



**PEMBRIDGE
RESOURCES**

PEMBRIDGE RESOURCES PLC

REPORT AS AT 31 DECEMBER 2016

SATURDAY



A68QWV88

A23

17/06/2017

#436

COMPANIES HOUSE

**Pembridge Resources plc
Company No. 07352056**

Contents

Strategic Report

Chairman's and Chief Executive's statement.....	2
Principal risks and Uncertainties and Key Performance indicators	4
Corporate Governance	5
Directors' report	6
Directors' Remuneration Report.....	8
Directors' responsibilities	9
Independent Auditor's Report to the members of Pembroke Resources plc.....	10

Financial Statements

Statement of comprehensive income.....	12
Statement of financial position	13
Statement of changes in equity	14
Cash flow statement	15
Notes to the financial statements	16

Company Information

Company information	29
---------------------------	----



Strategic report

Chairman's and Chief Executive's statement

We are pleased to present the report and financial statements for Pembroke Resources plc's results for the year ended 31 December 2016.

Introduction

The activities in the calendar period under review have now been completed and superseded by subsequent events that have taken place post the year end; these activities, the Board believe, will define the future direction of the Company.

On 17 February 2017 the Company announced that it had appointed David Linsley to the Board as Chief Executive Officer. This was the beginning of a series of high profile appointments aimed at providing the Company with new opportunities for acquisition or investment as well as potential access to high quality capital to drive the Company forward.

On 14 December 2016 shareholders in China Africa Resources plc approved at a General Meeting the distribution of shares in the Company's 100% owned China Africa Resources Namibia (Pty) Limited to the then shareholders. This distribution was completed and announced to market on 11 January 2017 but effective from 14 December 2016. As a result of the distribution, China Africa Resources plc became a Rule 15 Cash Shell with six months to complete a reverse takeover or face suspension from trading on AIM. While the Company has made two investments since that time (see Note 21), the Company has yet to make an acquisition that represents a reverse take-over.

While allowing for this, the Company is now undertaking a process to establish the possibility of becoming an AIM Rule 8 Investing Company - a listed mining investment company, whilst retaining the flexibility to complete a reverse take-over should an appropriate opportunity present itself.

Given the changes outlined the Company has also changed its name to Pembroke Resources plc ("Pembroke"), which management believe draws a clear line in the sand with the past.

Future Strategy

As outlined above, the Company is seeking to either complete a reverse takeover or convert into a Rule 8 Investing Company. The Company is currently evaluating its Botswana copper investment as well as the US Lithium Project and will provide an update once this review is completed.

Management Team

In the three months, since the appointment of David Linsley as Chief Executive, the Company has assembled a highly experienced team of mining, engineering, geological and financing expertise with proven track records. This diversified team have expertise in a variety of geographical jurisdictions and commodities. This is a truly exceptional team and one that has been put together with a view to creating value for the Company's shareholders.

David Linsley was formerly Executive Director of Behre Dolbear (the specialist provider of technical and strategic mining studies for the industry, Financiers, Governments and International Agencies), co-founder and CEO of Cross Asset Management which managed \$500 million in assets. He was also co-founder of Northern Zinc and Sirius Investment Management.

Peter Bojtos joined the Company in March 2017 as President (Peter has not been appointed as a Director of the Company). Peter is a Professional Engineer with over 40 years of experience in the mining industry and a strong background in corporate management; including all facets of the industry from exploration through the feasibility study stage to mine construction, operations and decommissioning. Over his career, he has visited and evaluated properties in over 70 countries carrying out approximately 20 significant corporate acquisitions, mergers or sales that involved 24 operating mines. Peter has participated in the financing, development, building or reopening of 19 mines and has had a hand in the operation of 24 producing mines.

Spencer Davey and Adam Melnik were appointed as Vice President Business Development and Vice President Strategy, respectively in April 2017.

Spencer is a mining professional with 15 years' experience across Australia, China, Europe and the UK. He is the Director of Southsea Consulting, where he successfully led the AIM IPO for Saffron Energy plc, an Italian based gas producer, which completed earlier this year. He has also advised numerous clients, including Rio Tinto, on corporate finance and strategy initiatives. Prior to Southsea, Spencer was Business Development Manager at Fortescue Metals Group Limited, where he successfully advised on approximately US\$1.3bn in transactions comprising acquisitions, asset divestments, and the establishment of a number of development joint ventures.

Adam has significant breadth of experience gained in the past 12 years within the natural resources industry. In addition to Adam providing corporate development advice to Pembroke, he is working with Vedanta Resources plc in Strategy and Corporate Development in the office of its Founder and Chairman, Anil Agarwal. Adam has significant experience in strategic planning, M&A, operations management, organization building, outsourcing and partnerships. He has worked alongside Anil Agarwal and his two strategic advisors, Cynthia Carroll (former CEO Anglo American plc) and Kuldip Kaura (former CEO Vedanta Resources plc), and Vedanta's CEO, Tom Albanese (former CEO Rio Tinto plc). Prior to his engagement at Vedanta Resources, Adam was a Metals and Mining Research Analyst with Canaccord Genuity in Toronto and London focused primarily on precious metals producers and developers.

