Bluebird Merchant Ventures Limited

Annual Report and Financial Statements 2021

GROUP INFORMATION

Directors	Jonathan Morley-Kirk	Non-Executive Chairman
	Clive Sinclair-Poulton	Non-Executive Director
	Charles Barclay	Executive Director
	Aidan Bishop	Executive Director
	Colin Patterson	Executive Director
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1. CHAIRMAN'S REPORT

2021 was a full year of the global covid-19 pandemic. There were global lockdowns and many businesses moved into suspended animation or ceased trading. South Korea had very strict lockdown restrictions which meant it was impossible to significantly progress the two mining projects Gubong and Kochang. Staff were unable to enter and/or move freely around the country. This led to a year of minimal activity at the mine sites. However, Management was able to continue to plan for the commencement of production at the mine sites in South Korea once restrictions are lifted fully and was able to undertake an in-country planning visit in May 2022 to meet with the Company's legal representatives to confirm the twenty-year tenure of the permits.

On 29 June 2021 the Company and Southern Gold Limited ("SAU") announced that the Company would acquire SAU's 50% share of the joint venture. The Company settled this transaction by the issuance of 50 million shares immediately and another 150 million shares after the issuance of a prospectus. The FCA approved the prospectus, and the second tranche of shares was issued on 20 December 2021. All 200 million shares were issued at a price of 3.6p per share to make a total consideration of USD 10million.

I wish to thank my colleagues for their efforts in these difficult economic times. 2021 was a lost year in mining project terms, but I expect that normality will start to return during 2022.

Jonathan Morley-Kirk
Chairman,
29 June 2022

2. CHIEF EXECUTIVE'S COMMENT

With Covid restrictions easing worldwide the BMV team has undertaken meetings to re-launch the Korean projects in 2022. The team remain convinced of the immense upside of both the Gubong and Kochang projects and that they will generate profit within two years of commencing construction. BMV currently have sufficient funding to cover committed expenditure over the next 12 months unless amounts drawn down under funding agreements, which can be settled in shares at the discretion of the lender, are called upon to be paid in cash. The Directors are confident that sufficient funds will be raised in this period to fund both the commencement of construction on the Korean projects (refer note 2 of the audited financial statements) beyond the initial "proof of concept" gold being produced at Kochang and repayment of amounts drawn down should cash repayment be sought by the lender.

Due to the travel and other restriction imposed by COVID-19 BMV continued to make every endeavour to preserve cash resources as reflected in the accounts. Directors continue to take actions to minimise costs in the build up to commencing production and I thank my fellow managers and directors for the sacrifices they have made and for their amazing efforts during the year.

As stated last year, I look forward to future Annual Reports where I will be able to report on actual gold production numbers.

I would like to thank our shareholders for their ongoing support as the Company seeks to bring about gold production in our South Korean projects.

Colin Patterson
Chief Executive Officer
29 June 2022

3. DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2021.

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, 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.

Results and Dividends

The Company has set out its results in the audited financial statements, and notes, and show 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 (year to 31 December 2020 showed a loss of USD 899,673).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020 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

With the receipt of the two permits to mine Gubong and Kochang, Management's plans were to establish an operating office in South Korea and initiate activity at the sites in accordance with our schedule. This has continued not to be possible during 2021 because of COVID-19 restrictions affecting travel, supplies and human resourcing However, the potential of the mines remain and there are no indicators of impairment.

Batangas Project

In relation to the Philippines the on-going regulatory environment remains the key risk.

The Company has continued to keep the Batangas Gold Project under care and maintenance due to the uncertain, but improving, regulatory environment (refer note 23 of the audited financial statements). Permitting remains the key risk and there can be no guarantees that the Batangas Gold Project will receive the necessary permissions in order to move into the production phase.

COVID-19

The COVID-19 pandemic has had a significant effect on operational progress so far due to the measures taken by the government of South Korea. The easing restrictions will facilitate the Group's planned development programmes in 2022 – however, challenges will remain for some time due to logistical challenges, such as the curtailment of international flights; the unavailability of mining personnel, equipment or materials or governmental restrictions which may be imposed in any of the jurisdictions in which the Group it operates. The Company will continue to actively monitor the response to the pandemic and will manage the consequences as they arise.

