtaining of sufficient funds more challenging.

*Reliance on Income from the Acquired Activities*

Following an acquisition, the Company may be dependent on the income generated by the acquired business or from the subsequent divestment of the acquired business to meet the Company's expenses. If the acquired business is unable to provide the sufficient amounts to the Company, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares.

*Restrictions in Offering Ordinary Shares as a Consideration for an Acquisition or Requirements to Provide Alternative Consideration.*

In certain jurisdictions, there may be legal, regulatory or practical restrictions on the Company using its Ordinary Shares as a consideration for an acquisition or which may mean that the Company is required to provide alternative forms of consideration. Such restrictions may limit the Company's acquisition opportunities or make a certain acquisition more costly, which may have an adverse effect on the results of operations of the Company.

For the further commentary on the Company's risk management policies.

**Gender analysis**

A split of our employees and directors by gender and average number during the year is shown below:

	Male	Female
Directors	2	nil

**Corporate social responsibility**

We aim to conduct our business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards.

We strive to create a safe and healthy working environment for the wellbeing of our staff and create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the Company.

**MILA RESOURCES PLC**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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We aim to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the Company and their own potential.

The Board would like to take this opportunity to thank our shareholders, Board and advisors for their support during the year.



**MILA RESOURCES PLC**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Section 172 Statement**

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's stakeholders, however it should be noted that because Mila is a small "shell" company; with only two directors; no employees and the impacts of its activities is limited. This statement forms part of the strategic report.

When making decisions the Company takes into account the impact of its activities on the community, the environment and the Company's reputation for good business conduct. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. The Board continuously reflects on how the Company engages with its stakeholders and opportunities for enhancement in the future. As required, the Company's external lawyers and the Company Secretary will provide support to the Board to help ensure that enough consideration is given to issues relating to the matters set out in s172(1)(a)-(f).

The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management via Regulatory News Service announcements, Corporate Presentations, and Shareholder Meetings and teleconferences and also by direct engagement with stakeholders themselves.

We aim to work responsibly with our stakeholders, including suppliers. The key Board decisions made in the year and post year end are set out below:

<b>Significant events/decisions</b>	<b>Key s172 matter(s) affected</b>	<b>Actions and Consequences</b>
Entered into non-binding Head of Terms with regards to the possible acquisition of 100% of the share capital of E-Tech Metals.	Shareholders and Business Relationships	The consequences of this decision were to allocate capital to the RTO process to fully investigate the suitability of the RTO target.
Entered into non-binding Head of Terms with regards to the possible acquisition of 100% of the share capital of New Generation Mining – post year end	Business Relationships and Shareholders	This decision provides a pathway to a reverse takeover with NGM, which if successful, should meet the Company's strategy.

Finally, to you, our shareholders, thank you for your trust and support. I hope you stay safe and well and I look forward to meeting you face to face at a Company event when our world returns to what will be a 'new normal'.

This report was approved by the board on 25 January 2021 and signed on its behalf.

Mark Stephenson  
Chief Executive Officer

**MILA RESOURCES PLC**  
**KEY PERSONNEL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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The only employees in the Company are the Directors, who are all considered to be key management personnel.

**Mark Stephenson**

Mark has over 30 years' experience of working for stockbrokers in the City of London including the Panmure Gordon, West LB, Blue Oar Securities and NCL Investments – a Smith & Williamson group company. With the development of the AIM market, Mark has utilised his experience in equity, debt and convertibles to develop innovative financing solutions, for small and mid-size companies.

In the last four years, he has built a liquidity platform in conjunction with several hedge funds, private client brokers and a syndicate of high net worth investors, which has successfully funded smaller companies during this difficult period.

**Lee Daniels**

Lee is an experienced qualified accountant (Australian Certified Practising Accountant). He has worked in London over the last two decades and has held senior finance roles with HSBC (Global Markets), Credit Suisse, ABN AMRO (Wholesale Markets) and LTSB(Group) (Distressed Debt Division). He has an established track record in Finance and Accounting, Change Management, Project Evaluation & Financial Modelling. Most recently, in the last few years, he has been working in the Oil and Gas industry for a public E&P company.

**MILA RESOURCES PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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The Directors present their report and the audited financial statements for the year ended 30 June 2020. The Company was incorporated on 3 June 2015. For the subsequent events that occurred after the year end please refer to note 22.

**Principal Activity**

The principal activity of the Company during the period was that of identifying potential companies, businesses or asset(s) for acquisition.

**Results**

The Company recorded a loss for the year before taxation of £219,371 (2019: £259,395) and further details are given in the preceding Financial Review.

**Dividends**

No dividend has been paid during the year nor do the Directors recommend the payment of a final dividend (2019: £nil).

**Directors**

The Directors who served at any time during the year were:

- Mark Stephenson Executive Director
- Lee Daniels Executive Director

Details of the Directors' holding of Ordinary Shares and Warrants are set out in the Directors' Remuneration Report from page 15.