The Company has also created an Advisory Board with the appointments of Guy Le Bel, in February 2017, and Frank McAllister, in March 2017.

Guy has more than 30 years of international experience in strategic and financial mine planning. He served as Vice President Evaluations for Capstone Mining Corp. and is a Director of Golden Queen Mining and RedQuest Capital Corp. Previously, Guy was VP, Business Development at Quadra Mining Ltd., and prior to that held business advisory, strategy and planning, business valuation, and financial planning management roles at BHP Billiton Base Metals Ltd., Rio Algom Ltd. and Cambior Inc. Guy has extensive experience across precious and base metals industries in the Americas.

Frank has over 50 years' industry experience having held various senior and Board positions in a number of metals and mining companies. He started his career at ASARCO Incorporated where he worked between 1966 and 1999; here he held various positions ultimately being named ASARCO's Chief Financial Officer in 1982 and then Executive Vice President of Copper Operations in 1993. Frank eventually became ASARCO's President and Chief Operating Officer before becoming Chairman and Chief Executive Officer in 1999. In 1996 he became an Independent Director of Cliffs Natural Resources Inc and its Lead Director from 2004 to 2013. During the same period, he was also Chairman, CEO and a Director at Stillwater Mining Co, after which he became President of the National Mining Association.

The management team, as outlined, are confident of successfully completing a reverse takeover or relisting the Company as a Rule 8 investing company. Shareholders should however note that there can be no certainty that management will be able to achieve this objective.

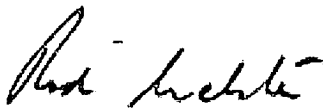
The Board would also like to take this opportunity to thank Paul Johnson and Nick O'Reilly, who stepped down from the Board in February 2017, for their contribution to the Company.

Financials

During the year the Company made a loss of US\$3.8 million (2015 – loss of US\$5.9 million) principally due to a non-cash impairment charge of US\$3.3 million (2015 – charge of US\$5.4 million) to the investment in and amounts due from former subsidiary undertaking China Africa Resources Namibia (pty) Ltd. The closing cash and cash equivalents balance is US\$1.163 million compared to US\$0.645 million in 2015 due to proceeds from the cash fundraise on 14 December 2016.

Conclusion

This is a highly exciting time for the Company. Pembroke has assembled a team of exceptional individuals with a track record and skill set to deliver value to shareholders of the Company at a time when sentiment has turned and the appropriate financing and opportunities are available. The Board look forward to providing further updates in the coming months.



Roderick Webster
Non-Executive Director and Chairman of the Board



David Linsley
Chief Executive Officer

10 May 2017

Principal risks and Uncertainties

Nature of Risk	How we manage it
Funding Risk The company will need to secure additional funding to cover working capital. Impact Shortage of cash for ongoing costs.	The company has the capability to undertake placements on the AIM Market in order to raise funds required to cover working capital.
Regulatory Risk The company will not be able to reverse a project into the company before the deadline or raise sufficient capital to become an investment company. Impact The company will cease to be traded on the AIM Market of the London Stock Exchange.	The company is currently undertaking a process to raise sufficient funds to qualify as an AIM Rule 8 Investing Company. This process is being facilitated by the assembled team outlined in the Chairman's and Chief Executive's statement and have engaged with the necessary advisors, including brokers to raise capital within the required timeframe.
Human Resources Risk The achievement of the Company's objectives will be dependent on the Company attracting qualified and motivated staff. Impact The efficiency of a particular aspect of the Company's operations could be affected leading to reduced profitability.	The company has attracted and will retain a qualified team by providing a competitive remuneration policy, which includes financial performance incentives so as to align the team with the shareholders of the company.
Investment Risk The investments the Company has made fail to be of any value. Impact The investments are written off.	The company has a comprehensive investment policy and strategy, as outlined in its Financial Prospects Policy ("FPP") procedures, that will assist in prudent measures being made to identify and perform due diligence on the investments that the company makes.

Business Review & Development

A review of the business and its operations can be found in the Chairman's and Chief Executive's statement on page 2.

Key Performance indicators

KPI	Measure	Performance
Shareholder returns	Share price performance	The Company's share price dropped from 4.1p to 2.1p in a year that was generally punishing for the mining sector.
Cash flows	Cash balances	Cash balances increased from US\$0.645m to US\$1.163m.



Corporate and Social Responsibility Report (CSR)

Pembroke Resources plc is committed to complying with all Health and Safety, environmental and social legislation and protecting the health and general wellbeing of its employees. It is committed to preserving the environment.

Environment

Concern for the environment is of upmost importance to Pembroke Resources plc. It is our policy to reduce to a minimum the potential environmental impact of our activities and have a positive impact on the areas in which we operate.

Health, Safety and Security

The health, safety and security of the personnel and communities in which we operate takes priority in the management of our operations. Our goal is to prevent injury and ill health to employees and contractors by providing a safe and healthy working environment and by minimising risks associated with occupational hazards.

