



Bluebird Merchant Ventures Limited

**Annual Financial Report
2022**

GROUP INFORMATION

Directors	Jonathan Morley-Kirk Clive Sinclair-Poulton Carli Human Charles Barclay Aidan Bishop Colin Patterson	Non-Executive Chairman Non-Executive Director BVI Resident Director Executive Director Executive Director Executive Director
Registered Office	Harney Westwood & Riegels Craigmuir Chambers PO Box 71, Road Town Tortola VG1110 British Virgin Islands	
Auditor	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD UK	
Lawyers	Legal Insight LLC 401, Nonhyeon-dong, M building 612 Nonhyeon-ro Gangnam-gu, Seoul South Korea	
Registrars	Computershare Investor Services (BVI) Limited Woodbourne Hall, Road Town Tortola British Virgin Islands	
Depositary	Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol BS13 8AE UK	

CONTENTS

1. Chairman’s Report	3
2. Chief Executive’s Comment	4
3. Directors’ Report	6
4. Strategic Report	
4.1 Business Model and Strategy	15
4.2 South Korea Gold Project	15
4.3 Philippines Overview – Batangas Gold Project	17
4.4 Funding	18
5. Financial Statements	
5.1 Independent Auditor’s Report to the Members of the Company	20
5.2 Consolidated Income Statement	25
5.3 Consolidated Statement of Comprehensive Income	26
5.4 Consolidated Statement of Financial Position	27
5.5 Consolidated Statement of Changes in Equity	28
5.6 Consolidated Cash Flow Statement	29
5.7 Notes to the Financial Statements	30

1. CHAIRMAN'S REPORT

Since my last report we have continued to make headway in all three of our projects, the Kochang Gold and Silver Mine ("Kochang") and Gubong Gold Mine ("Gubong") in South Korea, and the Batangas Gold Project ("Batangas") in the Philippines.

In South Korea, the lifting of pandemic restrictions was most welcome and with normality returning, our main aim during the period was to get back in country and progress our plans of bringing the high grade Kochang and Gubong historic mines back into production. We immediately re-engaged with all stakeholders and then focused largely on securing the outstanding permits, licences, and other legal requirements to meet on-going local regulations for the two projects. Extraction permits at both mines have been secured and applications made for Mountain Temporary Use Permits ("MTUPs") to allow commencement of surface work at the two historic mines. The value of the two projects was highlighted in the publication of a Scoping Study which included a post-tax NPV of USD 181 million, free cash of USD 50 million per annum, an IRR of 111% and a USD 630 per oz All in Sustaining Cost ("AISC"), giving us a huge amount of confidence in the economic potential our projects. Interestingly this was conducted on a USD 1,750 per oz gold price.

The Company's latest announcement re the requirement for further information for the grantin of the MTUP at Kochang was frustrating for the Board, in particular as we were advised by our lawyers and permitting consultants that all legal requirements had been covered in our c.800-page submission. The request for greater detail with regards to measures to reduce the risk of environmental impact and to conduct a successful wider community consultation will be carried out and whilst there can obviously be no guarantee (refer note 23 of the audited financial statements), the Company remains expectant that the MTUPs will be granted. Due to the requests for further information at Kochang, we have now sought an extension of the MTUP application in process at Gubong to ensure that the above issues are taken into account.

In the Philippines we signed an agreement with a large local company, whose owners have decades of experience in mining, to develop the high grade Batangas project (refer note 23 of the audited financial statements). We had previously written down the Project due to the previous government's stance on mining; but with the changing of government, resource development is very much in vogue. The JV covers the entire Batangas Project area, which has a total JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits). Exploration expenditure to the tune of c.USD 20 million has been invested. The community consultation is already underway, and we anticipate further news on this and an update from our partners re. progress.

The Company successfully raised GBP 230,000 in the year ended 2022 and a further GBP 1,215,000 through our newly appointed broker SI Capital (refer note 23 of the audited financial statements). Together with this and the good progress made re-establishing the projects, the Company is in a better place than at the end of 2021. However, a great deal needs to be done during 2023 to make up for the lost time and achieving our objectives of advancing our South Korean and Philippine projects.

Jonathan Morley-Kirk
Chairman
25 April 2023

2. CHIEF EXECUTIVE'S COMMENT

The Bluebird Merchant Ventures Ltd ("BMV") team has made progress in getting the South Korean projects back on track. We have been busy with all aspects of the projects needed to get them to the next stage of development.

We remain focussed on bringing Kochang and Gubong back into production, which cumulatively have an estimated +1.5Moz gold resource. Ahead of bringing Gubong, the larger of the two mines, back into production with a medium-term target of c.60Koz Au pa, our aim has been to undertake relatively inexpensive proof-of-concept production at Kochang. This is aimed at providing confidence in the key parameters of the mining operation including grade, recovery, production and processing, and community and government support. Once complete, the plan remains for production to be ramped up to an initial 5Koz Au pa and 12Koz Au pa thereafter. The Scoping underpinned our confidence in the projects and increased our understanding of their viability. The team has successfully brought numerous historic mines back into production which is where our expertise lies. Indeed, I maintain that there isn't a better team in the world to achieve our objectives.

The operational team has made numerous trips to South Korea in order to facilitate the advancement of the Projects and conducted resource modelling and desk stop studies to better understand the project parameters. The immediate community at Kochang has been highly supportive and eager for us to commence work as soon as the necessary permits are finalised as they recognise the benefits the development of a mine will bring.

As mentioned by the Chairman, our next step is to get the TMUPs granted for both mines and remain expectant of the necessary permissions to allow us to commence construction. As Kochang is the simpler of the two projects we made the strategic decision to focus on getting this project into production first before tackling the larger and more lucrative Gubong, which is ultimately projected to be "the company maker". We remain committed to the potential of both projects.

Beyond South Korea, the main exciting new development this year was the resurrection of Batangas, which had been previously written to zero due to uncertain policy and sentiment towards mining. With the election of the new government there is renewed support for mining. To this end we negotiated a farm-in agreement with a Philippine family company who can earn a 60% interest upon bringing the project to a production decision along with securing all the key permissions in order to progress to production (refer note 23 of the audited financial statements). They understand the governmental dynamics and we believe that this will contribute significantly to the development potential of Batangas.

The Batangas project area contains a current total JORC compliant resource of 440,000 ounces, including a maiden ore reserve of 128,000 ounces (including silver credits). The main focus of the JV is Lobo, which is a highly prospective underground mining operation. The mineral resources are associated with a linear, steeply dipping, epithermal lode with high grade 'shoots' of mineralisation, similar to Medusa Mining's Philippine project. It has an initial Probable JORC Compliant Ore Reserves of 171,000 tons at 6.6 g/t for 36,000 ounces of gold excluding silver credits based primarily on the South West Breccia ('SWB') area of the licences, which can be mined in the first 18 months of any operation. There is an Indicated resource of 82,000 oz au that is perceived as easily convertible. Additionally, the Lobo licence area has multiple epithermal and high-grade targets already identified

for resource expansion with 14km of identified mineralised structures. This translates into excellent resource upgrade potential which our JV partners have already recognised. The team will remain highly supportive and will assist where possible in bringing the project to fruition.

Finally, I wish to thank our team who have helped to reduce the draw down on funds by making huge sacrifices and taking little or no remuneration for the work they have done to achieve our objectives. I'd also like to thank shareholders for their support and all our advisors as we look to develop our portfolio for the benefit of all stakeholders.

Colin Patterson

Chief Executive Officer

25 April 2023

3. DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2022.

The Company

Bluebird Merchant Ventures Limited, the parent company, is registered and domiciled in the British Virgin Islands.

The Company's principal activity is to bring old gold mines back to life by using the management team's global experience in re-opening old mines to unlock hidden value.

The Company's Ordinary Shares were admitted to listing on the London Stock Exchange in 2016, on the Official List pursuant to Chapters 14 of the Listing Rules, which sets out the requirements for the Standard Listing segment of the Main Market of the London Stock Exchange.

The Group

The Group consists of the companies and ownership structure as outlined in note 24 of the audited financial statements.

Results and Dividends

The Company has set out its results in the audited financial statements, and notes, and show a loss of USD 1,485,806 for the year (year to 31 December 2021 showed a profit of USD 7,530,988 for the year with an operating loss of USD 770,099 exclusive of the gain on acquisition of joint ventures of USD 8,301,087 – refer note 12 of the audited financial statements).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: Nil).

Future Developments

The Group's future developments are outlined in the Strategic Report section.

Principal Risks and Uncertainties

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors to be of particular relevance to the Group's activities although it should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

Detailed Development, Mining and other risks for the South Korean projects are detailed from page 25 of the June 2019 Prospectus (refer http://www.bluebirdmv.com/wp-content/uploads/bsk-pdf-manager/254922_Project_Olympic_-_Prospectus_FINAL_13-06-2019_14.pdf).