Further details of the interests of the Directors in the Warrants of the Company are set out in Note 15 of the financial statements.

**Share Capital**

Mila Resources Plc is incorporated as a public limited company and is registered in England and Wales with the registered number 09620350. Details of the Company's issued share capital, together with details of the movements during the year, are shown in Note 15. The Company has one class of Ordinary Share and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

**Substantial Shareholdings**

At 7 January 2021, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company.

	<b>Holdings</b>	<b>Percentage</b>
JIM NOMINEES LIMITED	4,125,757	17.78%
JIM NOMINEES LIMITED	3,345,635	14.42%
SHARE NOMINEES LTD	2,004,900	8.64%
W B NOMINEES LIMITED	1,607,500	6.92%
MARK MCVEIGH	1,000,000	4.31%
HARGREAVES LANSDOWN (NOMINEES)	994,163	4.29%
JIM NOMINEES LIMITED	987,246	4.25%
HSBC GLOBAL CUSTODY NOMINEE (UK)	930,000	4.00%
VIDACOS NOMINEES LIMITED	910,944	3.92%
BARNARD NOMINEES LTD	800,000	3.44%
HARGREAVES LANSDOWN (NOMINEES)	705,236	3.03%

### **Corporate Governance Statement**

The Board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on Directors' remuneration on pages 14 to 16, explains how the Company has observed principles set out in The UK Corporate Governance Code ("the Code") as relevant to the Company and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules.

The Company has decided not to apply the Code given its current size and resources. The Company is a small company with modest resources. The Company has a clear mandate to optimise the allocation of limited resources to source acquisition/(s) and support its future plans. The Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Company evolves, the Board is committed to enhancing the Company's corporate governance policies and practices deemed appropriate to the size and maturity of the organisation.

### ***Board of Directors***

The Board currently consists of two executive Directors. It met regularly throughout the year to discuss key issues and to monitor the overall performance of the Company. With a Board comprising of just the two executive Directors, all matters and committees, such as Remuneration, Audit and Nominations are considered by the Board as a whole. The Directors will actively seek to expand Board membership to provide additional levels of corporate governance procedures at the relevant opportunity.

### ***Audit Committee***

The Board seeks to present a balanced and understandable assessment of the Company's position and prospects in all interim, final and price-sensitive reports and information required to be presented by statute.

The Directors consider the size of the Company and the close involvement of executive Directors in the day-to-day operations makes the maintenance of both an Audit Committee and an internal audit function unnecessary. The Directors will continue to monitor this situation.

### ***External auditor***

The Board will meet with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The Board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Company and its external auditor.

The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. As part of the decision to recommend the appointment of the external auditor, the Board takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the Board's choice of external auditor.

### ***Remuneration committee***

There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

### ***Nominations committee***

A nominations committee has not yet been established.

***Internal financial control***

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the Board;
- evaluation, approval procedures and risk assessment for acquisitions; and
- close involvement of the Directors in the day-to-day operational matters of the Company.

***Shareholder Communications***

The Company uses its corporate website ([www.milaresources.com](http://www.milaresources.com)) to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties.

The AGM is used to communicate with both institutional shareholders and private investors and all shareholders are encouraged to participate. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the Annual Report and Accounts.

The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

**MILA RESOURCES PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Directors' Remuneration Report**

***Remuneration Policies (unaudited)***

At such time upon completion of an acquisition, a remuneration committee may be appointed to reassess an appropriate level of Directors' remuneration and it is envisaged that the remuneration policy be amended so as to attract, retain and motivate Executive Directors and senior management of a high calibre with a view to encouraging commitment to the development of the Company and for long term enhancement of shareholder value. The Board believes that share ownership by Executive Directors strengthens the link between their personal interests and those of shareholders although there is no formal shareholding policy in place.

The current Directors' remuneration comprises a basic fee and at present, there is no bonus or long-term incentive plan in operation for the Directors. Directors also receive reimbursement for expenses incurred whilst performing services for the Company.

Service contracts (unaudited)

The Executive Directors have entered into Service Agreements with the Company and continue to be employed until terminated by the Company.

In the event of termination or loss of office the Director is entitled only to payment of his basic salary in respect of his notice period. In the event of termination or loss of office in the case of a material breach of contract the Director is not entitled to any further payment.

Executive Directors are allowed to accept external appointments with the consent of the Board, provided that these do not lead to conflicts of interest. Executive Directors are allowed to retain fees paid.

The contracts are available for inspection at the Company's registered office.

Approval by members (unaudited)

The remuneration policy above will be put before the members for approval at the next Annual General Meeting.

***Implementation Report***

Particulars of Directors' Remuneration (audited)

Particulars of directors' remuneration, including directors' warrants which, under the Companies Act 2006 are required to be audited, are given in Notes 6 and 13 and further referenced in the Directors' report.