Business Ethics

Pembroke Resources plc is committed to carrying out all its operations with high moral and legal standards. Pembroke Resources plc has an anti-corruption and anti-bribery policy which are in line with the requirements of the UK Bribery Act. Staff and contractors are made aware of their obligations both on recruitment and by periodical updates.

The strategic report (comprising the Chairman's and Chief Executive's statement and principal risks and uncertainties) on pages 2-4 was approved by the Board of Directors on 9 May 2017 and was signed on its behalf by Roderick Webster, Chairman of the Board.

Roderick Webster
Non-Executive Director and Chairman of the Board
10 May 2017

Directors' report

Principal activity

The principal activity of Pembroke Resources plc is a holding company. The Company name was changed from China Africa Resources Plc on 22 March 2017.

Business review and future development

A review of the business and future developments of the Company is included within the Chairman's and Chief Executive's statement on pages 2 and 3, which form part of the strategic report. The Board has announced that it has commenced a fundraising roadshow with the intention of raising funds from new and existing shareholders and is considering converting into an AIM Rule 8 Investing Company, should it raise the required minimum of £6 million. The Company continues to keep all of its options open including maintaining the ability to complete a Reverse Takeover, should an appropriate opportunity arise.

Results and dividends

During the year the Company made a loss of US\$3.8 million (2015 – loss of US\$5.9 million). The loss incurred during the year consists of costs of running the head office in London, associated listing and regulatory requirements and impairment of the investment in and loans to former subsidiary undertaking China Africa Resources Namibia (pty) Ltd. An in specie distribution of China Africa Resources Namibia (pty) Ltd at 1.75 pence per share, amounting to US\$504,231, was made on 14 December 2016. The Directors do not recommend payment of a final dividend (2015: nil).

Going concern

The Company's ability to continue to adopt the going concern basis of preparation will depend upon a number of matters including future successful capital raisings for necessary funding or loans from third parties.

In order to continue to meet the Company's working capital needs and development plans further funding will be required. In the event that the Company is unable to secure further finance either through third parties or capital raising, it may not be able to fully develop its projects or meet its working capital requirements. In the absence of such further financing opportunities being successful, there exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Post reporting date events

Since the end of the year the Company has entered into Investment Agreements with Global Exploration Technologies (pty) Ltd and US Lithium (pty) Ltd. Further details are included in Note 21 to the financial statements.

Directors

The Directors who served during the year ended 31 December 2016 and up to the date of signing the financial statements were as follows:

Roderick Webster	Chairman
John Bryant	Non-Executive Director
David Charles Linsley	Chief Executive Officer (appointed 17 February 2017)
Cungen Ding	(resigned 14 December 2016)
Frank Lewis	(resigned 14 December 2016)
Li Ming	(resigned 14 December 2016)
James Richards	(resigned 14 December 2016)
Wu Ming Wang	(resigned 14 December 2016)
Paul Johnson	(appointed 14 December 2016 and resigned 17 February 2017)
Nicholas John O'Reilly	(appointed 14 December 2016 and resigned 17 February 2017)

All directors except Paul Johnson were non executives during 2016.

Directors' indemnities

Pembroke Resources plc maintained liability insurance for its Directors and officers during the period and also as at the date of the Directors' report.



Financial instruments

The financial risk management policies and objectives are set out in detail in Notes 20 and 23 of the financial statements.

Information on exposure to risks

Principal risks and uncertainties are discussed in the strategic report on page 4, while liquidity risks are covered in Note 20.

Statement as to disclosure of information to auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

PKF Littlejohn LLP was appointed as auditor during the period. PKF Littlejohn LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the annual general meeting.

By order of the Board

David Linsley
Director and Chief Executive Officer
10 May 2017

Directors' Remuneration Report

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. However as the Company grows it will be necessary to recruit senior management and the Remuneration Committee will review the Directors' remuneration and that of senior management to ensure that it upholds the objectives of the Company with regard to this issue. Details of Directors' emoluments and of payments made for professional services rendered are set out below:

2016	Fees US\$'000	Share based payments US\$'000	Total US\$'000
Roderick Webster	-	15	15
Frank Lewis	21	8	29
James Richards	21	-	21
Paul Johnson	-	15	15
John Bryant	-	15	15
Nicholas O'Reilly	-	15	15
Total	42	68	110

2015	Fees US\$'000	Share based payments US\$'000	Total US\$'000
Frank Lewis	40	-	40
James Richards	40	-	40
Total	80	-	80

Roderick Webster, Paul Johnson, John Bryant and Nicholas O'Reilly were each granted 1,500,000 share options on 14 December 2016. Further details are provided in note 19 to the financial statements.

On behalf of the Remuneration Committee



Non-Executive Director
10 May 2017

Directors' responsibilities

The Directors are responsible for preparing the Annual 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 Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 requirements of 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.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report to the Members of Pembridge Resources plc

We have audited the financial statements of Pembridge Resources plc for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the related notes. 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.

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.

Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 3 to the financial statements concerning the Company's ability to continue as a going concern. In order to continue to meet the Company's working capital needs and development plans further funding will be required either through equity raisings or other financial arrangements. These conditions, along with the other matters explained in Note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter 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 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 and the Directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

David Thompson
(Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

10 May 2017

1 Westferry Circus
Canary Wharf
London E14 4HD



Statement of comprehensive income

For the year ended 31 December 2016

		Year ended 31 December 2016 US\$'000	Year ended 31 December 2015 US\$'000
	Note		
Administrative expenses		(744)	(551)
Impairment of investment in and amounts due from subsidiary undertaking		(3,263)	(5,378)
Other income	6	192	-
Operating loss	7	(3,815)	(5,929)
Finance income		-	-
Finance cost		-	-
Loss before income tax		(3,815)	(5,929)
Income tax	10	-	-
Loss for the year attributable to the equity holders of the company		(3,815)	(5,929)
Other comprehensive income		-	-
Total comprehensive income for the year		(3,815)	(5,929)
Earnings per share expressed in US cents			
		Year ended 31 December 2016	Year ended 31 December 2015
Basic and diluted loss per share attributable to the equity holders of the company	11	(14.9c)	(25.7c)

All amounts relate to continuing activities.

The notes on pages 16 to 28 form part of these financial statements.



Statement of financial position

As at 31 December 2016

Company number: 07352056

	Note	31 December 2016 US\$'000	31 December 2015 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	12	3	-
Investment in subsidiary	13	-	3,567
Total non-current assets		3	3,567
Current assets			
Trade and other receivables	14	38	17
Cash and cash equivalents	15	1,163	645
		1,201	662
Total assets		1,204	4,229
Current liabilities			
Trade and other payables	16	(184)	(68)
Borrowings	17	-	(200)
Total liabilities		(184)	(268)
Net assets		1,020	3,961
Equity			
Share capital	18	1,048	377
Share premium	18	138	6,556
Merger relief reserve		-	4,052
Other reserve		112	-
Retained deficit		(278)	(7,024)
Equity attributable to shareholders of the company		1,020	3,961

The financial statements were approved by the Board on 10 May 2017 and signed on behalf of the Board by:

David Linsley
Director and Chief Executive Officer

Roderick Webster
Non-Executive Director and Chairman

The notes on pages 16 to 28 form part of these financial statements.



Statement of changes in equity
For the year ended 31 December 2016

	Share capital	Share premium	Merger relief reserve	Other reserve	Retained deficit	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 31 December 2014	377	6,556	4,052	-	(1,095)	9,890
Loss for the year	-	-	-	-	(5,929)	(5,929)
Total comprehensive income for the year	-	-	-	-	(5,929)	(5,929)
Balance at 31 December 2015	377	6,556	4,052	-	(7,024)	3,961
Loss for the year	-	-	-	-	(3,815)	(3,815)
Total comprehensive income for the year	-	-	-	-	(3,815)	(3,815)
Cancellation of share premium via Court Order	-	(6,556)	-	-	6,556	-
Proceeds from shares issued	586	216	457	-	-	1,259
Direct cost of shares issued	-	(80)	-	-	-	(80)
Value of placing warrants	-	(97)	-	97	-	-
Value of share options	-	-	-	15	-	15
Share based payments	85	99	-	-	-	184
Realisation of merger reserve on distribution of subsidiary undertaking	-	-	(4,509)	-	4,509	-
Distribution of subsidiary via dividend in specie	-	-	-	-	(504)	(504)
Total transactions with owners recognised directly in equity	671	(6,418)	(4,052)	112	10,561	874
Balance at 31 December 2016	1,048	138	-	112	(278)	1,020

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	Nominal value of shares issued.
Share premium	Amount subscribed for share capital in excess of nominal value, less share issue costs.
Merger relief reserve	Reserve created on issue of shares on acquisition of its subsidiary in accordance with Companies Act 2006 provisions.
Other reserve	Cumulative fair value of warrants and share options granted.
Retained deficit	Cumulative net gains and losses recognised in the statement of comprehensive income.

The notes on pages 16 to 28 form part of these financial statements.



Cash flow statement

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 US\$'000	Year ended 31 December 2015 US\$'000
Cash flows from operating activities			
Loss for the year		(3,815)	(5,929)
Adjusted by:			
Share option charge		15	-
Share based payments		184	-
Unrealised exchange losses		-	(37)
Impairment of investment in subsidiary		3,063	-
Impairment of loans to subsidiaries		-	588
Non cash items within loans to subsidiary company		-	4,789
		(553)	(589)
Movements in working capital			
(Increase)/decrease in trade and other receivables	14	(21)	2
Increase/(decrease) in trade and other payables	16	116	(110)
		(458)	(697)
Cash flows used in investing activities			
Purchase of property, plant and equipment		(3)	-
		(3)	-
Cash flows used in financing activities			
Proceeds from borrowings		-	200
Repayment of borrowings		(200)	-
Proceeds from issuance of shares		1,259	-
Direct cost of share issue		(80)	-
		979	200
Increase/(Decrease) in cash		518	(497)
Reconciliation to net cash			
Opening cash balance		645	1,105
Increase/(Decrease) in cash		518	(497)
Foreign exchange movements		-	37
		1,163	645
Cash and cash equivalents at year end	15	1,163	645

Non-cash transactions

The principal non-cash transactions not stated above comprises the distribution of subsidiary undertaking via dividend in specie amounting to \$504,000 (see Note 13).

