

Registered number: 08330294

SUMO RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



SUMO RESOURCES PLC

COMPANY INFORMATION

Directors	AB Odendaal HA Claassen
Company secretary	@Ukplc Client Secretary Ltd
Registered number	08330294
Registered office	5 Jupiter House Calleva Park, Aldermaston Reading Berkshire RG7 8NN
Independent auditors	Fisher Michael Chartered Accountants The Old Grange Warren Estate Lordship Road Chelmsford CM1 3WT

SUMO RESOURCES PLC

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Consolidated Profit and Loss Account	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Analysis of Net Debt	15
Notes to the Financial Statements	16 - 28

SUMO RESOURCES PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

Sumo Resources is a group of companies focused on the trade and extraction of rare minerals like Tantalum, Niobium and Gold. These minerals, specifically Tantalum, are essential in the manufacture of electronic components for mobile devices, medical equipment, specialised steel alloys, lenses and engineering supplies to name a few. The group targets geographical areas that are rich in high value low volume minerals but with an underdeveloped mining sector typically due to a lack of infrastructure.

Business review

Business Structure

The group structure includes a holding company, a trading company and geographical subsidiaries. Sumo Resources Plc, incorporated in England, is the holding company for the group and is listed on the Euronext Paris Access segment. Sumo Resources FZC, incorporated in the United Arab Emirates, is one hundred percent owned by Sumo Resources Plc and is the trading company for the group. All sales outside the group are done via this entity. Subsidiaries are entities incorporated in the geographical areas where the group chooses to operate and establish projects to source rare minerals. These entities are typically majority owned by Sumo Resources. The balance of shareholding belongs to locals that add value through local knowledge of the geographical region. Currently the group has a subsidiary, SR Tanmin Sarl, established in the Democratic Republic of Congo of which it owns seventy five percent.

Business Model

In our business model Sumo Resources Plc is used to attract capital for the group operations. Sumo Resources FZC is the central trading company in the group. It may source and sell a wide variety of resources to external customers. In order to provide a dedicated flow of resources Sumo Resources Plc establishes its own mining and trading operations in geographical areas that meet its criteria.

The typical projects that the subsidiaries get involved in is high value rare minerals, like Tantalum, that can be extracted by small scale surface mining operations that do not require large investments. The group provides funding for the projects and in return the subsidiaries supply all production to Sumo Resources FZC at a predetermined margin on cost.

Business Activities

During the reporting period, the activities of the company were focused on developing its exploration plans and to continue further establish the trading business.

For the exploration business in the Democratic Republic of Congo the company developed and submitted the mandated Environmental Studies for all eight of the concessions. During 2018, the study for PR 13340 was approved with the other seven in process.

In addition to this the company started the geological desk studies for PR 13335 and PR 13337. The purpose of the geological desk studies is to use all available information to prepare for physical exploration work and to identify specific exploration targets. In PR 13335 we intend to explore for Tantalum as it is in close proximity to other Tantalum producing operations. PR 13335 is targeted for Gold exploration. It is adjacent to Namoya mining, part of Banro Corporation, which has been a gold producer in the past years.

The trading business in gold and tantalum has not developed as planned. Some of the challenges experienced includes the unreliability of supply and the risks that accompany cash business operations. Our subsidiary SR Tanmin has suffered some losses in this respect mostly as result of a dishonest insider at our subsidiary in the Democratic Republic of Congo.

The company is reviewing its trading strategy and trading operations. This may include a geographic shift to decrease or eliminate the risks of cash trading and to improve contractual compliance with suppliers.

SUMO RESOURCES PLC

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Events subsequent to the end of the reporting period

There are no reportable events subsequent to the end of the reporting period.

Next Steps

The company has set out the following development targets for the next two-year period:

- Complete geographical desk studies on all exploration permit areas.
- Complete trenching and pitting exploration work on PR 13335 (Nyunzu Tanganyika) and PR 13337 (Saramabila, Maniema).
- Commence trenching and pitting exploration work on PRs 13333, 13334, 13336, 13338, 13339 and 13340. All in Maniema, DRC.
- Establish a central operations office in Rwanda in the coming months from where trading and exploration activities will be coordinated.
- Commence Tantalum ore (Tantalite, Coltan) trading.
- Move the listing of Sumo Resources Plc to a more liquid platform to achieve a realistic valuation for shareholders.