Remuneration paid to the Directors' during the year ended 30 June 2020 was:

Executive Director	Base salary £	Severance Payments £	Pension contribution £	Total £
Mark Stephenson	24,000	-	-	24,000
Lee Daniels	24,000	-	-	24,000
	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>48,000</u>

**MILA RESOURCES PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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Remuneration paid to the Directors' during the year ended 30 June 2019 was:

Executive Director	Base salary £	Severance Payments £	Pension contribution £	Total £
Mark Stephenson	24,000	-	-	24,000
Lee Daniels	6,369	-	-	6,369
George Donne	16,923	24,000	-	40,923
Anthony Eastman	16,923	24,000	-	40,923
	<u>64,215</u>	<u>48,000</u>	<u>-</u>	<u>112,215</u>

There were no performance measures associated with any aspect of Directors' remuneration during the year.

Payments to past Directors (audited)

There are no payments in the year to past Directors.

Bonus and incentive plans (audited)

There were no bonus and incentive plans in place during the year.

Percentage change in the remuneration of the Chief Executive (unaudited)

The Company does not yet have a Chief Executive and therefore, no CEO disclosure has been presented.

Other matters

The Company does not have any pension plans for any of the Directors and does not pay contributions in relation to their remuneration. The Company has not paid out any excess retirement benefits to any Directors.

Directors interests in shares (audited)

The Company has no Director shareholder requirements.

The beneficial interest of the Directors in the Ordinary Share Capital of the Company at 30 June 2020 was:

	Number	%age of issued share capital
Mark Stephenson	1,200,000	5.17%
	<u>1,200,000</u>	<u>5.17%</u>

The beneficial interest of the Directors in the Ordinary Share Capital of the Company at 30 June 2019 was:

	Number	%age of issued share capital –
Mark Stephenson	600,000	2.59%
	<u>600,000</u>	<u>2.59%</u>

**MILA RESOURCES PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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The Directors held the following warrants at the beginning and end of the year:

Director	At 30 June 2019	Granted during the year	At 30 June 2020	Exercise price	Earliest date of exercise	Latest date of exercise
M Stephenson	1,200,000	-	1,200,000	£0.05	16 Oct 2016	20 Dec 2020
	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>			

Remuneration Committee (unaudited)

There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' remuneration, share options and service contracts.

This is the Company's third full year of operation. From the outset the Board has set out and implemented a policy designed in its view to attract, retain and motivate executive Directors of the right calibre and ability. There have been no major changes during the year either in that policy or its implementation, including levels of remuneration and terms of service for the Directors. Given the disclosure on page 15 and the relatively low levels of directors' remuneration, it has not been deemed appropriate to include a graph showing the historic percentage change in directors remuneration.



**Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements**

The Directors are responsible for preparing this report and the financial statements in accordance with applicable United Kingdom law and regulations and those International Financial Reporting Standards ("IFRS") adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable International Financial Reporting 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; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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 Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Company's website <http://www.milaresources.com/> The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

The Directors confirm that to the best of their knowledge:

- the Company financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- this Annual report includes the fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Company's performance, business and strategy.

### **Disclosure and Transparency Rules**

Details of the Company's share capital and warrants are given in Notes 15 and 16 respectively. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the Company is aware there are no persons with significant direct or indirect holdings other than the Directors and other significant shareholders as shown on page 11.

The provisions covering the appointment and replacement of directors are contained in the Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

### **Requirements of the Listing Rules**

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

### **Financial Instruments**

The Company has exposure to credit risk, liquidity risk and market risk. Note 20 presents information about the Company's exposure to these risks, along with the Company's objectives, processes and policies for managing the risks.

### **Greenhouse Gas (GHG) Emissions**

The Company is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, given the very limited nature of its operations during the year under review, it has not been practical to measure its carbon footprint.

In the future, the Company will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

### **Events after the reporting period**

The proposed RTO with E-Tech Metals Limited ('E-Tech') collapsed. E-Tech gave notice that they wished to terminate the transaction without cause, and the Company is still receiving legal advice with regard to the termination notice provided by E-Tech. Mila provided a secured loan to E-Tech which was repaid in November 2020.

Since year end Mila has entered into non-binding Heads of Terms with regard to the possible acquisition of 100% of the share capital of New Generation Minerals Limited ("NGM"). NGM is a UK private company, whose principal asset is the Kathleen Valley gold project ("Project") in Western Australia.

In December 2020 Mila announced that it has amended the terms of certain warrants granted at the time of its IPO on 7 October 2016 by extending the life of certain warrants.

### **Directors' Indemnity Provisions**

The Company has implemented Directors and Officers Liability Indemnity insurance.

**MILA RESOURCES PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Going concern**

The Financial Statements have been prepared under the going concern assumption, which presumes that the Company will be able to meet its obligations as they fall due for at least the next twelve months from the date of the signing of the Financial Statements.