The notes on pages 16 to 28 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2016**1. NATURE OF OPERATIONS AND GENERAL INFORMATION**

The principal activity of Pembroke Resources plc is a holding company.

Pembroke Resources plc is incorporated and domiciled in England. The address of Pembroke Resources plc's registered office is Suite A, 6 Honduras Street, London EC1Y 0TH. Pembroke Resources plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

Pembroke Resources plc's financial statements are presented in United States dollars (US\$), which is also the functional currency of the Company.

These financial statements were approved for issue by the Board of Directors on 9 May 2017.

2. STANDARDS AND INTERPRETATIONS NOT YET APPLIED BY THE COMPANY**2.1 Overall considerations**

The Company has adopted the new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board.

The adoption had no significant effects on current, prior or future periods due to the first-time application of these new requirements in respect of presentation, recognition and measurement. An overview of relevant new standards, amendments and interpretations to IFRS's issued but not yet effective is given in note 2.2.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Company's financial statements.

- IFRS 2 Amendments to classification and measurement of Share Based Payments (effective 1 January 2017) (not yet EU adopted)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019) (not yet EU adopted)
- IAS 7 Amendments to Statement of Cash Flows (effective 1 January 2017) (not yet EU adopted)
- IAS 12 Amendments to Income Taxes (effective 1 January 2017) (not yet EU adopted)
- Annual improvements to IFRSs 2014 – 2016 Cycle (effective 1 January 2018) (not yet EU adopted)

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS interpretations as adopted by the European Union, and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The Company meets its working capital and investment requirements from its cash and cash equivalents. The Company raises finance for its activities in discrete tranches. The Company has not generated revenues from operations except for management charges to a former subsidiary. As such, the Company's ability to continue to adopt the going concern assumptions will depend upon a number of matters including future successful capital raisings for necessary funding or loans from third parties.

In order to continue to meet the Company's working capital needs and development plans further funding will be required either through equity raisings or other financial arrangements. This cannot be guaranteed and there are no legally binding agreements in place at the date of approval of these financial statements relating to the raising of additional funds. In the event that the Company is unable to secure further finance it may not be able to fully develop its projects or meet its working capital requirements. In the absence of such further financing opportunities being successful, there exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. As stated in the strategic report and directors' report, the Board and management have commenced a fundraising roadshow with the intention of raising funds from new and existing shareholders, however there is no certainty of achieving this objective.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight-line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Furniture and office equipment 3 years

Foreign currency translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising, if any, are recognised in profit or loss.

Taxes

Income tax represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable result for the period. Taxable profit/loss differs from reported profit or loss because it excludes items of income or 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 reporting date.

Deferred tax is the tax expected to be payable or recoverable 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 probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in 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. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

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 taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments, assets and liabilities

The Company uses financial instruments comprising cash and cash equivalents, loans to subsidiaries, trade and other receivables and trade and other payables that arise from its operations.

Financial assets

The only financial assets currently held by the Company are classified as loans and receivables and cash and cash equivalents. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity.

Financial instruments, assets and liabilities (*continued*)

Financial liabilities

Trade payables and other short-term monetary liabilities are all classified as other financial liabilities. At present, the Company does not have any liabilities classified as fair value through profit or loss.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in the statement of comprehensive income.

Derecognition of Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Any interest earned is accrued monthly and classified as finance income. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Investment in subsidiary

The Company recognises its investments in subsidiaries at cost, less any provision for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition. It also includes share based payments issued to employees of the Company for services provided to subsidiaries.

Borrowings

Borrowings are recognised when the Company becomes a party to the contractual provisions of the instrument and are recognised at fair value plus transaction costs. Borrowings are subsequently carried at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from proceeds.

Merger Relief

The difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange has been credited to a merger relief reserve account, in accordance with the merger relief provisions of the Companies Act 2006 and accordingly no share premium for such transactions has been recognised. Following the write down in investment for impairment and distribution of the subsidiary undertaking via a dividend in specie, the reserve became realised and consequently transferred into retained earnings.

Share based payments

The fair value of services received from employees and third parties in exchange for the grant of share options and warrants is recognised as an expense, except for those granted in connection with the issue of new ordinary shares which are shown as a deduction in equity. A corresponding increase is recognised in other reserves in equity. The fair value of the share options and warrants is calculated using an appropriate valuation model. At each reporting period end the Company revises its estimate of the number of options that are expected to become exercisable. The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when exercised.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, described in Note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical estimates in applying the Company's accounting policies

The following are the critical estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Share based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant of share options and warrants. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield and making assumptions about them. The assumptions used for estimating fair value for share based payment transactions are disclosed in Note 19.

5. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Board, who are responsible for allocating resources and assessing performance of the operating segment.