South Korea Projects

Whilst the Company has received extraction permits to mine Gubong and Kochang, the Company requires Mountain Temporary Use Permits (MTUPs) in order to allow development and mining. Whilst the Company is expectant that the MTUPs will be granted, there can be no guarantee that they will. Should the MTUPs not be granted then the Company will have various legal remedies that it can pursue but the outcome cannot be guaranteed.

Batangas Project

The Company has entered into an agreement with a local Philippine company, with a view to represent the mine with the potential for underground mining and to secure the key permissions necessary to enable production. Whilst there is renewed optimism around mining in the Philippines there can be no guarantee that the permissions will be received. Should the permissions not be received the Company will review appeal options and legal remedies with its local partner.

Key Personnel

The Company has a small team in South Korea. Loss of key personnel could negatively impact the Group and cause further delays in progressing the projects. The Company will look to recruit and train capable successors as part of the Korean project team.

Inflation/High Energy Costs

High energy costs and/or high inflation could impact on future production costs and thus profitability of the South Korean projects and any future projects. The Company will mitigate this risk through continuing to actively monitor cash flows and ensure that only value adding expenditure is incurred.

Gold Price

Mining projects rely on being able to operate where the cost of extraction and processing of ore is less than the gold price. Although the project economics in South Korea and Batangas are expected to achieve significant profit margin any significant fall in the gold price may negatively impact the project. The Company will look to mitigate any potential downside through a review of hedging options once the projects are in production.

Funding Risk

Whilst the Company has funding to progress its projects, further funding will be required in the future in order to scale up production. Whilst the Directors are confident that further funding will be available when required, there can be no guarantee of such. The Directors will focus on effective cash flow management to allow the Company to meet on-going commitments until this funding can be secured.

COVID-19

The easing of COVID-19 restrictions will facilitate the Group's planned development programmes in South Korea 2023 – however, challenges will remain for some time due to on-going logistical

challenges and supply chain constraints impacting the availability of mining personnel, equipment and materials. The Company will look to lock-in medium term contracts to mitigate against supply chain risks as the projects move into the construction and production phases.

Going Concern

At the year end the Group had net current liabilities of USD 932,821, exclusive of fair value liabilities of USD 612,829 in the year (2021, USD 776,886 exclusive of USD 285,888 of non-cash/fair value liabilities). After year end, the Company settled USD 648,158 of loans outstanding at 31 December 2022 and announced receiving funding of GBP 1,215,000 (refer note 23 of the audited financial statements).

Based on the current plans and financial projections, the Group's current cash resources and funding available are sufficient to enable the Group to meet its recurring commitments for the following twelve months, but not its forecasted expenditure which includes notable costs to progress the South Korean projects. Whilst the directors acknowledge that the group will need to raise further finance to meet its forecasted expenditure over the next 12 months, the Company has received a debt financing offer which would cover the projected capital costs, however the Company will only consider this offer closer to the time that the funds are required, and are thereby confident that sufficient funding will be able to be raised.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements but note that the auditors make reference to going concern by way of a material uncertainty over the ability of the Company and the Group to fund the recurring and projected expenditure (refer note 2 of the audited financial statements).

Key Performance Indicators

Permitting

Achieving the MTUPs at Kochang and Gubong. Whilst this was not achieved in the year ended 31 December 2022 (refer note 23 of the audited financial statements), the Directors are expectant of them being granted.

'Proof of Concept' at Kochang.

Upon receipt of the MTUP at Kochang the Company intends to commence a 'proof of concept' at Kochang which entails producing a very limited amount of gold to demonstrate that the mine can be successfully reopened and demonstrate that the grades and recovery are within the expected range used in the inhouse feasibility study.

Company Directors

	Position	Appointed	Audit Committee	Remuneration Committee	Health & Safety Committee
J. Morley-Kirk	Non-Exec. Chairman	Mar-14	Chair	Member	Member
C. Sinclair-Poulton	Non-Exec. Director	Sep-15	Member	Chair	Chair
C. Human*	BVI Resident Director	Aug-22	-	-	-
C. Barclay	Executive	Mar-17	-	-	Member
A. Bishop	Executive	Mar-14	-	-	-
C. Patterson	Executive	Sep-15	-	-	-

* Appointed from Harneys to assist the Company with the difficulties of opening a BVI bank account

Shareholdings and warrants held by Directors and other Persons Discharging Managerial Responsibilities (“PDMR”) are outlined in notes 20 and 16 respectively of the audited financial statements.

Auditors

The Board appointed PKF Littlejohn LLP as auditors of the Company in August 2020. They have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Internal Control

The Directors acknowledge they are responsible for the Group’s system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has well established procedures which are considered adequate given the size, and stage, of the business.

The Group is at an early stage in its development and directors and senior management are involved directly in approving all significant investment and expenditure decisions across the Group.

Audit Committee

The Audit Committee, which comprises two Non- Executive Directors, Jonathan Morley-Kirk and Clive Sinclair-Poulton, is responsible for ensuring that the financial performance of the Group is properly monitored and reported upon and that any such reports are understood by the Board. The Committee meets formally at least twice each year.

Health, Safety and Environment Committee

The Group is committed to providing a safe, healthy and sustainable environment for all its employees, contractors, visitors and neighbours. The Group strives actively to identify and manage the potential direct and indirect effects of all its activities and reviews this at Board level through its HS&E Committee.

Remuneration Committee

The remuneration of the Executive Directors is fixed by the Remuneration Committee, which comprises two Non-Executive Directors and is chaired by Clive Sinclair-Poulton. The Remuneration Committee is responsible for reviewing and determining the Company policy on executive remuneration and the allocation of long-term incentives to executives and employees. The remuneration of Non-Executive Directors is determined by the Board. In setting remuneration levels, the Group seeks to provide appropriate reward for the skill and time commitment required in order to retain the right caliber of Director at an appropriate cost to the Group.

The remuneration paid to, or receivable by, Directors in respect of 2022 and 2021 in relation to the period of their appointment as Director are:

	Payable in Cash (USD)		Payable in Equity (USD)	
	in the year to 31-Dec-22	in the year to 31-Dec-21	in the year to 31-Dec-22	in the year to 31-Dec-21
Executive Directors				
C. Barclay	20,790	-	50,666	48,579
A. Bishop*	9,344	-	21,822	34,145
C. Patterson*	-	-	77,969	40,649
Non-Executive Directors				
J. Morley-Kirk	4,109	-	29,883	37,767
C. Sinclair-Poulton*	6,767	-	17,707	27,192
Total	41,010	-	198,047	188,332

* Equity is issued to an associated party

All Directors remuneration relates to short-term employee benefits. The amounts noted as payable in equity to September 2021 were issued as equity during the December 2021 Prospectus and amounts from October 2021 to December 2022 are held as Unissued Share Capital at year-end (refer note 20 of the audited financial statements).

Share Capital

At 31 December 2022 the issued share capital of the Company stood at 651,615,042 – with 29,299,254 new shares having been issued during the year (as outlined in note 20 of the audited financial statements).

Substantial Shareholders

Substantial shareholders are outlined in note 20 of the audited financial statements.

Director and PDMR shareholdings are outlined in note 20 of the audited financial statements.

Employees

The Group has a policy of equal opportunities throughout the organisation. Employees benefit from regular communication both informally and formally regarding Company issues.

Directors Indemnity Insurance

The Company has purchased Directors and Officers insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Sustainability Report

Overview

The Board of Directors is committed to producing gold with a leading Environment, Social and Governance approach (“ESG”) embedded throughout the process, from sustainable extraction and safe, clean water and waste disposal to enhancing the opportunities for the communities in which we operate.

The Board of Directors will enhance reporting, including compliance with the 4 key pillars of the Taskforce on Climate-related Financial Disclosures’ recommendations (being, Governance, Strategy, Risk Management and Metrics and Targets), as the Korean projects are brought into production when the climate-related impacts of the Group’s activities will be able to be effectively monitored.

In the interim, the Company’s ESG commitments are as outlined below and the Board of Directors are pleased to note that there have been no reported issued of non-compliance in 2022 or to the date of this Report.

Environmental

The Board of Directors recognises the importance of understanding the environmental impact of our activities and will operate at the highest possible environmental standards across all aspects of our business.

Commitments:

- Limit our own carbon emissions in our operations through, wherever possible, the use of renewable energy as our primary source of energy and aiming for low carbon emission sources of energy for low carbon emissions
- Meet the highest environmental standards, ensuring biodiversity and ecosystems (land and water) are protected from extraction to transportation
- Manage our water usage, mitigate against loss of water and ensure the effective treatment of hazardous waste

- Report transparently and keep all our stakeholders updated on our performance

Social

The Company will aim to play a positive social role in all the locations we operate in and will provide a safe and secure operational environment for all those who work with us.

Commitments:

- Create trusted relationships with local people where we will listen to and address their concerns
- Invest directly into the local economy
- Support our colleagues to create an inclusive and safe work environment
- Ensure effective anti-corruption policies are maintained and embraced by all elements of our team and supply chain

Corporate Governance

The Company is incorporated in the British Virgin Islands. The Company is not required to comply with the provisions of the UK Corporate Governance Code. The Directors have responsibility for the overall corporate governance of the Company and recognise the need for appropriate standards of behaviour and accountability.