Notwithstanding the loss incurred during the year under review, the Directors are confident that the Company will be able to meet its obligations as they fall due for at least the next twelve months as they believe the Company will be able to raise further finance regardless of the completion of the proposed transaction or any other such transactions during this period.

The Directors do acknowledge that the dependence on obtaining finance leads to there being a material uncertainty regarding the Company's going concern status, however, they still believe the application of the going concern basis of preparation to be appropriate due to their confidence that further finance will be able to be obtained as required during the going concern period.

Further details are given in Note 2.2 to the Financial Statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

**Donations**

The Company made no political donations during the year (2019: £nil).

**Auditors and disclosure of information to auditors**

The Directors who held office at the date of approval of the Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The auditors, PKF Littlejohn LLP, were appointed by the Directors of the Company on 22 November 2018. They have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**ON BEHALF OF THE BOARD**



Lee Daniels

Executive Director

25 January 2021

**MILA RESOURCES PLC**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILA RESOURCES PLC**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**Opinion**

We have audited the financial statements of Mila Resources Plc (the 'company') for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of financial Positions, the Statement of Cashflows, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 as applied to listed public interest entities, 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.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that the company incurred a net loss of £219,371 during the year ended 30 June 2020 and are dependent on obtaining financing in order to meet its working capital requirements over the next 12 months. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, 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.

**Our application of materiality**

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Materiality for the financial statements was set as £10,500 (2019: £21,000) based upon 5% of net assets (2019: 5% of net assets). Materiality was based on net assets due to the Company's lack of trading in the year rendering the balances in the Statement of Financial Position being of greater importance than expenses or the loss for the year. Performance materiality and the triviality threshold for the financial statements was set at £7,785 (2019: £16,800) and £525 (2019: £1,050) respectively.

We have agreed with the directors that we would report to the committee individual audit differences in excess of £525 as well as differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

**MILA RESOURCES PLC**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILA RESOURCES PLC**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**An overview of the scope of our audit**

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. These areas include the recoverable value of loan receivables and judgements made in assessing the Company's going concern status. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The Company's key accounting function is based in the United Kingdom and our audit was performed from our office with regular contact with the Company throughout.

**Key audit matters**

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no key audit matters to communicate in our report.

**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 the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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.

**MILA RESOURCES PLC**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILA RESOURCES PLC**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**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 and the part of the directors' remuneration report to be audited 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 Statement of Directors' Responsibilities, 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.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

**Other matters which we are required to address**

We were appointed by the Board of Directors on 22 November 2018 to audit the financial statements for the period ending 30 June 2019. Our total uninterrupted period of engagement is two years, covering the periods ending 30 June 2019 to 30 June 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

**MILA RESOURCES PLC  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILA RESOURCES PLC  
FOR THE YEAR ENDED 30 JUNE 2020**

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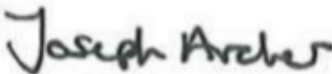
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors. We considered the event of compliance with those laws and regulations as part of our procedures on the related financial statement items. We communicated laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls.

Our audit opinion is consistent with the additional report to those charged with governance.

**Use of our report**

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



**Joseph Archer (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

25 January 2021

**MILA RESOURCES PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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	Notes	Year ended 30 June 2020 £	Year ended 30 June 2019 £
<b>Revenue</b>		-	-
Administrative expenses		(220,220)	(259,395)
<b>Operating loss</b>		<b>(220,220)</b>	<b>(259,395)</b>
Interest receivable	7	849	-
<b>Loss on ordinary activities before taxation</b>	4	<b>(219,371)</b>	<b>(259,395)</b>
Tax on loss on ordinary activities	8	-	-
<b>Loss and total comprehensive loss for the period attributable to the owners of the company</b>		<b>(219,371)</b>	<b>(259,395)</b>
Earnings per share (basic and diluted) attributable to the equity holders (pence)	9	(0.95)	(1.12)

The above results relate entirely to continuing activities.

The accompanying notes on pages 28 to 42 form part of these financial statements.



**MILA RESOURCES PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

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	Notes	Year ended 30 June 2020 £	Year ended 30 June 2019 £
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	23,705	17,642
Cash and cash equivalents	12	186,316	428,673
Loans receivable – E-Tech	11	85,849	-
		295,870	446,315
<b>TOTAL ASSETS</b>		<b>295,870</b>	<b>446,315</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	86,671	17,745
<b>TOTAL LIABILITIES</b>		<b>86,671</b>	<b>17,745</b>
<b>NET ASSETS</b>		<b>209,199</b>	<b>428,570</b>
<b>EQUITY</b>			
Share capital	15	232,000	232,000
Share premium	15	849,300	849,300
Share based payment reserve	16	4,720	4,720
Retained loss		(876,821)	(657,450)
<b>TOTAL EQUITY</b>		<b>209,199</b>	<b>428,570</b>