The Company currently has one operating segment, being a holding company, therefore all IFRS 8 disclosures are incorporated within other notes to the financial statements.

6. OTHER INCOME

	Year ended 31 December 2016 US\$'000	Year ended 31 December 2015 US\$'000
Management charge to subsidiary undertaking	192	-

7. OPERATING LOSS

	Year ended 31 December 2016 US\$'000	Year ended 31 December 2015 US\$'000
This is stated after charging:		
Staff costs	44	86
Share options granted to Directors	15	-
Share based payments	184	-
Auditor's remuneration (note 8)	13	32
Management fee	126	270
	<hr/>	<hr/>

8. AUDITOR'S REMUNERATION

	Year ended 31 December 2016 US\$'000	Year ended 31 December 2015 US\$'000
Remuneration receivable by the company's auditors for the audit of the financial statements	13	30
Fees payable to the company's auditor and its associates for other services:		
Remuneration receivable by associates of the company's auditors for the audit of subsidiary financial statements	-	2
	<hr/>	<hr/>
Total remuneration	13	51
	<hr/>	<hr/>

9. EMPLOYEES AND KEY MANAGEMENT

The total Directors' emoluments for the year, including share based payments, were US\$110,000 (2015 - US\$80,000) and social security payments were US\$2,000 (2015 - US\$6,000). Detailed disclosure of Directors' remuneration is disclosed in the Directors' remuneration report on page 8.

The average number of employees was 2 (2015 - 2).

Key management personnel as defined under IAS 24 have been identified as the Board of Directors.



10. INCOME TAX

	Year ended 31 December 2016 US\$'000	Year ended 31 December 2015 US\$'000
Current tax:		
UK corporation tax on the result for the year	-	-
Total current taxation	-	-
Deferred taxation	-	-
Income tax	-	-
Differences explained below:		
Loss before tax	(3,815)	(5,929)
Loss before tax multiplied by the standard rate 20% (2015: 20.25%)	(763)	(1,201)
Effect of:		
Expenses not deductible for tax	665	1,089
Tax losses for which no deferred income tax asset was recognised	98	112
Tax for the year	-	-
Unrecognised deferred tax asset		
Tax losses UK	299	187
	299	187

The deferred tax assets are currently unrecognised as the likelihood of sufficient future taxable profits does not yet meet the definition of "probable".

The unrecognised deferred tax asset has no expiry period.

11. EARNINGS PER SHARE

The calculation of basic and diluted loss per ordinary share is based on the following data:

	Year ended 31 December 2016	Year ended 31 December 2015
Basic and diluted loss per share (US cents)	(14.9c)	(25.7c)
Weighted average number of shares for basic and diluted loss per share	25,671,810	23,076,924

The basic and diluted loss per share have been calculated using the loss attributable to shareholders of the company of US\$3,815,000 (2015: US\$5,929,000) as the numerator, i.e. no adjustment to loss was necessary. The basic and dilutive loss per share are the same as the effect of the exercise of share options and warrants would be anti-dilutive.

Details of share options and warrants that could potentially dilute earnings per share in future periods are set out in Note 19.

12. PROPERTY PLANT AND EQUIPMENT

	Furniture and office equipment US\$'000
Cost	
At 1 January 2016	-
Additions	3
At 31 December 2016	3
Depreciation	
At 1 January 2016	-
Charge for the year	-
At 31 December 2016	-
Net book value at 31 December 2016	3
Net book value at 31 December 2015	-

13. INVESTMENT IN SUBSIDIARY

	31 December 2016 US\$'000	31 December 2015 US\$'000
China Africa Resources Namibia (pty) Ltd		
Opening balance	3,567	4,156
Impairment	(3,063)	(589)
Distribution to shareholders via dividend in specie	(504)	-
	<u>-</u>	<u>3,567</u>

China Africa Resources Namibia (pty) Ltd was 100% owned by the Company and incorporated in the Republic of Namibia. The principal activity of China Africa Resources Namibia (pty) Ltd was exploration and evaluation of mining assets in Namibia. The company was acquired on 11 August 2011 by the issue of 6,326,923 ordinary 1p shares at a price of 40p, being the market price on the date of acquisition. The acquisition price was converted to US dollars at an exchange rate of 1.642, being the exchange rate at the date of the transaction. The principal reason for this acquisition was to develop the Berg Aukas Mine project in Namibia.

On 14 December 2016 the Company disposed of its sole interest, the Berg Aukas Mine project, held through its wholly owned subsidiary, China Africa Resources Namibia (pty) Ltd, through the completion of an in specie distribution. The special dividend was independently valued at 1.75 pence per share and totalled £403,846 (equivalent to US\$504,000).

14. TRADE AND OTHER RECEIVABLES

	31 December 2016 US\$'000	31 December 2015 US\$'000
Other receivable	26	-
Prepayments	10	12
VAT recoverable	2	5
	<u>38</u>	<u>17</u>

15. CASH AND CASH EQUIVALENTS

	31 December 2016 US\$'000	31 December 2015 US\$'000
Cash and short term deposits	1,163	645

16. TRADE AND OTHER PAYABLES

	31 December 2016 US\$'000	31 December 2015 US\$'000
Trade payables	162	34
Other payables and accruals	22	34
	<u>184</u>	<u>68</u>

Trade and other payables are non-interest bearing and normally settled in the month following date of invoice.