Principal risks and uncertainties

Funding

The principal risk for the business remains future funding for projects and specifically the global appetite for funding mining in East and Central Africa.

Demand for Rare Minerals

Rare minerals are critical for the manufacturing industry as a whole. However due to the unpredictable global economy and the prospect of trade wars, it is not certain what the demand for the group's production, and therefore revenue, may be in the future.

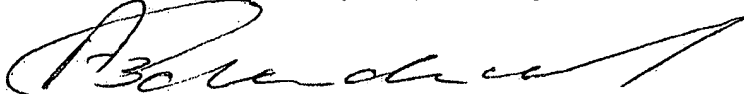
Financial key performance indicators

The group results are reviewed regularly to monitor expenditure levels against expectations. As income is generated different key performance indicators will be needed and these will be reviewed over time.

Corporate social responsibility

The group is committed to contribute to social upliftment as the target areas for its projects are typically underdeveloped rural areas. Special emphasis is to be placed on clean drinking water, health, education and the use of renewable technologies.

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



AB Odendaal
Director

Date: 26 June 2019

SUMO RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company is that of the trade and extraction of rare minerals like Tantalum, Niobium, Gold and Diamonds

Directors

The directors who served during the year were:

AB Odendaal
HA Claassen

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £230,592 (2017 - loss £206,630).

Matters covered in the strategic report

The company has chosen in accordance with section 414C(11) to set out all information regarding future developments within the company's strategic report.

SUMO RESOURCES PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

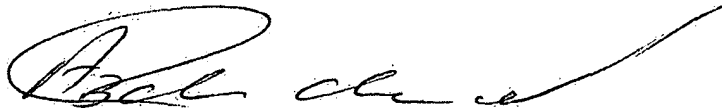
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Fisher Michael Chartered Accountants, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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



AB Odendaal
Director

Date: 26 June 2019

SUMO RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMO RESOURCES PLC

Opinion

We have audited the financial statements of Sumo Resources PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

SUMO RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMO RESOURCES PLC (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or*
- *the parent 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.*

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

SUMO RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMO RESOURCES PLC (CONTINUED)

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

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 Auditors' 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.



Andrea Kaley (Senior Statutory Auditor)

for and on behalf of

Fisher Michael Chartered Accountants

The Old Grange

Warren Estate

Lordship Road

Chelmsford

CM1 3WT

Date: 26 June 2019

SUMO RESOURCES PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	166,272	191,090
Cost of sales		(22,444)	(119,215)
Gross profit		<u>143,828</u>	<u>71,875</u>
Administrative expenses		(340,149)	(309,272)
Exceptional item	9	(16,747)	-
Operating loss	5	<u>(213,068)</u>	<u>(237,397)</u>
Tax on loss	8	(1,534)	(4,773)
Loss for the financial year		<u><u>(214,602)</u></u>	<u><u>(242,170)</u></u>
Loss for the year attributable to:			
Non-controlling interests		15,990	(35,540)
Owners of the parent		(230,592)	(206,630)
		<u><u>(214,602)</u></u>	<u><u>(242,170)</u></u>

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

SUMO RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Loss for the financial year	<u>(214,602)</u>	<u>(242,170)</u>
Other comprehensive income		
Loss on foreign exchange	<u>(5,941)</u>	<u>(33,561)</u>
Other comprehensive income for the year	<u>(5,941)</u>	<u>(33,561)</u>
Total comprehensive income for the year	<u><u>(220,543)</u></u>	<u><u>(275,731)</u></u>
(Loss) for the year attributable to:		
Non-controlling interest	15,990	(35,540)
Owners of the parent Company	<u>(230,592)</u>	<u>(206,630)</u>
	<u><u>(214,602)</u></u>	<u><u>(242,170)</u></u>
Total comprehensive income attributable to:		
Non-controlling interest	14,647	(47,461)
Owners of the parent Company	<u>(235,190)</u>	<u>(228,270)</u>
	<u><u>(220,543)</u></u>	<u><u>(275,731)</u></u>