The accompanying notes on pages 28 to 42 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 January 2021 and were signed on its behalf by:




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Lee Daniels

Executive Director

**Company number: 09620350**

**MILA RESOURCES PLC**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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	Year ended 30 June 2020 £	Year ended 30 June 2019 £
<b>Cash flow from operating activities</b>		
Loss for the year	(219,371)	(259,395)
Operating cashflow before working capital movements	(219,371)	(259,395)
Increase in trade and other receivables	(6,063)	(8,850)
Increase / (Decrease) in trade and other payables	68,926	(4,632)
Interest income	(849)	-
Net cash outflow from operating activities	(157,357)	(272,877)
<b>Cash flow from investing activities</b>		
Loan to E-Tech	(85,000)	-
Net decrease in cash and cash equivalents	(242,357)	(272,877)
Cash and cash equivalents at the beginning of the year	428,673	701,550
<b>Cash and cash equivalents at the end of the year</b>	<b>186,316</b>	<b>428,673</b>

**MILA RESOURCES PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Share Capital	Share Premium	Share Based Payment Reserve	Retained Loss	Total
	£	£	£	£	£
Balance at 1 July 2018	232,000	849,300	4,720	(398,055)	687,964
Total comprehensive loss for the year	-	-	-	(259,395)	(259,395)
<b>Balance at 30 June 2019</b>	<b>232,000</b>	<b>849,300</b>	<b>4,720</b>	<b>(657,450)</b>	<b>428,570</b>
Total comprehensive loss for the year	-	-	-	(219,371)	(219,371)
<b>Balance at 30 June 2020</b>	<b>232,000</b>	<b>849,300</b>	<b>4,720</b>	<b>(876,821)</b>	<b>209,199</b>

The accompanying notes on pages 28 to 42 form part of these financial statements.

**MILA RESOURCES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**1 GENERAL INFORMATION**

Mila Resources Plc (the “Company”) looks to identify potential companies, businesses or asset(s) that will increase shareholder value.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales as a public limited company. The Company’s registered office is Lockstrood Farm, Ditchling Common, Burgess Hill, West Sussex, RH15 0SJ. The Company’s registered number is 09620350.

**2 ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRS IC”) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared on the historical cost convention. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently for all periods presented in these Financial Statements. The Financial Statements are prepared in pounds Sterling and presented to the nearest pound.

**2.2 Going concern**

The Financial Statements have been prepared under the going concern assumption, which presumes that the Company will be able to meet its obligations as they fall due for at least the next twelve months from the date of the signing of the Financial Statements.

The Company had a net cash outflow from operating activities for the year of £242,357 (2019: £272,877) and at 30 June 2020 had cash and cash equivalents balance of £186,316 (2019: £428,673).

Notwithstanding the loss incurred and net cash outflow during the year under review, the Directors are confident that the Company will be able to meet its obligations as they fall due for at least the next twelve months as they believe the Company will be able to raise further finance regardless of the completion of the proposed transaction or any other such transactions during this period.

The Directors do acknowledge that the dependence on obtaining finance leads to there being a material uncertainty regarding the Company’s going concern status, however, they still believe the application of the going concern basis of preparation to be appropriate due to their confidence that further finance will be able to be obtained as required during the going concern period.

The Directors have made enquires and assessed the potential impact of the COVID-19 virus on the Company. As such, whilst they acknowledge that COVID-19 could continue to have long lasting and significant impacts on the global economy, the Directors believe that the Company will be able to raise sufficient finance to meet their obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The Financial Statements do not include any adjustments that may be required should the Company be unable to continue as a going concern.

The auditors have made reference to going concern by way of a material uncertainty within their audit report.

**MILA RESOURCES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

**New standards, amendments to standards and interpretations:**

During the financial year, the Company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IFRS 16	Leases	1 January 2019
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements	2015-2017 Cycle	1 January 2019
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement.	1 January 2019

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 July 2019 have had a material impact on the Company.

**Standards issued but not yet effective:**

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the European Union.

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IFRS 3 (amendments)	Definition of a Business	1 January 2020
IFRS standards (amendments)	References to the Conceptual Framework	1 January 2020
IAS 1 (amendments)	Definition of Material	1 January 2020
IAS 8 (amendments)	Definition of Material	1 January 2020
IFRS 9, IAS 39 and IFRS 7 (amendments)	Interest Rate Benchmark Reform	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

The directors do not consider that these standards will impact the financial statements of the Company.

**2.4 Foreign currency translation**

The financial information is presented in Sterling which is the Company's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of comprehensive income in the period in which they arise.

## **2.5 Financial instruments**

### **Initial recognition**

A financial asset or financial liability is recognised in the statement of financial position of the Company when it arises or when the Company becomes part of the contractual terms of the financial instrument.