The Board will ensure that a sound corporate governance policy, involving a transparent set of procedures, is embraced to ensure that the needs of all the Company's stakeholders, internal and external, are taken into account.

The Directors are committed to the principles underlying best practice in corporate governance and have regard to certain principles outlined in the UK Corporate Governance Code to the extent they considered appropriate for the Company given its size, early stage of operations and complexities.

Health & Safety

Commitment:

- We will identify, evaluate and manage hazards and risks associated with our operations and will promote a safe working environment for all involved

Events after the Reporting Date

The events after 31 December 2022 are detailed in note 23 of the audited financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. The Directors have prepared the financial statements for each financial period which present fairly the state of affairs of the Group and the profit or loss of the Group for that period.

The Directors have chosen to use the UK-adopted International Accounting Standards (“UK-adopted IAS”) in preparing the Group’s financial statements.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the company’s financial position, financial performance and cash flows. This requires the faithful presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board’s “Framework for the preparation and presentation of financial statements”. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

A fair presentation also requires the Directors to:

- select consistently and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK-adopted IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance;
- state that the Group has complied with UK-adopted IAS, 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 also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Stock Exchange.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements.

Financial information is published on the Group’s website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements after they are presented initially on the web-site. Legislation in the British Virgin Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ Responsibilities Pursuant to DTR4

In compliance with the Listing Rules of the London Stock Exchange, the Directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with UK-adopted IAS and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

- The annual report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that they face.

This Directors' Report was approved by the Board of Directors on 25 April 2023 and is signed on its behalf.

By Order of the Board

Jonathan Morley-Kirk
Chairman
25 April 2023

4. STRATEGIC REPORT

The Directors have voluntarily disclosed the Strategic Report for the year ended 31 December 2022 although it is not required under BVI regulations.

4.1 Business Model and Strategy

The Group is a project developer and targets Asian mining projects that may be brought into production within 24 to 30 months of funding and the securing of all mining permits. Many opportunities are presented in the form of old underground gold mines which can be re-opened, a process with which the Company's Management team has substantial experience (refer <https://bluebirdmv.com/corporate/>).

Such projects offer significant advantages over "normal greenfield" exploration projects in that they:

- cut out the major exploration costs;
- the economics in terms of gold price at closure are known;
- past production in the form of tonnes and grade are known;
- to a large extent the existing development needs refurbishment which is far cheaper than new development; and
- the overall cost to reopen is far cheaper per ounce than new ounces at the same grade of a new mine.

4.2 South Korea Gold Projects

South Korea is a modern, industrialised economy, a representative democracy and has substantial infrastructure advantages, in many respects, superior to western jurisdictions. South Korea is an investment-grade country with Moodys and Standard & Poors ratings of Aa2 and AA respectively (: and telecommunications are also placed conveniently nearby.

History

Gubong was South Korea's second largest gold producer historically and the largest during 1930-1943, during the Japanese occupation. It still retains substantial remnant ore between mined blocks and excellent exploration potential. Mine data indicates good potential for mine re-commissioning and the possibility of relatively early cash flow.

There is a dearth of information considering the age of the mine and there is anecdotal evidence that the information relating to gold production is understated as there was little government control over the Japanese mining companies.

The Korean Resources Corporation (KORES) estimate of remaining resources at Gubong is 2.34M tonnes at 7.34g/t. There are no declared JORC resource estimates currently at Gubong.

The immediate Gubong project area hosts five historical underground mines with the largest being the Gubong mine which exploited high grade quartz veins hosted in gneissic granite and mined to a vertical depth of approximately 500 metres.

Historic underground sampling results of the deeper levels of Vein 6, the main vein exploited at Gubong, gives an arithmetic uncut average of 30.6 g/t gold from 146 values. Exploratory core drilling below the now abandoned mine workings from one of five holes returned 27.9 g/t gold and 25 g/t silver over 1.6 metres downhole from 845.2 metres. This demonstration of the persistence with depth of the most developed mineralised structure supports the prospectivity of the property for auriferous shoots with considerable depth continuity.

Interestingly, Vein 6 was found as a blind vein in the hanging wall during mine development work on the other veins. This suggests substantial gold resources may be found in parallel vein systems that do not outcrop in the area.

Work at Gubong

The Group has undertaken on-going care and maintenance work and community relations in the year to 31 December 2022. The Company filed an application for a Mountain Temporary Use Permit (MTUP) in December 2022.

4.2.2 The Kochang Project

General Information on Kochang

The Kochang Mine began operations in 1928 with production records starting in 1938 with the Nippon Mining Co, which mined the project until 1942. Production restarted in 1961 and was fairly constant until 1975.

The workings extend over 1.2-1.5 km (2.5 km including the silver shaft area) from south west to north east and extend down dip to about 120 m below surface. The workings exploit 5-7 veins striking 050° with a dip of 50-70 north west. There seem to have been 4 shafts (north shaft, south shaft, main shaft and silver shaft). The gold and silver mines have been worked as separate mines in the past but recent work suggests that they are part of the same deposit and that resources may extend between them.

Following the last year of recorded production in 1975, exploratory level development was carried out in 1981 and 1990. Korean underground plans dated 1990 show the results of the sampling of quartz veins along portions of the gold mine at Kochang. In aggregate, a total of 104 underground samples are depicted with gold results ranging from 0.4 g/t up to 102.6 g/t for sample widths ranging from 0.03 metres to 0.6 metres in thickness. The length weighted average value of all the underground samples is 17.05 g/t gold over 0.2 metres. There are no declared JORC resource estimates currently at Kochang.

Of further interest is a particularly well mineralised 120 metre length of Vein 3 at the southern end of the prospecting drive on 245RL which gave a length weighted average value of 57.27 g/t gold over a 0.29 metre width: indicating the presence of higher grade ore shoots at Kochang. Bonanza grades were reportedly mined from upper levels of the north shaft vein.

In 1984, four inclined core holes were drilled at Kochang, but their coordinates are generally unknown. Each hole intersected narrow quartz veins. Two of the holes were sampled for assay over intersections of interest. One drill hole 84-2 was collared in a new deposit called the Sanpo Mine at 238 RL, azimuth

of 225 and dip 70. Of the nine results reported, Hole 84-2 gave two intersections above 1 g/t gold in one hole. The intersections were 10.6 g/t gold and 12 g/t silver over 0.6 metres from 26.9 metres and 17.6 g/t gold and 4 g/t silver over 2.5 metres from 63.0 metres respectively. At 97.6 metres a 2.4m vein gave trace gold and 1,763 g/t silver.

This drill hole opens up a “new” parallel mineralised structure of up to 2.5m wide to be explored and the possibility of other as yet unknown structures related to the same hydrothermal fluid source and regional structures.

Work at Kochang

The Group has undertaken on-going care and maintenance work and community relations in the year to 31 December 2022. The Company filed an application for a Mountain Temporary Use Permit (MTUP) in December 2022. In April 2023, the Company announced that despite all legal obligations being covered this has been delayed due to local politics (refer note 23 of the audited financial statements).

4.3. Philippines Overview – Batangas Gold Project

The outlook for the Philippine mining industry has continued to improve during the year. The Company applied for a two-year extension of the Exploration Period of the Mineral Production Sharing Agreement (“MPSA”) due to improving sentiment in the Philippines, which was granted on 21 September 2022. The Company has subsequently entered into an agreement with a local Philippine company, with a view to represent the mine with the potential for underground mining and to secure the key permissions necessary to enable production (refer note 23 of the audited financial statements).

The Company acquired the project from ASX Listed Red Mountain Mining Limited in November 2016 based on the highlights of a Pre-Feasibility Study (PFS) published by Red Mountain Mining Limited that declared a Maiden Ore Reserve of 128,000oz of gold (including silver credits) including 100,000oz of high-grade gold at 4.2g/t.

The acquisition cost allocated to the project was USD 2,137,855. The Batangas asset was fully impaired in the period ended 31 December 2019 as the Board considered it appropriate to continue to follow IFRS and to write the investment in Batangas down to zero in the financial statements. This will be reviewed on an on-going basis by the Board as the projects are further developed.