17. BORROWINGS

	31 December 2016 US\$'000	31 December 2015 US\$'000
Loan from related party	-	200
	<u>-</u>	<u>200</u>
Long term portion of loans	-	200
	<u>-</u>	<u>200</u>

The loan from the Company's immediate parent company, HK ECE, was unsecured and bore interest at the 12 month LIBOR rate. The loan was fully repaid on 23 June 2016.

18. SHARE CAPITAL AND PREMIUM

Allotted, called up and fully paid – ordinary shares of 1p each	Number of shares	Share capital US\$000	Share premium US\$000	Total US\$000
At 1 January 2015 and 2016	23,076,924	377	6,556	6,933
Cancellation of share premium	-	-	(6,556)	(6,556)
Proceeds from share issue at 2.17p per share	46,082,948	586	216	802
Cost of share issue	-	-	(80)	(80)
Value of placing warrants	-	-	(97)	(97)
Share based payments	6,679,724	85	99	184
	<u>75,839,596</u>	<u>1,048</u>	<u>138</u>	<u>1,186</u>

The Company cancelled its share premium on 28 September 2016 via a Certificate of Registration by Order of Court.

The total share premium arising from the fundraise amounted to \$673,000. Of this amount, \$216,000 has been recognised in the share premium account and \$457,000 recognised in the merger relief reserve. 31,320,046 out of the 46,082,948 new ordinary shares were issued as consideration shares in exchange for shares subscribed for by investors in a newly incorporated company created for this purpose on admission.

19. SHARE BASED PAYMENTS

As part of the fundraise on 14 December 2016, whereby 46,082,948 ordinary shares were issued for cash, each new ordinary share issued had a warrant attached to acquire an additional ordinary share at an exercise price of 4.34 pence with an exercise life of two years. In addition, 500,000 warrants were issued to both of the joint brokers as part consideration for their services on the fundraise on the same terms as the placing warrants, with an exercise price of 4.34 pence and an exercise life of two years. The fair value of the placing and broker warrants, amounting to \$97,000, has been deducted from the share premium arising from the fundraise.



Four Directors each received 1,500,000 share options (6,000,000 options in total) during 2016. The options have an exercise price of 4.34 pence per share with a three year exercise life. The options vested immediately upon grant. The fair value of the options, amounting to \$15,000, has been included within administrative expenses within the statement of comprehensive income.

Movements in the number of share options and warrants and their related weighted average exercise prices are as follows:

	Options and warrants Number	Average exercise price (pence)
At 1 January 2016	-	-
Granted	53,082,948	4.34
	<hr/>	<hr/>
At 31 December 2016	53,082,948	4.34
	<hr/>	<hr/>

All options and warrants were exercisable at the year-end. No options or warrants were exercised or forfeited during the year. As at 31 December 2016, 47,082,948 warrants have an expiry date in 2018 and 6,000,000 options have an expiry date in 2019.

The weighted average fair value of warrants and options granted during the year, determined using the Black-Scholes valuation model, was £0.08 per warrant/option. The significant inputs into the model were a weighted average share price of £0.035 at the grant date, volatility of 21%, a dividend yield of nil and an annual risk free interest rate of 0.5%. Volatility was based upon the standard deviation of movement in daily share prices over the six months prior to date of grant.

In addition, 6,679,724 new ordinary shares were issued during the year for services provided to the Company and in respect of outstanding fees. The fair value of the shares issued of \$184,000 is included in administrative expenses in the statement of comprehensive income.

20. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

The only financial assets currently held by the Company are classified as loans and receivables and cash and cash equivalents.

Categories of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

	Carrying value	
	31 December 2016 US\$'000	31 December 2015 US\$'000
Financial assets		
Current		
Loans and receivables		
Trade and other receivables	26	-
Cash and cash equivalents	1,163	645
	<hr/>	<hr/>
	1,189	645
	<hr/>	<hr/>
Financial liabilities		
Current- amortised cost		
Trade and other payables	(184)	(68)
Borrowings	-	(200)
	<hr/>	<hr/>
	(184)	(268)
	<hr/>	<hr/>

As at 31 December 2016 there were no trade and other receivables that were past due (2015- nil) and all are considered to be recoverable.

All financial liabilities are repayable within one year.

The fair value is equivalent to book value for current assets and liabilities.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and foreign currency risk. The Directors review and agree policies for managing these risks and these are summarised below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Directors are current assessing the Company's options in respect of raising additional finance for the business.

The Directors monitor cash flow on a daily basis and at quarterly Board meetings in the context of their expectations for the business, in order to ensure sufficient liquidity is available to meet foreseeable needs.