### **Classification**

#### ***Financial assets at amortised cost***

The Company measures financial assets at amortised cost if both of the following conditions are met:

- (1) the asset is held within a business model whose objective is to collect contractual cash flows; and
- (2) the contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets which are measured at amortised cost, are measured using the Effective Interest Rate Method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### ***Financial liabilities at amortised cost***

Financial liabilities measured at amortised cost using the effective interest rate method include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

### **Derecognition**

A financial asset is derecognised when:

- (1) the rights to receive cash flows from the asset have expired, or
- (2) the Company has transferred its rights to receive cash flows from the asset or has undertaken the commitment to fully pay the cash flows received without significant delay to a third party under an arrangement and has either (a) transferred substantially all the risks and the assets of the asset or (b) has neither transferred nor held substantially all the risks and estimates of the asset but has transferred the control of the asset.

## **Impairment**

The Company recognises a provision for impairment for expected credit losses regarding all financial assets. Expected credit losses are based on the balance between all the payable contractual cash flows and all discounted cash flows that the Company expects to receive. Regarding trade receivables, the Company applies the IFRS 9 simplified approach in order to calculate expected credit losses. Therefore, at every reporting date, provision for losses regarding a financial instrument is measured at an amount equal to the expected credit losses over its lifetime without monitoring changes in credit risk. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

### **Trade and other receivables**

Trade and other receivables are initially recognised at fair value when related amounts are invoiced then carried at this amount less any allowances for doubtful debts or provision made for impairment of these receivables.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

### **Trade payables**

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable.

## **2.6 Equity**

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Retained losses includes all current and prior period results as disclosed in the income statement.

## **2.7 Share-based payments**

The Company has issued warrants to the initial investors and certain counter parties and advisers.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured using the Black Scholes pricing model. The key assumption used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

## **2.8 Taxation**

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is

## **2.9 Taxation (continued)**

probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

## **2.10 Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The Directors consider that there are no critical accounting judgements or key sources of estimation uncertainty relating to the financial information of the Company.

## **2.11 Earnings per share**

Basic earnings per share is calculated as profit or loss attributable to equity holders of the parent for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.



**MILA RESOURCES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**2.12 Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole.

All operations and information are reviewed together so that at present there is only one reportable operating segment.

**3. SEGMENT REPORTING**

As identifying and assessing investment projects is the only activity the Company is involved in and is therefore considered as the only operating/reporting segment. Therefore the financial information of the single segment is the same as set out in the statement of comprehensive income and statement of financial position.

**4. OPERATING LOSS**

This is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration		
audit of the Company	16,000	15,000
corporate finance services	-	4,000
Directors' remuneration	48,000	112,215
Stock exchange and regulatory expenses	36,142	29,407
Other expenses	120,078	98,773
Operating expenses	<u>220,220</u>	<u>259,395</u>

**5. AUDITOR'S REMUNERATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's current auditor:		
- audit of the Company's financial statements	16,000	15,000
- taxation compliance services	-	-
- corporate finance services	-	4,000
	<u>16,000</u>	<u>19,000</u>

**MILA RESOURCES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**6. DIRECTORS AND STAFF COSTS**

During the year the only staff of the Company were the Directors and as such key management personnel. Management remuneration, other benefits supplied and social security costs to the Directors during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Salaries	48,000	64,215
Severance Payments	-	48,000
Social security costs	-	9,775
	<u>48,000</u>	<u>121,990</u>

**7. INTEREST RECEIVABLE**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest due on Loan to E-Tech	849	-
	<u>849</u>	<u>-</u>

**8. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
The charge / credit for the year is made up as follows:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Taxation charge / credit for the year	<u>-</u>	<u>-</u>

**MILA RESOURCES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**8. TAXATION (continued)**

A reconciliation of the tax charge / credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the year is:

Loss per accounts	(219,371)	(259,395)
Tax credit at the standard rate of corporation tax in the UK of 19% (2019: 19%)	(41,680)	(49,285)
Impact of costs disallowed for tax purposes	74	95
Deferred tax in respect of temporary differences	-	-
Impact of unrelieved tax losses carried forward	41,606	49,190
	-	-

Estimated tax losses of £817,118 (2019: £597,747) are available for relief against future profits and a deferred tax asset of £155,252 (2019: £109,381) has not been provided for in the accounts due to the uncertainty of future profits.

***Factors affecting the future tax charge***

The standard rate of corporation tax in the UK is 19%. Accordingly, the Company's effective tax rate for the period was 19% (2019: 19%).

**9. EARNINGS PER SHARE**

The calculation of the earnings per share is based on the loss for the financial period after taxation of £219,371 (2019: loss £259,395) and on the weighted average of 23,200,000 (2019: 23,200,000) ordinary shares in issue during the period.