Batangas Gold Project Mineral Resource JORC 2012

Deposit	Resource Classification	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz
Kay Tanda West	Indicated	1,421,000	2.1	96,000	9.2	421,000
	Inferred	229,000	2.3	17,000	2.1	15,000
	Total	1,650,000	2.1	113,000	11.3	436,000
Kay Tanda Main	Indicated	1,161,000	1.9	70,000	1.4	50,000
	Inferred	2,775,000	2.0	180,000	1.2	109,000
	Total	3,936,000	2.0	250,000	2.6	159,000
Archangel MPSA	Total	5,586,000	2.0	363,000	3.3	595,000
South West Breccia	Indicated	214,000	6.4	44,000	1.8	12,600
	Inferred	7,000	2.3	1,000	1.9	400
	Total	221,000	6.3	45,000	1.8	13,000
Japanese Tunnel	Indicated	26,000	3.3	3,000	5.9	5,000
	Inferred	7,000	2.3	1,000	5.7	1,000
	Total	33,000	3.0	4,000	5.7	6,000
West Drift (> 2g/t)	Indicated	145,000	4.2	14,000	4.7	22,000
	Inferred	205,000	2.4	19,000	4.3	28,000
	Total	350,000	3.0	33,000	4.4	50,000
Lobo MPSA	Total	604,000	4.2	82,000	3.6	69,000
Batangas Gold Project	Indicated	2,968,000	2.4	227,000	5.4	511,000
	Inferred	3,222,000	2.1	218,000	1.5	154,000
	Total	6,190,000	2.2	445,000	3.3	665,000

Batangas Gold Project Ore Reserves JORC 2012

Deposit	Ore Reserve Category	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz	Au Eq g/t	Au Eq Oz
Archangel MPSA	Probable	1,225,000	2.1	86,000	10.0	403,000	2.3	91,000
Lobo MPSA	Probable	186,000	6.2	37,000	2.2	13,000	6.2	37,000
Total Batangas Project	Probable	1,441,000	2.6	123,000	9.0	416,000	2.8	128,000

The Pre-Feasibility Study was announced by Red Mountain Mining Limited (refer: [https://www.rscmme.com/report/Red Mountain Mining Ltd Batangas 15-6-2016](https://www.rscmme.com/report/Red_Mountain_Mining_Ltd_Batangas_15-6-2016)).

4.4 Funding

The Company funded its activities during the period by the drawdown of a loan of USD 282,000 (refer note 16.3 of the audited financial statements) and a share placing of USD 352,613 – inclusive of USD 183,528 received on 05 January 2023 due to the extended bank closure over the New Year period.

The Company continued to benefit from Directors and the Management team continuing to agree to take salary sacrifice shares rather than cash payments during the year.

This Strategic Report was approved by the Board of Directors on 25 April 2023 and is signed on its behalf.

By Order of the Board

Jonathan Morley-Kirk
Chairman
25 April 2023

5. FINANCIAL STATEMENTS

5.1 Independent Auditor's Report to the Members of the Company

Opinion

We have audited the financial statements of Bluebird Merchant Ventures Ltd (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group incurred a loss of \$1,485,806 in the year ended 31 December 2022, as of that date the Group's current liabilities exceeded its current assets by \$1,545,650 and the Group will be required to raise further finance, equity and/or debt, in order to fund its forecasted expenditure over the next twelve months. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included reviewing and challenging cashflow forecasts prepared by management covering the going concern period and the related key assumptions, stress testing forecasts and ascertaining the Group's current financial position and discussing their strategies regarding future fund raises.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Materiality for the consolidated financial statements was set at \$400,000 (2021: \$400,000) based upon 2% of gross assets (2021: 2% of gross assets). Materiality has been based upon gross assets due to the significant value of the Consolidated Statement of Financial Position and the number of identified risks in relation to the Consolidated Statement of Financial Position relative to the Consolidated Statement of Comprehensive Income. Performance materiality and the triviality threshold for the consolidated financial statements was set at \$300,000 (2021: \$300,000) and \$20,000 (2021: \$20,000) respectively due to our accumulated knowledge of the Group, the number of significant risks identified and their assessed risk. We also agreed to report to the Audit Committee any other differences below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the recoverable value of the mines under development asset. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of all seven components of the Group.

Of the seven reporting components of the Group, one is located in the British Virgin Islands and two in each of South Korea, Philippines and Singapore. PKF Littlejohn LLP audited the ultimate parent company, situated in the British Virgin Islands, and all other reporting components. The Engagement Partner conducted audit work in the United Kingdom but interacted regularly with the management team in the Philippines during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to

going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
<p>Carrying value of mines under development</p> <p>As at 31 December 2022, the carrying value of mines under development was \$19,816k (Note 12). This asset arose from the acquisition of the previous joint venture companies, Gubong and Kochang in the previous year.</p> <p>Given the value, the fact that the Group have yet to enter into production and the estimation uncertainty, there is a risk that this asset may be materially impaired.</p>	<p>Our work included but was not limited to:</p> <ul style="list-style-type: none"> • Obtaining the directors’ impairment assessment and reviewing and discussing with the directors; and • Challenging the key inputs and assumptions. <p>The directors’ recoverable value assessment, which included the use of discounted cashflow forecasts and independent third-party valuations of the subsidiaries and their underlying assets, were found to be reasonable with no impairment indicators noted.</p> <p>However, management had expected to receive Mountain Temporary Use Permits to enable the Group to commence ground work for proof of concept mining at Kochang and early development work at Gubong. These have yet to be obtained and should they and other required production licences not be obtained then the mines may not be fully developed and thus the carrying value of mines under development may not be recovered in full..</p>

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, independent research and our accumulated knowledge and experience of the industry.
- We determined the principal laws and regulations relevant to the Group in this regard to be those arising from the LSE Main Market listing rules and BVI Business Companies Act.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with management regarding compliance with laws and regulations by the Group;
 - Reviewing board minutes; and
 - Review of regulatory news announcements made.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls that there was potential for management bias in relation to the impairment of mines under development assets and we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals;

reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 1 March 2023. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
25 April 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

5.2 Consolidated Income Statement

For the year ended 31 December 2022

	Note	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
Administrative expenses		(908,220)	(656,295)
Farm-in costs		-	5,614
Operating loss	6	(908,220)	(650,681)
Gain on acquisition of joint ventures	12	-	8,301,087
Finance expense	9	(577,586)	(83,000)
Share of loss of joint ventures	12	-	(36,418)
(Loss)/profit before taxation		(1,485,806)	7,530,988
Income tax expense	10	-	-
(Loss)/profit for the year		(1,485,806)	7,530,988
Earnings per share:			
Basic earnings per share (USD cents per share)	20	(0.0023)	0.0172
Diluted earnings per share (USD cents per share)	20	(0.0023)	0.0168

The above results relate entirely to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

5.3 Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
(Loss)/profit for the year	(1,485,806)	7,530,988
Exchange difference on translating foreign operations*	(6,580)	(99,249)
Total comprehensive income for the year	(1,492,386)	7,431,739

* Items that may be reclassified to profit or loss

The accompanying accounting policies and notes form an integral part of these financial statements.

5.4 Consolidated Statement of Financial Position

For the year ended 31 December 2022

	Note	31-Dec-22 (USD)	31-Dec-21 (USD)
Non-current assets			
Mines under development	12	19,816,088	19,816,088
		19,816,088	19,816,088
Current assets			
Trade and other receivables	13	228,393	58,606
Cash and cash equivalents	14	35,910	166,668
		264,303	225,274
Current liabilities			
Trade and other payables	15	(195,666)	(223,059)
Other financial liabilities	16	(1,001,458)	(779,081)
Derivative financial instruments	16	(612,829)	(285,888)
		(1,809,953)	(1,288,028)
Net Assets		18,270,438	18,753,334
Equity			
Issued share capital	20	20,313,458	19,584,044
Unissued share capital	20	314,597	34,521
Other reserves	18	1,330,382	1,336,962
Retained earnings		(3,687,999)	(2,202,193)
Total Equity		18,270,438	18,753,334

The accompanying accounting policies and notes form an integral part of these financial statements. These financial statements were approved and signed on behalf of the Board of Directors.

Jonathan Morley-Kirk

Chairman
25 April 2023

Colin Patterson

Chief Executive Officer
25 April 2023

5.5 Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Issued Share Capital (USD)	Unissued Share Capital (USD)	Retained Earnings (USD)	Other Reserves (USD)	Total Equity (USD)
At 31-Dec-20		8,670,780	793,675	(9,733,181)	1,436,211	1,167,485
Profit for the year		-	-	7,530,988	-	7,530,988
Other comprehensive income for the period		-	-	-	(99,249)	(99,249)
Total comprehensive income		-	-	7,530,988	(99,249)	7,431,739
Shares issued/to be issued (net of expenses)	20	10,913,264	(759,154)	-	-	10,154,110
Total transactions with owners		10,913,264	(759,154)	-	-	10,154,110
At 31-Dec-21		19,584,044	34,521	(2,202,193)	1,336,962	18,753,334
Loss for the year		-	-	(1,485,806)	-	(1,485,806)
Other comprehensive income for the period		-	-	-	(6,580)	(6,580)
Total comprehensive income		-	-	(1,485,806)	(6,580)	(1,492,386)
Shares issued/to be issued (net of expenses)	20	729,414	280,076	-	-	1,009,490
Total transactions with owners		729,414	280,076	-	-	1,009,490
At 31-Dec-22		20,313,458	314,597	(3,687,999)	1,330,382	18,270,438

The accompanying accounting policies and notes form an integral part of these financial statements.