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

SUMO RESOURCES PLC
REGISTERED NUMBER: 08330294


CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	539,535	646,042
Tangible assets	11	14,575	18,841
		554,110	664,883
Current assets			
Stocks	13	3,930	-
Debtors: amounts falling due within one year	14	29,166	44,287
Cash at bank and in hand	15	6,809	245,827
		39,905	290,114
Creditors: amounts falling due within one year	16	(174,370)	(174,809)
Net current (liabilities)/assets		(134,465)	115,305
Total assets less current liabilities		419,645	780,188
Creditors: amounts falling due after more than one year	17	(366,042)	(506,042)
Net assets		53,603	274,146
Capital and reserves			
Called up share capital	19	3,100,000	3,100,000
Non-controlling Interests		(89,711)	(104,358)
Profit And Loss Account:	20	(2,956,686)	(2,721,496)
		53,603	274,146

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


AB Odendaal
 Director

HA Claassen
 Director


 26 June 2019

Date: 26 June 2019

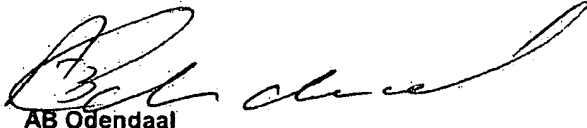
The notes on pages 16 to 28 form part of these financial statements.

SUMO RESOURCES PLC
REGISTERED NUMBER: 08330294

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	12	365,490	494,390
		365,490	494,390
Current assets			
Debtors: amounts falling due after more than one year	14	45,739	574,305
Debtors: amounts falling due within one year	14	-	20,613
Cash at bank and in hand	15	2,328	21,562
		48,067	616,480
Creditors: amounts falling due within one year	16	(8,645)	(8,645)
		39,422	607,835
Net current assets		39,422	607,835
Total assets less current liabilities		404,912	1,102,225
Creditors: amounts falling due after more than one year	17	-	(364,540)
		404,912	737,685
Net assets		404,912	737,685
Capital and reserves			
Called up share capital	19	3,100,000	3,100,000
Profit and loss account	20	(2,695,088)	(2,362,315)
		404,912	737,685

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


AB Odendaal
 Director

HA Claassen
 Director

Date: *26 June 2019*


26 June 2019

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

SUMO RESOURCES PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2018	3,100,000	(2,721,496)	378,504	(104,358)	274,146
Comprehensive income for the year					
Loss for the year	-	(230,592)	(230,592)	15,990	(214,602)
Currency translation differences	-	(4,598)	(4,598)	(1,343)	(5,941)
Other comprehensive income for the year	-	(4,598)	(4,598)	(1,343)	(5,941)
At 31 December 2018	3,100,000	(2,956,686)	143,314	(89,711)	53,603

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
	3,100,000	(2,493,226)	606,774	(56,897)	549,877
Comprehensive income for the year					
Loss for the year	-	(206,630)	(206,630)	(35,540)	(242,170)
Currency translation differences	-	(21,640)	(21,640)	(11,921)	(33,561)
Other comprehensive income for the year	-	(21,640)	(21,640)	(11,921)	(33,561)
At 31 December 2017	3,100,000	(2,721,496)	378,504	(104,358)	274,146

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

SUMO RESOURCES PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	3,100,000	(2,362,315)	737,685
Comprehensive income for the year			
Loss for the year	-	(332,773)	(332,773)
	-	(332,773)	(332,773)
Total comprehensive income for the year			
At 31 December 2018	<u>3,100,000</u>	<u>(2,695,088)</u>	<u>404,912</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	3,100,000	(2,206,470)	893,530
Comprehensive income for the year			
Loss for the year	-	(155,845)	(155,845)
	-	(155,845)	(155,845)
Total comprehensive income for the year			
At 31 December 2017	<u>3,100,000</u>	<u>(2,362,315)</u>	<u>737,685</u>