The warrants outstanding at 30 June 2020 and 30 June 2019 are considered to be non-dilutive in that their conversion into ordinary shares would not increase the net loss per share. Consequently, there is no diluted earnings per share to report for the period.

**10. TRADE AND OTHER RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Prepayments and other receivables	23,705	17,642
	23,705	17,642

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

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**11. OTHER CURRENT ASSETS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loan to E-Tech Metals Limited	85,849	-
	<u>85,849</u>	<u>-</u>

The Loan to E-Tech Metals ('E-Tech') Limited was a secured loan that was provided to allow E-Tech to fund its working capital requirements through the RTO process. When E-Tech terminated the discussions, the loan was called in and was subsequently repaid in full in November 2020, see note 22 - Events subsequent to year end.

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

**12. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank	186,316	428,673
	<u>186,316</u>	<u>428,673</u>

Cash at bank comprises balances held by the Company in current bank accounts. The carrying value of these approximates to their fair value.

**13. TRADE AND OTHER PAYABLES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade payables	16,087	1,524
Accruals and other payables	70,584	16,221
	<u>86,671</u>	<u>17,745</u>

Trade payables and accruals principally comprise amounts outstanding in respect of costs incurred in the Company's endeavours to find a suitable target and execute a relating transaction.

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**14. DEFERRED TAXATION**

No deferred tax asset has been recognised by the Company due to the uncertainty of generating sufficient future profits and tax liability against which to offset the tax losses. Note 8 above sets out the estimated tax losses carried forward and the impact of the deferred tax asset not accounted for.

**15. SHARE CAPITAL / SHARE PREMIUM**

	Number of shares on issue	Share capital £	Share premium £	Total £
Balance as at 1 July 2018	23,200,000	232,000	849,300	1,081,300
Balance as at 30 June 2019	23,200,000	232,000	849,300	1,081,300
Balance as at 30 June 2020	23,200,000	232,000	849,300	1,081,300

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

At 30 June 2020, there were warrants and options over 15,825,000 unissued ordinary shares (2019: 15,825,000). Details of the warrants outstanding are as follows:

Issued	Exercisable from	Expiry date	Number outstanding	Exercise price
16 October 2015	From date of issue	31 December 2020	4,400,000	£0.05
12 September 2016	From date of issue	31 December 2020	350,000	£0.05
26 September 2016 *	7 October 2016	31 December 2020	11,075,000	£0.10
			15,825,000	

\* The warrants were issued conditional upon the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities which occurred on 7 October 2016.

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**15. SHARE CAPITAL / SHARE PREMIUM (continued)**

The Directors held the following warrants at the beginning and end of the year:

Director	At 30 June 2019	Granted during the year	At 30 June 2020	Exercise price	Earliest date of exercise	Latest date of exercise
M Stephenson	1,200,000	-	1,200,000	£0.05	16 Oct 2016	20 Dec 2020
	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>			

Warrants held by former Directors have been set out on page 16.

The market price of the shares at year end was £0.016 per share.

During the year, the minimum and maximum prices were £0.0125 and £0.0245 per share respectively.

**16. SHARE BASED PAYMENT RESERVE**

	2020 £	2019 £
At 1 July	4,720	4,720
Share based payments expense recognised during the period	-	-
At 30 June	<u>4,720</u>	<u>4,720</u>

The Company did not issue any warrants during the current or prior year.

	Number	Fair Value £	Weighted average exercise price
At 1 July 2018	15,825,000	4,720	£0.085
Balance at 30 June 2019	<u>15,825,000</u>	<u>4,720</u>	<u>£0.085</u>
Balance at 30 June 2020	<u>15,825,000</u>	<u>4,720</u>	<u>£0.085</u>

The warrants outstanding at the year-end have a weighted average remaining contractual life of 0.5 years. The exercise prices of the warrants are £0.05 and £0.10 per share.

**17. CAPITAL COMMITMENTS**

There were no capital commitments at 30 June 2019 and 30 June 2020

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**18. CONTINGENT LIABILITIES**

There were no contingent liabilities at 30 June 2019 and 30 June 2020

**19. COMMITMENTS UNDER OPERATING LEASES**

There were no commitments under operating leases at 30 June 2019 and 30 June 2020

**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments comprise primarily cash and various items such as trade debtors and trade payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital for the Company's operations. The Company does not utilise complex financial instruments or hedging mechanisms.

**Financial assets by category**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current Assets:		
Trade and other receivables (excluding prepayments)	-	1,642
Cash and cash equivalents	186,316	428,673
Loan to E-Tech Metals Limited	85,849	-
	<u>272,165</u>	<u>430,315</u>
Categorised as financial assets at amortised cost		

The Loan to E-Tech Metals ('E-Tech') Limited was a secured loan that was provided to allow E-Tech to fund its working capital requirements through the RTO process. When E-Tech terminated the discussions, the loan was called in and repaid in full in November 2020, see note 22 - Events subsequent to year end.