5.6 Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
Cash flows from operating activities			
Cash paid to suppliers and employees		(559,997)	(401,453)
Net cash used in operating activities		(559,997)	(401,453)
Cash flows from investing activities			
Loans to joint ventures		-	(101,600)
Cash acquired on acquisition		-	46,429
Net cash used in investing activities			(55,171)
Cash flows from financing activities			
Cash received for shares	20	147,239	-
Cash received from loans	16	282,000	550,456
Net cash from financing activities		429,239	550,456
Net (decrease)/increase in cash		(130,758)	98,832
Cash and cash equivalents at the start of the year		166,668	72,836
Cash and cash equivalents at the end of the year		35,910	166,668

The accompanying accounting policies and notes form an integral part of these financial statements.

5.7 Notes to the Financial Statements

For the year ended 31 December 2022

1. Basis of Preparation and Adoption of International Financial Reporting Standards (IFRS)

Bluebird Merchant Ventures Ltd (the Company) is a limited company incorporated in the British Virgin Islands. The address of its registered office is at Harney Westwood & Riegels, Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands.

The Group financial statements consolidate those of the Company and of its subsidiaries and have been prepared in accordance with UK-adopted IAS.

The consolidated financial statements are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.

Certain amounts included in the consolidated financial statements involve the use of judgement and/or estimation. Judgements, estimations and sources of estimation uncertainty are discussed in note 3.

New and amended standards which are effective for these financial statements

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2022 have had a material impact on the Group.

Standards in issue but not yet effective

Those standards, amendments and interpretations which have been recently issued or revised and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later are not expected to have a material impact on the Group.

2. Going Concern

In common practice with many junior mining companies, the Group raises equity funds for its activities in share placements. When necessary it also raises loan funding from related and third parties.

At the year end the Group had net current liabilities of USD 1,197,124, exclusive of fair value liabilities of USD 612,829 in the year (2021, USD 776,886 exclusive of USD 285,888 of non-cash/fair value liabilities). After year end, the Company settled USD 648,158 of loans outstanding at 31 December 2022 and announced funding of GBP 1,215,000 (refer note 23 of the audited financial statements).

Based on the current plans and financial projections, the Group's current cash resources and funding available are sufficient to enable the Group to meet its recurring commitments for the following twelve months, but not its forecasted expenditure which includes notable costs to progress the South Korean projects. Whilst the directors acknowledge that the group will need to raise further finance to meet its forecasted expenditure over the next 12 months, the Company has received a debt financing offer which would cover the projected capital costs, however the Company will only consider this offer

closer to the time that the funds are required, and are thereby confident that sufficient funding will be able to be raised.

3. Judgements in Applying Accounting Policies and Sources of Estimation Uncertainty

Certain amounts included in the financial statements involve the use of judgement and/or estimation. These are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. However, judgements and estimations regarding the future are a key source of uncertainty and actual results may differ from the amounts included in the financial statements. Information about judgements and estimation is contained in the accounting policies and/or other notes to the financial statements. The key areas are summarised below.

3.1 Mineral Resources and Ore Reserves

Quantification of Mineral Resources requires a judgement on the reasonable prospects for eventual economic extraction. Quantification of Ore Reserves requires a judgement on whether Mineral Resources are economically mineable. These judgements are based on assessment of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors involved. These factors are a source of uncertainty and changes could result in an increase or decrease in Mineral Resources and Ore Reserves (refer note 12 of the audited financial statements and sections 4.2 and 4.3 of the Strategic Report).

3.2 Recoverable value of mine under development

Consideration of impairment indicators for mining projects requires significant judgements and estimates when assessing the available technical, financial and licencing information. At each period end, the Directors carry out this process for each project taking into account all available information to develop an expected recoverable value of the mines under development assets, which is compared to the carrying value of the mine under development assets.

The Directors considered the projects' developments since the date of this report. The Company undertook an impairment review of the Korean projects and see no adverse factors that suggest that the recoverable value of these assets has fallen below their carrying values. The Directors have assessed the recoverable value of the assets by reviewing valuations reports and discounted cashflow forecasts prepared, over six years with a discount rate of 15%, in respect of the two projects. The Director's further believe that they will obtain the required funding, be able to complete the construction of the mines and that they will generate the funds forecasted in the discounted cashflow forecasts.

3.3 Valuation of share warrants

Share warrants issued by the Company are fair valued when granted and warrants, which are classified as financial liabilities are revalued at each reporting date. This requires the Group to determine an appropriate valuation methodology, which they have determined to be the Black-Scholes option pricing model. The use of this model requires the determination of a number of key assumptions which can have a significant effect on the valuation (refer note 16 of the audited financial statements).

4. Accounting Policies

4.1 Consolidation

The Group financial statements consolidate the results of the Company and its subsidiary undertakings using the acquisition accounting method. On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition on that date. The results of subsidiary undertakings acquired are included from the date of acquisition. In the event of the sale of a subsidiary, the subsidiary results are consolidated up to the date of completion of the sale.

Subsidiaries are all those entities over which the parent has control. Control exists if the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The costs of acquisition are recognised in the income statement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement as a gain.

Transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated, unless the unrealised loss provides evidence of an impairment of the asset transferred.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity-accounted investee the carrying amount of the investment, including any other unsecured receivables, is reduced to zero, and the recognition of further losses is discontinued, unless the Group has incurred obligations or made payments on behalf of the investee.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in equity-accounted investees are recognised in profit or loss.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carry amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets of liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The difference between the fair value of the consideration to acquire the South Korean subsidiaries and the fair value of the subsidiaries net assets was taken to mines under development (refer note 12 of the audited financial statements).

4.2 Investment in Associates

Associate companies are companies in which the group has significant influence generally through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

4.3 Segmental reporting

An operating segment is a component of the Group engaged in exploration or production activity that is regularly reviewed by the Chief Operating Decision Maker (CODM) for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the Board of Directors. The Group's operating segments are determined on a geographical basis being the British Virgin Islands, South Korea and the Philippines (refer note 5 of the audited financial statements).

4.4 Foreign currency translation

Functional and presentational currency

The functional currencies of the entities within the Group are the US dollar (for the Company and the Singaporean companies), Philippine peso (for the Philippine companies) and the Korean won (for the Korean companies) as the currencies which most affects each company's costs and financing. The Group's presentational currency is the US dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a US dollar functional currency, are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

4.5 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken where there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets

Financial assets are subsequently recognised at amortised cost under IFRS 9 if it meets both the hold to collect and contractual cash flow characteristics tests. A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If neither of the above classifications are met the asset is classified as fair value through the profit and loss or unless management elect to do so provided the classification eliminates or significantly reduces a measurement or recognition inconsistency.

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine a loss allowance for expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is equal to the lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is equal to the twelve month expected credit losses.

The expected credit losses are measured in a way that reflects the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

Financial liabilities include loans and trade and other payables. In the statement of financial position these items are included within Non-current liabilities and Current liabilities. Financial liabilities are recognised when the Group becomes a party to the contractual agreements giving rise to the liability. Interest related charges are recognised as an expense in Finance costs in the income statement unless

they meet the criteria of being attributable to the funding of construction of a qualifying asset, in which case the finance costs are capitalised.

Borrowings, including the loan notes, are initially recognised at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the period of the borrowings using the effective interest rate method.

When a loan is converted into equity the gain or loss arising, being the difference between the carrying amount of the liability extinguished and the fair value of the equity issued, is recognised in the Income Statement.

See separate accounting policies below in respect of accounting for warrants.

Trade and other payables and loans are recognised initially at their fair value and subsequently measured at amortised costs using the effective interest rate, less settlement payments.

4.6 Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments and are measured at cost which is deemed to be fair value as they have short-term maturities.

4.7 Share capital and unissued share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity and have no par value. Costs directly associated with the issue of shares are charged to share capital.

Where the Company has a contractual right to issue a fixed number of shares to settle a fixed liability it recognises unissued share capital pending the issue of shares.

4.8 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out operations and where it generates its profits. They are calculated according to the tax rates and tax laws applicable to the financial period and the country to which they relate. All changes to current tax assets and liabilities are recognised as a component of the tax charge in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable or accounting profit.

Deferred tax liabilities are provided for in full; deferred tax assets are recognised when there is sufficient probability of utilisation. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

There are no deferred tax assets or liabilities in the Group's statement of financial position.

4.9 Provisions, contingent liabilities and contingent assets

Other provisions are recognised when the present obligations arising from legal or constructive commitment, resulting from past events, will probably lead to an outflow of economic resources from the Group which can be estimated reliably. Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.10 Share based payments

The Group operates equity settled share based compensation plans, which may be settled in cash under certain circumstances. All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the share based award. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions. The Black-Scholes model is used to measure the fair value.

All share based compensation is ultimately recognised as an expense in profit and loss with a corresponding credit to retained earnings, net of deferred tax where applicable. Where share based compensation is to be cash settled, such as certain share based bonus awards, the corresponding credit is made to accruals or cash. The Company may have certain share option schemes that may be settled in cash at the absolute discretion of the Board.