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

SUMO RESOURCES PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	(213,068)	(237,397)
Adjustments for:		
Amortisation of intangible assets	151,165	53,958
Depreciation of tangible assets	4,266	2,488
Impairments of fixed assets	-	19,294
Non cash government grant income	(140,000)	(53,958)
(Increase)/decrease in stocks	(3,930)	-
Decrease/(increase) in debtors	15,121	(44,287)
(Decrease)/increase in creditors	(439)	1,207
Corporation tax (paid)	(1,534)	(4,773)
Foreign exchange	(5,941)	(33,561)
Net cash generated from operating activities	(194,360)	(297,029)
Cash flows from investing activities		
Purchase of intangible fixed assets	(44,658)	-
Purchase of tangible fixed assets	-	(21,329)
Net cash from investing activities	(44,658)	(21,329)
Net (decrease) in cash and cash equivalents	(239,018)	(318,358)
Cash and cash equivalents at beginning of year	245,827	564,185
Cash and cash equivalents at the end of year	6,809	245,827
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,809	245,827
	6,809	245,827

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

SUMO RESOURCES PLC

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	At 1 January 2018 £	Cash flows £	At 31 December 2018 £
Cash at bank and in hand	245,827	(239,018)	6,809
Debt due within 1 year	(25,725)	-	(25,725)
	<u>220,102</u>	<u>(239,018)</u>	<u>(18,916)</u>

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

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Sumo Resources plc is a public company limited by shares, incorporated in England, United Kingdom. The address of the registered office is given in the company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the group's management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Sumo Resources plc and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Sumo Resources plc is not presenting its own Profit and Loss Account.

2.3 Going concern

Projected group expenditure for 2019 is drastically lower than for the preceding 3 years as the initial goals of acquiring exploration permits and trading licenses has been achieved. Future expenditure on projects will be funded on a per project basis by project partners after completion of the individual geological desk studies. The group has no external debt to service and the projected group expenses, excluding exploration works, can easily be covered by existing shareholders. On the basis of this, the financial statements have been prepared on a going concern basis.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Government grants

The Group receives government grants in respect of Licences. These grants are recognised at the fair value of the asset received or receivable, when there is reasonable assurance that the Group will comply with conditions attaching to them and the grants will be received using the accrual model.

2.7 Taxation

Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Licences

Intangible assets are initially recognised at cost. The cost of the licences which are received through a government grant, is the fair value of the grant on the date it was received. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The estimated useful life of the licence is five years and amortisation will be provided on a straight line basis.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
---------------------	---	-----

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

Short term debtors and loans receivable are measured at transaction price, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by deposits with financial institutions. There are no cash equivalents.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Judgements in applying the accounting policies are detailed within the individual policies. They are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimate considered to be potentially material to the financial statements is in relation to the fair value of the government grant for research concessions.

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sales	26,272	137,132
Government grants	140,000	53,958
	<u>166,272</u>	<u>191,090</u>

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	4,266	2,488
Amortisation of intangible assets, including goodwill	151,165	53,958
Impairment of intangible assets	-	19,294
	<u>-</u>	<u>19,294</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	4,200	4,020
	<u>4,200</u>	<u>4,020</u>

7. Employees

During the year, staff costs amounted to £48,698 (2017: £51,589).

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Average number of employees	10	7
	<u>10</u>	<u>7</u>

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Taxation

	2018 £	2017 £
Foreign tax		
Foreign tax on income for the year	1,534	4,773
Total current tax	1,534	4,773

9. Exceptional items

	2018 £	2017 £
Exceptional items	16,747	-
	16,747	-

During the year \$22,500 was stolen from one of the subsidiary entities. This expenditure is considered to be exceptional and has therefore been shown as such within the financial statements..

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Intangible assets

Group

	Licences £	Goodwill £	Total £
Cost			
At 1 January 2018	700,000	610,935	1,310,935
Additions	44,658	-	44,658
At 31 December 2018	744,658	610,935	1,355,593
Amortisation			
At 1 January 2018	53,958	610,935	664,893
Charge for the year	151,165	-	151,165
At 31 December 2018	205,123	610,935	816,058
Net book value			
At 31 December 2018	539,535	-	539,535
At 31 December 2017	646,042	-	646,042

Licences have been valued by the Director; the estimation is based on the cost to replace the licences.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Tangible fixed assets

Group

	Plant and machinery £
Cost or valuation	
At 1 January 2018	21,329
At 31 December 2018	<u>21,329</u>
Depreciation	
At 1 January 2018	2,488
Charge for the year on owned assets	4,266
At 31 December 2018	<u>6,754</u>
Net book value	
At 31 December 2018	<u>14,575</u>
At 31 December 2017	<u>18,841</u>