**Financial liabilities by category**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current Liabilities:		
Trade and other payables	16,113	17,745
	<u>16,113</u>	<u>17,745</u>
Categorised as financial liabilities measured at amortised cost		

All amounts are short term and payable in 0 to 3 months.

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**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Credit risk**

The maximum exposure to credit risk at the reporting date by class of financial asset was:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade and other receivables	-	1,642
Loan to E-Tech Metals Limited	85,849	-
	<u>85,849</u>	<u>1,642</u>

**Capital management**

The Company considers its capital to be equal to the sum of its total equity. The Company monitors its capital using a number of key performance indicators including cash flow projections, working capital ratios, the cost to achieve development milestones and potential revenue from partnerships and ongoing licensing activities.

The Company's objective when managing its capital is to ensure it obtains sufficient funding for continuing as a going concern. The Company funds its capital requirements through the issue of new shares to investors.

**Interest rate risk**

The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank balances	186,316	428,673
	<u>186,316</u>	<u>428,673</u>

The nature of the Company's activities and the basis of the funding are such that until a suitable target is acquired, the Company raises finance as and when required to meet its obligations as they fall due.

The Company is not financially dependent on the income earned on these resources and therefore the risk of interest rate fluctuations is not significant to the business and the Directors have not performed a detailed sensitivity analysis.

All deposits are placed with main clearing banks, with 'A' ratings, to restrict both credit risk and liquidity risk. The deposits are placed for the short term, between one and three months, to provide flexibility and access to the funds.

**Credit and liquidity risk**

Credit risk is managed on a Company basis. Funds are deposited with financial institutions with a credit rating equivalent to, or above, the main UK clearing banks. The Company's liquid resources are invested having regard to the timing of payment to be made in the ordinary course of the Company's activities. All financial liabilities are payable in the short term (between 0 to 3 months) and the Company maintains adequate bank balances to meet those liabilities.

**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**



### **Currency risk**

The Company operates in a global market with income and costs possibly arising in a number of currencies. The majority of the operating costs are incurred in £GBP. The Company does not hedge due to the Company incurring very few foreign currency denominated costs and thus the cost and time taken to hedge would be far greater than the benefit. The Company did not have foreign currency exposure at year end.

## **21. RELATED PARTY TRANSACTIONS**

### **Key management personnel compensation**

The Directors are considered to be key management personnel. Detailed remuneration disclosures are provided in the remuneration report on pages 14 – 16.

### **Amounts due from/to related parties**

There were amounts due to directors totalling £11,954 as at 30 June 2020 (2019: £3,185). No amounts were due from directors as at 30 June 2020 (2019: £1,642)

There were no other related party transactions.

## **22. EVENTS SUBSEQUENT TO YEAR END**

### **Collapse of Negotiations with E-Tech Metals Limited ('E-Tech') Limited and recovery of outstanding loan.**

The transaction with E-Tech Metals Limited was materially advanced following due diligence and the preparation of a prospectus; however, E-Tech gave notice that they wished to terminate the transaction without cause. Mila is receiving legal advice with regard to the termination notice provided by E-Tech.

Mila has recovered the loan of £87,402 (which includes all accrued interest) advanced to E-Tech.

### **Suspension and Heads of Terms with New Generation Minerals Limited ("NGM")**

Mila entered into non-binding Heads of Terms with regard to the possible acquisition of 100% of the share capital of New Generation Minerals Limited ("NGM") to be satisfied by the issue of New Ordinary Shares of the Company.

NGM is a UK private company, whose principal asset is the Kathleen Valley gold project ("Project") in Western Australia. The Project is located in the prolific Wiluna-Norseman gold belt which hosts several world-class mines owned by a number of premier Australian gold companies including Northern Star and St Barbara. NGM holds other nickel and cobalt assets in Western Australia including a JORC inferred resource of 3.8 Mt Nickel-Cobalt project and one copper-gold project in Argentina.

### **Extension of Warrants**

Mila announced that it has amended the terms of certain warrants granted at the time of its IPO on 7 October 2016 by extending the life of certain warrants. The series 1 warrants granted to the founders will expire on 31 December 2020 as scheduled.

## **22. EVENTS SUBSEQUENT TO YEAR END (continued)**

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**Warrant Amendments**

<b>Warrant</b>	<b>Current terms</b>	<b>Revised terms</b>
Series 1 (Founders)	Exercise price of 5p and due to expire on 31 December 2020	No revision – will lapse on 31 December 2020
Series 2	Exercise price of 5p and due to expire on 31 December 2020	Expiration extended to 31 December 2022
IPO Investors	Exercise price of 10p and due to expire on 31 December 2020	Expiration extended to 31 December 2022

**23. CONTROL**

In the opinion of the Directors there is no single ultimate controlling party.