If any equity settled share-based awards are ultimately settled in cash, then the amount of payment equal to the fair value of the equity instruments that would otherwise have been issued is accounted for as a repurchase of an equity interest and is deducted from equity. Any excess over this amount is recognised as an expense.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to the expense recognised in prior periods is made if fewer share options are ultimately exercised than originally granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued, are allocated to share capital with any excess being recorded in share premium.

4.11 Exploration and evaluation expenditures

The Group applies the successful efforts method of accounting for natural resource assets, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

All licence acquisitions, exploration and evaluation costs are capitalised, a share of administration costs is capitalised insofar as they relate to exploration, evaluation and development activities. These costs are written off unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment. If a project is deemed commercial all of the attributable costs are transferred into Property, Plant and Equipment. These costs are then depreciated from the commencement of production on a unit of production basis.

4.12 Impairment of exploration and evaluation assets

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit.

An impairment review is undertaken at least each balance sheet date or when indicators of impairment arise such as:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in mineral prices that render the project uneconomic;
- substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and
- the period for which the Group has the right to explore has expired and is not expected to be renewed.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.13 Mine development costs

Once the decision has been taken to develop a mine the costs that are considered to be directly attributable to the development are capitalised and reviewed for impairment each year. When assessing this asset for impairment, management estimate the recoverable value of the asset, being the higher of the assessed value in use or the assessed fair value less costs to sell. The higher of the two is then compared to the carrying value of the asset.

4.14 Warrants

Warrants instruments are classified as derivative financial liabilities as the functional currency of the Company is USD and the exercise price is GBP. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

4.15 Fair value measurement hierarchy

The Group classifies its financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within the financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

5. Segmental Reporting

5.1 Income Statement

For the year ended 31 December 2022

	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Administrative costs	(694,576)	(2,613)	(211,031)	(908,220)
Finance expense	(577,586)	-	-	(577,586)
Loss for the period	(1,272,162)	(2,613)	(211,031)	(1,485,806)
Other comprehensive income	-	(62,598)	56,018	(6,580)
Total comprehensive income for the year	(1,272,162)	(65,211)	(155,013)	(1,492,386)

5.2 Statement of Financial Position

For the year ended 31 December 2022

	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Mines under development	-	-	19,816,088	19,816,088
Trade and other receivables	217,595	-	10,798	228,393
Cash and cash equivalents	29,718	302	5,890	35,910
Total Assets	247,313	302	19,832,776	20,080,391
Trade and other payables	(116,647)	(79,019)	-	(195,666)
Other financial liabilities	(648,158)	-	(353,300)	(1,001,458)
Derivative financial instruments	(612,829)	-	-	(612,829)
Net (liabilities)/assets	(1,130,321)	(78,717)	19,479,476	18,270,438

5.3 Income Statement

For the year ended 31 December 2021

	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Administrative costs	(633,176)	(23,119)	-	(656,295)
Farm-in (costs)/income	-	-	5,614	5,614
Finance expense	(83,000)	-	-	(83,000)
Gain on acquisition of joint ventures*	8,301,087	-	-	8,301,087
Share of loss from associate	-	-	(36,418)	(36,418)
Profit/(loss) for the period	7,584,911	(23,119)	(30,804)	7,530,988
Other comprehensive income	-	(6,267)	(92,982)	(99,249)
Total comprehensive income for the year	7,584,911	(29,386)	(123,786)	7,431,739

* Refer note 12 of the audited financial statements

5.4 Statement of Financial Position

For the year ended 31 December 2021

	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Mines under development*	-	-	19,816,088	19,816,088
Trade and other receivables	42,392	-	16,214	58,606
Cash and cash equivalents	157,377	9,291	-	166,668
Total Assets	199,769	9,291	19,832,302	20,041,362
Trade and other payables	(104,079)	(97,448)	(21,532)	(223,059)
Other financial liabilities	(425,781)	-	(353,300)	(779,081)
Derivative financial instruments	(285,888)	-	-	(285,888)
Net (liabilities)/assets	(615,979)	(88,157)	19,457,470	18,753,334

* Refer note 12 of the audited financial statements

6. Loss for the Period Before Tax

	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
Loss for the period has been arrived at after charging the following under administrative expenses:		
Auditors' remuneration – current period	42,500	40,000
Directors' remuneration – Company	239,057	188,332
Staff costs – Group	146,291	107,193
Prospectus costs	-	89,149
Share based payments	269,951	2,686

7. Remuneration of Key Management Personnel

In accordance with IAS 24 – Related Party transactions, key management personnel, including all Executive and Non-Executive Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	12 months to 31-Dec-22			12 months to 31-Dec-21		
	Payable in Cash (USD)	Payable in Equity (USD)	Total (USD)	Payable in Cash (USD)	Payable in Equity (USD)	Total (USD)
Directors remuneration	41,010	198,047	239,057	-	188,332	188,332
Key management personnel	12,237	99,336	111,573	21,850	65,858	87,708
Other staff costs	34,718	-	34,718	19,485	-	19,485
Total remuneration	87,965	297,383	385,348	41,335	254,190	295,525

Details of the Directors remuneration is shown under the Remuneration Committee section of the Director’s Report.

All amounts shown relate to short term employee benefits and there are no payments made for other long term benefits, termination benefits or share based benefits.

Directors and key management personnel agreed to take fees between May 2019 and September 2021 as equity, which was issued in June 2021 and December 2021 (refer note 20 of the audited financial statements). Amounts payable for the period from October 2021 to December 2022 have not been issued and are represented by unissued share capital (refer note 20 of the audited financial statements).

8. Average Number of Employees

	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
Directors	6	5
Management and Administration	2	2
Mining, Processing and Exploration staff	1	1
	9	8

9. Finance Expense/(Gain)

	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
Loan interest and loan financing fees	250,646	-
Fair value movement	326,940	83,000
	577,586	83,000

10. Taxation

The Group contains entities with tax losses and deductible temporary differences for which no deferred tax asset is recognised. A deferred tax asset has not been recognised within some of the Group entities where the entities in which those losses and allowances have been generated either do not have forecast taxable profits in the near future or the losses have restrictions whereby their utilisation is considered to be unlikely.

The Company is taxed at the standard rate of income tax for British Virgin Island companies which is 0%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge for the period can be reconciled to the loss per the income statement as follows:

	12 months to 31-Dec-22		12 months to 31-Dec-21	
	Corporation Tax Rate	(USD)	Corporation Tax Rate	(USD)
Profit/(loss) before taxation				
BVI	0.0%	(1,272,162)	0.0%	(716,176)
Philippines	25.0%	(2,613)	25.0%	(23,119)
South Korea	25.0%	(211,031)	25.0%	(30,804)
Tax gain/(losses) carried forward not recognised as a deferred tax asset	3.6%	(1,485,806)	1.8%	(770,099)

No disallowable expenses were incurred in 2022 (2021: USD nil). There were no non-taxable gains in 2022 (2021: USD 8,301,087 gain on acquisition of joint venture).

11. **Investments in Associates – Egerton Gold Philippines Inc**

Summarised financial information in respect of the Group's associate interest in Egerton Gold Philippines Inc is set out below. The summarised information represents amounts shown in Egerton Gold Philippines Inc's financial statements, as adjusted for differences in accounting policies. Amounts have been translated in accordance with the Group's accounting policy on foreign currency translation.

A summary of the Balance Sheet of Egerton Gold Philippines Inc is shown below:

	31-Dec-22 (USD)	31-Dec-21 (USD)
Non-current assets		
Deferred exploration costs	17,267,843	18,828,382
Current liabilities		
Trade and other payables	(17,649,720)	(19,220,319)
Net liabilities	(381,877)	(391,937)
Equity		
Issued Capital	122,244	122,387
Retained Earnings	(504,121)	(514,324)
Total Equity	(381,877)	(391,937)

Variations from 31 December 2021 to 31 December 2022 relate to FX differences

Losses for the year ended 31 December 2022 were USD Nil (2021: USD Nil). As outlined in the Directors Report, the Batangas asset was fully impaired in the period ended 31 December 2019. This impairment will be reviewed on an on-going basis by the Board as the projects are further developed.

12. Mines Under Development

	31 Dec 2022 (USD)	31 Dec 2021 (USD)
Mines under development at start of year	19,816,088	-
Consideration paid to Southern Gold Limited	-	10,000,000
Company's 50% Joint Venture Interest	-	10,000,000
Total consideration	-	20,000,000
Less fair value of net assets:		
Non-current assets	-	(2,535,532)
Current assets (other receivables)	-	(64,302)
Current liabilities	-	-
Fair value uplift to mines under development on acquisition	-	17,400,166
Mines under development before acquisition of joint ventures	-	2,415,922
Mines under development at end of year	19,816,088	19,816,088

The mines under development asset fair value uplift arose from the execution of an agreement the Company announced on 29 June 2021 to increase the Group's ownership to 100% in the Gubong and Geochang gold mines via the acquisition of Southern Gold Limited's 50% Joint Venture Interest in the

South Korean gold projects, which were acquired as the Company, through its pre-feasibility studies, demonstrated value in the projects for the Company's shareholders.