Interest rate risk

The interest rate profile of the Company's cash and cash equivalents as at 31 December 2016 was as follows:

As at 31 December 2016	US Dollars \$'000	Pound Sterling \$'000	Total \$'000
Cash at bank with no interest rate	1	1,162	1,163
	<u>1</u>	<u>1,162</u>	<u>1,163</u>
As at 31 December 2015	US Dollars \$'000	Pound Sterling \$'000	Total \$'000
Cash at bank with no interest rate	545	100	645
	<u>545</u>	<u>100</u>	<u>645</u>

At the reporting date, the cash at bank with fixed interest rate is accruing weighted average interest of 0.0% per annum (2015: 0.0%). As required by IFRS 7, the Company has estimated the interest rate sensitivity on year end balances and determined that a one percentage point increase or decrease in the interest rate earned on short term deposits would have caused a corresponding increase or decrease in net income in the amount of US\$nil (2015:US\$nil).

The Company's cash at bank is held with an institution with an A+ credit rating (Fitch).

Foreign currency risk management

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	31 December 2016 US\$'000	31 December 2015 US\$'000
Cash and cash equivalents	1,162	100
Pound Sterling	<u>1,162</u>	<u>100</u>

The following table details the Company's sensitivity to a 10% increase and decrease in the US dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the US dollar strengthens 10% against the relevant currency. For a 10% weakening of the US dollar against the relevant currency, there would be an equal and opposite impact on the profit and equity, and the balances below would be negative.

		British pound currency impact	British pound currency impact
		31 December 2016 US\$'000	31 December 2015 US\$'000
Effect on loss	+10%	116	11
	-10%	116	11
Effect on equity	+10%	116	11
	-10%	116	11

21. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the year the Company has entered into Investment Agreements with Global Exploration Technologies (pty) Ltd ("GET") and US Lithium (pty) Ltd ("USL").

The Company under the Investment Agreement will acquire up to a 48.88% shareholding in GET, a private Australian company with five exploration licenses in the Kalahari Copper Belt in Botswana held through three Botswanan subsidiary companies, through a combination of cash consideration of A\$75,000 and ordinary shares amounting to A\$150,000 (equivalent in total to approximately US\$160,000). In addition, the Company has committed to solely funding licensing and exploration costs in respect of the five licenses for the first 12 months following signature of the Investment Agreement, and to guarantee to fund at least the minimum expenditure commitments on the licenses during that period. The minimum expenditure commitments amount to approximately US\$125,000.

The Company under the Investment Agreement will acquire up to a 47.5% shareholding in USL, a private Australian company with interest in lithium exploration licenses in Arizona and New Mexico held through a wholly owned US subsidiary company. Under the terms of the Investment Agreement, the consideration is payable as follows:

- Initial 25% shareholding payable in cash amounting to US\$100,000 and ordinary shares amounting to A\$150,000 (equivalent to US\$100,000).
- Further 22.5% (at the discretion of the Company depending on the exploration results from the initial funding) payable in cash of A\$150,000 and ordinary shares amounting to A\$225,000 equivalent in total to approximately US\$270,000.

22. RELATED PARTY TRANSACTIONS

The controlling party of Pembroke Resources plc is East China Mineral Exploration and Development Bureau for Non Ferrous Metals. The immediate holding company is HK ECE.

	31 December 2016 US\$'000	31 December 2015 US\$'000
Company		
The Company had the following transactions with Weatherly International plc, a company in which Roderick Webster and John Bryant are non executive directors		
Management Fee paid	126	270
Trade payables	-	-
The Company had the following transactions with HK ECE a shareholder of the Company.		
Loans received during the year	-	200
Loans repaid during the year	(200)	
Loans outstanding at the end of the year	-	200
The Company had the following transactions with Value Generation Limited, a company controlled by Paul Johnson		
Consultancy services paid	96	-
Trade payables	-	-

23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company considers its capital to comprise its ordinary share capital, share premium and accumulated retained losses as well as loans and reserves (consisting of share based payments reserve and merger relief reserve).

The Company's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company meets its capital needs by equity financing and borrowing.

Capital for the reporting period under review is summarised as follows:

	31 December 2016 US\$'000	31 December 2015 US\$'000
Total equity	1,020	3,961
Borrowings	-	200
	<u>1,020</u>	<u>4,161</u>

Company information

Directors	Roderick John Webster David Charles Linsley John Bryant	(Non-Executive Director and Chairman) (Director and Chief Executive Officer) (Non-Executive Director)
Secretary	London Registrars Ltd	
Registered office	Suite A, 6 Honduras Street London EC1Y 0TH	
Registered number	07352056 (England and Wales)	
Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD	
Bankers	Bank of Scotland St James's Gate 14-16 Cockspur Street London SW1Y 5BL	
Solicitors	Cooley (UK) LLP Dashwood 69 Old Broad Street London EC2M 1QS	
Nominated adviser	SPARK Advisory Partners Limited London: 5 St John's Lane, London, EC1M 4BH Leeds: No. 1 Aire Street, Leeds, LS1 4PR	
Joint Brokers	SI Capital Limited 46 Bridge Street Godalming, Surrey GU7 1HL Beaufort Securities Limited 63 St Mary Axe London EC3A 8AA	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Website	www.pembridgeresources.com	
TDIM	PERE	