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	2,612,825
At 31 December 2018	2,612,825
Impairment	
At 1 January 2018	2,118,435
Charge for the period	128,900
At 31 December 2018	2,247,335

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Sumo resources Ltd	65-67 Bonham Strand East, Sheung Wan, Hong Kong	Dormant	Ordinary	100%
SR Tanmin SARL	4 Avenue Du Marche, Gombe, Kinshasa, Democratic Republic of Congo	Mining	Ordinary	75%
Sumo Resources FZC	Business Centre, A1 Smookh Building, UAQ Free Trade Zone, Umm A1 Quwain, United Arab Emirates	Minerals trading	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Sumo resources Ltd	364,283	439
SR Tanmin SARL	(340,125)	63,960
Sumo Resources FZC	(9,977)	(75,128)

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Stocks

	Group 2018 £	Group 2017 £
Raw materials and consumables	3,930	-
	3,930	-
	3,930	-

14. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Debtors: amounts falling due after one year				
Amounts owed by group undertakings	-	-	45,739	574,305
	-	-	45,739	574,305
	-	-	45,739	574,305

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Debtors: amounts falling due within one year				
Other debtors	-	-	-	20,613
Prepayments and accrued income	29,166	44,287	-	-
	29,166	44,287	-	-
	29,166	44,287	-	20,613

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	6,809	245,827	2,328	21,562
	<u>6,809</u>	<u>245,827</u>	<u>2,328</u>	<u>21,562</u>

16. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	-	439	-	-
Other creditors	25,725	25,725	-	-
Accruals and deferred income	148,645	148,645	8,645	8,645
	<u>174,370</u>	<u>174,809</u>	<u>8,645</u>	<u>8,645</u>

17. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts owed to group undertakings	-	-	-	364,540
Accruals and deferred income	366,042	506,042	-	-
	<u>366,042</u>	<u>506,042</u>	<u>-</u>	<u>364,540</u>

As at the balance sheet date, the group had deferred income of £506,042 (2017: £646,042), which is being released over a 5 year period. This balance relates to the government grants received in the form of research concessions.

SUMO RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Financial instruments

Financial assets that are debt instruments measured at amortised cost, comprise of amounts owed to group undertakings and other debtors.

Of the above, the amount outstanding in respect of the company as at the balance sheet date, amounted to £45,739 (2017: £594,918).

The amount outstanding in respect of the group as at the balance sheet date amounted to £NIL (2017: £NIL).

Financial liabilities measured at amortised costs comprise accruals, trade creditors, other creditors and amounts owed to group undertaking.

Of the above, the amount outstanding in respect of the company as at the balance sheet date, amounted to £8,645 (2017: £373,185).

The amount outstanding in respect of the group, as at the balance sheet date was £34,370 (2017: £34,809).

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
31,000,000 (2017 - 31,000,000) Ordinary shares of £0.10 each	3,100,000	3,100,000

The holders of the Ordinary shares are entitled to a single vote per share, and rights to distributions.

20. Reserves

Profit and loss account

The profit and loss account is a distributable reserve that comprises cumulative net profits and losses.

21. Transactions with directors

During the year, a balance of £20,613, in respect of a directors loan, was transferred to another group entity and offset against that entity's directors loan. As at the balance sheet date, the amount included within other debtors for the company is £NIL (2017: £20,613). This amount is included within the other creditors balance for the group of £25,725 (2017: £25,725) The balance is interest free and repayable on demand.

SUMO RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. Related party transactions

The company has taken advantage of exemptions available under paragraph 33.1A of FRS102 to not disclose related party transactions with wholly owned group entities.

During the year, a debtor of £190,135 (2017: £NIL) was written off, in respect of an amount due from a subsidiary company. A further debtor of £364,540 was transferred to another group entity and offset against another inter group creditor. An amount totalling £364,540 is now due between the two subsidiaries. At the year end, the balance due from the subsidiary was £NIL (2017: £554,675).

The amounts paid to key management personnel in the year totalled £36,084 (2017: £28,378).