The total consideration was paid to Southern Gold Limited by the issuance of 200 million BMV shares at GBP 3.6p per share (USD 5.0 cents).

The Joint Venture Interest in the South Korean gold projects was revalued prior to acquisition to the consideration required to acquire the joint ventures, which generated a gain on acquisition of USD 8.3 million and the recording of mines under development totalling USD 19.8 million at 31 December 2021.

There has been no addition in the year ended 31 December 2022 due to COVID-19 disruptions and operational delays (refer note 23 of the audited financial statements).

13. Trade and Other Receivables

	31-Dec-22	31-Dec-21
	(USD)	(USD)
Other receivables*	197,355	19,244
Prepayments	31,038	39,362
	228,933	58,606

* Includes USD 183,528 cash received on 05 January 2023 in relation to shares issued in December 2022

14. Cash and Cash Equivalents

	31-Dec-22	31-Dec-21
	(USD)	(USD)
Cash at bank	35,910	166,668

15. Trade and Other Payables

	31-Dec-22	31-Dec-21
	(USD)	(USD)
Trade and other payables	153,666	183,059
Accruals	42,000	40,000
	195,666	223,059

16. Other Financial Liabilities

16.1 Other Financial Liabilities

	31-Dec-22 (USD)	31-Dec-21 (USD)
Loan notes issued to non-related parties	648,158	425,781
Funds received from Korean consortium	353,300	353,300
	1,001,458	779,081

The loans to non-related parties (USD 648,158) were repaid in full after 31 December 2022 (refer note 23 of the audited financial statements).

16.2 Derivative financial instruments

	31-Dec-22 (USD)	31-Dec-21 (USD)
Derivative financial instruments – warrants	612,829	285,888
	612,829	285,888

The warrants issued by the Company are detailed in note 16.5 of the audited financial statements.

16.3 Loans

In April 2022, the Company entered into short-term loan arrangements with a non-related party for USD 500,000 to meet the Company's short-term working capital requirements – of which USD 282,000 was drawn down in the year. The loan carries a 10.0% per annum coupon and 15,280,000 warrants at 2.50 GB pence were issued – these were re-issued as 19,100,000 warrants at 2.00 GB pence at the December 2022 share placing. Upon signing the loan facility agreement 5,000,000 shares were issued at an agreed price of GBP 2.0 pence in lieu of a loan arrangement fee. The loan was repaid in April 2023.

In September 2021, the Company entered into short-term loan arrangements with a non-related party for GBP 500,000 to meet the Company's short-term working capital requirements – of which GBP 300,000 was drawn down in the year. The loan carries a 7.5% per annum coupon and 9,464,916 warrants at 3.962 GB pence were issued. The loan was re-negotiated in May 2022 and the warrants were re-issued at 2.50 GB pence in addition to 10,000,000 warrants at 2.50 GB pence and – these were both re-issued at 2.00 GB pence at the December 2022 share placing. Upon signing the loan facility agreement, 1,000,000 shares were issued at an agreed price of GBP 2.0 pence in lieu of a loan arrangement fee. The loan was repaid in April 2023.

The Group has a loan with Auric Network, a cryptocurrency organisation that operates in South Korea, with a balance of USD 353,300 at 31 December 2022 (2021, USD 353,300). This funding is in the form

of a prepayment of gold to be repaid upon production at a 20% discount to the gold price at the time of delivery.

16.4 Reconciliation of Liabilities arising from Financing Activities

For the year ended 31 December 2022

	Current Other Financial Liabilities (USD)	Derivative financial instruments (USD)	Total (USD)
At 31 December 2020	176,700	202,889	379,589
Cash Flows	550,456	-	550,456
Non-cash flows:			
Loan charges and interest	51,925	-	51,925
Fair Value Changes	-	82,999	82,999
At 31 December 2021	779,081	285,888	1,064,969
Cash Flows	282,000	-	282,000
Debt conversion	(65,000)	-	(65,000)
Non-cash flows:			
Loan charges and interest	5,377	-	5,377
Fair Value Changes	-	326,941	326,941
At 31 December 2022	1,001,458	612,829	1,614,287

16.5 Share Warrants – Fair Value

The fair value of the warrants is derived from the Black-Scholes model on the parameters noted and is represented by the following table:

	31-Dec-22		31-Dec-21	
	Number	(USD)	Number	(USD)
Issued in April 2016 and outstanding	5,757,924	46,646	5,757,924	79,497
Issued in period ended 31 December 2020 and outstanding	-	-	2,692,307	53,935
Issued in period ended 31 December 2021 and outstanding	9,464,916	96,214	9,464,916	152,456
Issued in period ended 31 December 2022 and outstanding	48,100,000	469,969	-	-
Warrants – issued	63,322,840	612,829	17,915,147	285,888

The warrants were fair valued using a Black Scholes model, based on the following parameters – risk free rate 2.4% (2021, 1.3%), volatility of 88% for 3 years (2021, 99%) and 80% for 1 year (2021, 84%).

16.6 Share Warrants – Issued

Warrants issued and warrants to be issued denominated in Sterling are classified as derivative financial instruments carried at fair value through profit and loss. There were 48,100,000 warrants issued during the financial year (2021, 9,464,916).

	1.30p	2.00p	2.50p	3.50p	3.962p	5.75p
Outstanding at 31 December 2020	2,692,307	-	-	-	-	5,757,924
Issued in 2021	-	-	-	-	9,464,916	-
Converted in 2021	-	-	-	-	-	-
Lapsed in 2021	-	-	-	-	-	-
Outstanding at 31 December 2021	2,692,307	-	-	-	9,464,916	5,757,924
Issued in 2022	-	-	34,100,000	14,000,000	-	-
Converted in 2022	(2,692,307)	-	-	-	-	-
Lapsed in 2022	-	-	-	-	-	-
Re-negotiated in 2022	-	38,564,916	(29,100,000)	-	(9,464,916)	-
Outstanding at 31 December 2022	-	38,564,916	5,000,000	14,000,000	-	5,757,924
Exercisable at 31 December 2022	-	38,564,916	5,000,000	14,000,000	-	5,757,924

The re-negotiated warrants relate to short-terms loans (refer note 16.3 of the audited financial statements). The 5,000,000 warrants at 2.50p were issued as an incentive for a non-related consultant engaged by the Company to lead its Investor Relations efforts. The 14,000,000 warrants at 3.50p were issued as part of the share placing arrangements in December 2022. The 5,757,924 warrants at 5.75p were issued to a related party of Colin Patterson in the April 2016 prospectus.

17. Financial Instruments

17.1 Financial Assets measured at Amortised Cost

	31-Dec-22	31-Dec-21
	(USD)	(USD)
Trade and other receivables	197,355	19,244
Cash and cash equivalents	35,910	166,668
	233,265	185,912

17.2 Financial Liabilities measured at Amortised Cost

	31-Dec-22	31-Dec-21
	(USD)	(USD)
Trade and other payables – current	195,666	223,059
Other financial liabilities	1,001,458	779,081
	1,197,124	1,002,140

17.3 Derivative financial instruments measured at Fair Value

	31-Dec-22	31-Dec-21
	(USD)	(USD)
Derivative financial instruments – warrants	612,829	285,888
	612,829	285,888

17.4 Fair Values

The fair values of the Group's cash, trade and other receivables and trade and other payables are considered equal to their book value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost. The fair values of the Group's other financial liabilities are considered equal to the book values as the effect of discounting on these financial instruments is not considered to be material.

The warrants are classified as Level 3 financial instrument as certain inputs to the Black-Scholes valuation model are not based on observable market data.

17.5 Liquidity Risk

The Group monitors constantly the cash outflows from day to day business and monitors long term liabilities to ensure that liquidity is maintained. Trade liabilities of USD 195,666 are due on demand, loans from the Korean consortium of USD 353,300 are due to be repaid from gold production by the

Company and short-term loans that were re-paid in April 2023 (refer note 23 of the audited financial statements).

As disclosed in the going concern statement in note 2, the Company actively addresses the requirement to manage the Group's cash balances as well as to raise new financing to fund mining development activities. This is an area which receives considerable focus from the Board and management on a daily basis.

17.6 Credit Risk

Credit risk refers to the risk that a counterparty will default on, and not pay, its contractual obligations resulting in a financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

Credit risk on cash and cash equivalents is considered to be acceptable as the counterparties are either substantial banks with high credit ratings or with whom the Group has offsetting debt arrangements.

Trade and other receivables have been recorded at cost and are in accordance with contractual arrangements.

17.7 Interest rate risk

At the balance sheet date, the Group does not have any long-term variable rate borrowings.

17.8 Foreign currency risk

The Group's cash at bank balance consisted of the following currency holdings:

	31-Dec-22	31-Dec-21
	(USD)	(USD)
US Dollars	623	6,511
Sterling	29,095	150,866
Philippine Pesos	302	9,291
Korean Won	5,890	-
	35,910	166,668

The Group is exposed to transaction foreign exchange risk due to transactions not being matched in the same currency. This is managed, where possible and material, by the Group retaining monies received in various currencies in order to pay for expected liabilities in that currency. The Group currently has no currency hedging in place.

The Group's exposure to financial assets and financial liabilities is as shown in the following tables:

Financial Assets	31-Dec-22 (USD)	31-Dec-21 (USD)
US Dollars	6,760	25,755
Sterling	209,515	150,866
Philippine Pesos	302	9,291
Korean Won	16,688	-
	233,265	185,912

Financial Liabilities – Current	31-Dec-22 (USD)	31-Dec-21 (USD)
US Dollars	864,478	401,855
Sterling	866,456	788,726
Philippine Pesos	79,019	97,447
	1,809,953	1,288,028

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Philippines Peso and Sterling, but these are not significant as most of the transactions are in USD. However, the Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

18. Capital Management

The Group's capital management objectives are to ensure that the Group's ability to continue as a going concern, and to provide an adequate return to shareholders. The Group manages the capital structure through a process of constant review and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares, adjust dividends paid to shareholders, return capital to shareholders, or seek additional debt finance.

The nature of the Group's equity reserves is:

- Reserves – cumulative gains and losses on translating the net assets of overseas operations to the presentation currency, and share based payments for the acquisition of joint venture participation rights;
- Unissued share capital – this reflects the value of equity that management has agreed to issue for settlement of remuneration, liabilities and funding provided;
- The cost of investment in the joint ventures at fair value on the date of signing the formal joint venture agreement – being, USD 1,330,080 at the Company's share price of GBP 2.56 pence on 17 August 2018;
- Retained surplus/accumulated losses – comprise the Group's cumulative accounting profits and losses since inception.

19. Share Based Payments

	31-Dec-22 Number	31-Dec-21 Number
Issued share – non-related parties	9,103,679	-
Unissued share – non-related parties*	-	103,679
	9,103,679	103,679

* Shares were issued in the year ended 31 December 2022 upon receipt of CREST details by the Company

Shares issued to non-related parties in the year represent shares issued in lieu of finance costs and other operating costs incurred in the year. These totalled USD 260,266 (2021, 2,686).

20. Share Capital

20.1 Issued Share Capital

	31-Dec-22		31-Dec-21	
	Number	USD	Number	USD
Opening Balance	622,315,788	19,584,044	397,647,406	8,670,780
Shares issued in the period*	19,566,5732	438,354	-	-
Share based payments	9,103,679	262,952	-	-
Southern Gold Limited	-	-	200,000,000	10,000,000
Salary sacrifice	628,843	28,108	24,668,382	913,264
Closing Balance	651,615,042	20,313,458	622,315,788	19,584,044

* Includes USD 183,528 cash received on 05 January 2023 in relation to shares issued in December 2022 plus non-cash conversions of USD 149,093 less USD 13,396 moved to unissued share capital at year end

The shares have no par value.

Issued share capital at 31 December 2022 is represented by:

	31-Dec-22		31-Dec-21	
	Number	%	Number	%
Aidan Bishop*	67,455,536	10.4%	66,955,536	10.8%
Charles Barclay	15,791,813	2.4%	15,791,813	2.5%
Jonathan Morley-Kirk	5,306,253	0.8%	4,806,253	0.8%
Colin Patterson*	74,805,973	11.5%	73,501,973	11.8%
Clive Sinclair-Poulton*	2,316,776	0.4%	1,816,776	0.3%
Graeme Fulton	6,330,989	1.0%	5,830,989	0.9%
Stuart Kemp	11,471,619	1.8%	10,971,619	1.8%
Total PDMR	183,478,959	28.2%	179,674,959	28.9%
International Gold PTE Limited**	150,000,000	23.0%	200,000,000	32.1%
Momentum Resources Limited	34,209,117	5.3%	34,209,117	5.5%
Other	283,926,966	43.5%	208,431,712	33.5%
Total Non-PDMR	393,136,083	71.8%	442,640,829	71.1%
Total Issued Shares	651,615,042	100.0%	622,315,788	100.0%

* Issued to a related party

** 100% subsidiary of Southern Gold Limited

20.2 Unissued Share Capital

	31-Dec-22		31-Dec-21	
	Number	USD	Number	USD
Salary Sacrifice	12,610,169	301,201	714,325	31,835
Share based payments	-	-	103,679	2,686
December 2022 share placing	500,000	13,396	-	-
	13,110,169	314,597	818,004	34,521

Directors and key management personnel agreed to take all fees between May 2019 and September 2021 as equity, which was issued in June 2021 and December 2021.

The unissued share capital balance at 31 December 2022 represents amounts due to directors and key management personnel for the period from October 2021 to December 2022. The unissued shares relating to the December 2022 share placing were issued in February 2023 when the relevant CREST details were received by the Company.

20.3 Earnings Per Share

	12 months to 31-Dec-22 (USD)	12 months to 31-Dec-21 (USD)
Basic earnings per share	(0.0023)	0.0172
Profit/(loss) used to calculate basic earnings per share	(1,485,806)	7,530,988
Weighted average number of shares used in calculating basic earnings per share	634,315,476	438,244,730
Diluted earnings per share	(0.0023)	0.0168
Profit/(loss) used to calculate diluted earnings per share	(1,485,806)	7,530,988
Weighted average number of shares used in calculating diluted and earnings per share	634,315,476	449,529,235

Basic profit/loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding and shares to be issued during the period.

Dilutive profit/loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, shares to be issued and warrants issued during the period.

20.4 Substantial Shareholders (unaudited)

At 31 December 2022 the following had notified the Company of disclosable interests in 5% or more of the nominal value of the Company's shares.

	Number	%
International Gold PTE Limited (Southern Gold Limited)	150,000,000	23.0%
Rene Nominees (IOM) Limited	126,849,621	19.5%
Fiske Nominees Limited	95,720,437	14.7%
Hargreaves Lansdown (Nominees) Limited	52,413,333	8.0%
Interactive Investor Services Nominees Limited	45,241,533	6.9%

The Directors are of the view that at 31 December 2022, and the date of the signing of this Annual Report, that there is no ultimate controlling party.

21. Related Party Transactions

21.1 Amounts Due to Related Parties

There are no amounts due to related parties at 31 December 2022 or 31 December 2021 as Directors and key management personnel agreed to take fees as equity (refer notes 7 and 20 of the audited financial statements).

21.1 Other Related Party Transactions

Directors Remuneration and Key Management Personnel (refer note 7 of the audited financial statements).

Issued and unissued share capital (refer note 20 of the audited financial statements).

A related party assisted the Company with banking transactions during the year ended 31 December 2022.

22. Capital Commitments

At 31 December 2022 the Group had entered into no contractual commitments for the acquisition of property, plant and equipment.

The Group has an office lease with an end date of August 2023 – at 31 December 2022 no amounts are payable in respect of the lease.

23. Events After the Reporting Date

On 07 February 2023, the Company announced it has signed an agreement with a Philippine company, whose owners have decades of experience in mining, to develop the high grade Batangas Gold Project in the Philippines.

On 06 March 2023, the Company announced that it has raised GBP 1,215,000 in equity funding at 2.0 GB pence per share. 37,750,000 new shares were admitted to trading and 23,000,000 shares were transferred by Momentum Resources Ltd to the new investors as part of the Pledged Share Pool agreed by the Directors.

On 17 April 2023, the Company announced an update on the Mountain Temporary Use Permits for the Korean projects, which noted that despite all legal obligations being covered these have been delayed. The Company further announced that that had it agreed to repay USD 648,158 of the loans due at 31 December 2022 (refer note 16.3 of the audited financial statements).

24. Shares in Group Undertakings

During the period the subsidiaries and associate of the Company, including those indirectly held by the Company, are shown in the following table:

Name of Entity	Nature of Business	Country of Registration	Percentage of Ordinary Share Capital Held	
			2022	2021
MRL Gold Inc	Batangas Gold Project	Philippines	100%	100%
Egerton Gold Philippines Inc	Batangas Gold Project	Philippines	40%	40%
Gubong Project JV Co PTE Ltd*	South Korea Gold Projects	Singapore	100%	100%
Kochang Project JV Co PTE Ltd**	South Korea Gold Projects	Singapore	100%	100%

* Gubong Project JV Co PTE Ltd is the 100% holder of the South Korea registered Gubong Project Co Ltd (note 11)

** Kochang Project JV Co PTE Ltd is the 100% holder of the South Korea registered Geochang Project Co Ltd (note 11)

The Company acquired the other 50% of the South Korean companies in June 2021 from Southern Gold Limited (refer note 12 of audited financial statements).