Going Concern

At the year end the Group had net current liabilities of USD 776,886, exclusive of fair value liabilities of USD 285,88 in the year (2020, USD 306,824 exclusive of USD 202,889 of non-cash/fair value liabilities). Since year end, the Company has raised re-negotiated the loan outstanding at 31 December 2021, announced funding of USD 500,000 and an option to subscribe to 100 million shares (refer note 23 of the audited financial statements).

Based on financial projections and current funding arrangements, the Group's current cash resources and funding available are sufficient to enable the Group to meet its recurring outgoings and required projected development expenditure for the entirety of the next twelve months assuming that the lender does not call upon cash repayment of amounts drawn down in this period. The Directors are confident that sufficient funding as per the agreements made since 31 December 2021 will be raised in the period to enable the group to fund any cash-repayments called upon and to commence construction in South Korea. However, if required to repay loans in cash, the Company will need to raise further funds, which the Directors are confident will be executed as per the agreements made since 31 December 2021 (refer note 23 of the audited financial statements).

Whilst the Company intends to significantly progress the South Korean projects in the next 12 months further funds will be required to move forward to the commercial construction phase. The Directors will continue to minimise expenditure until further funds are available to ensure the Group continues to fund non-discretionary expenditure in the interim.

COVID-19, and the uncertainty it has generated along with the impact of the war in the Ukraine continues to create volatility in capital markets. This creates a potential funding risk that the Company may not be able to source the required funds to progress the projects, however, the Directors believe that they will be able to continue to raise the required funding as they have throughout the pandemic.

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, including the potential repayment of loans and development of the Group's key assets (refer note 2 of the audited financial statements).

Key Performance Indicators

Key Performance Indicators will be developed and reported on once the mines enter the production phase.

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 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.

The Directors note that the Company is not bound by the take-over code rules and, thereby, Southern Gold Limited were not required to make a statutory takeover offer when their shareholding reached more than 30% in December 2021.

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.

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. Barclay	Executive	Mar-17	-	-	Member
A. Bishop	Executive	Mar-14	-	-	-
C. Patterson	Executive	Sep-15	-	-	-

Shareholdings and warrants held by Directors and other Persons Discharging Managerial Responsibilities (PDMRs) are outlined in notes 17 and 21 respectively of the audited financial statements.

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 of the Company and its subsidiaries and associate.

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 2021 and 2020 in relation to the period of their appointment as Director are:

	Receivable in Cash (USD)		**Receivable in Equity (USD)**	
	in the year to 31-Dec-21	**in the period to 31-Dec-20**	**in the year to 31-Dec-21**	**in the period to 31-Dec-20**
Executive Directors				
C. Barclay	-	-	48,579	77,800
A. Bishop	-	-	34,145	70,006
C. Patterson	-	-	40,649	56,445
Non-Executive Directors				
J. Morley-Kirk	-	-	37,767	35,279
C. Sinclair-Poulton*	-	-	27,192	25,401
Total	**-**	**-**	**188,332**	**264,931**

* Amounts are payable to a non-related party

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

Share Capital

At 31 December 2021 the issued share capital of the Company stood at 622,315,788 – with 224,668,382 new shares having been issued during the year. The issuances are 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 and is proud of its culture of diversity and tolerance. 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.

Events after the Reporting Date

The events after 31 December 2021 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union 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 IFRS as adopted by the European Union 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 IFRS as adopted by the European Union, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 28 June 2022 and is signed on its behalf.

By Order of the Board

Jonathan Morley-Kirk
Chairman
29 June 2022

4. STRATEGIC REPORT

The Directors have voluntarily disclosed the Strategic Report for the year ended 31 December 2021 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.

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.

4.2.1 Acquisition of South Korean Joint Ventures

In November 2020 the appointed Independent Expert valued Southern Gold Limited's 50% of the Gubong and Geochang project joint ventures at USD 9.945 million. This, and associated costs, was settled with the issuance of 200 million BMV shares at GBP 3.6p (USD 5.0 cents) during 2021 – 50 million shares in June 2021 and 150 million shares in December 2021. This generated a gain on acquisition of USD 8.3 million in addition to the recording of a fair value uplift in mines under development of USD 17.4 million in the Group's accounts (refer note 12 of the audited financial statements).

4.2.2 The Gubong Project

The project is just over one hour's drive west of Daejeon, the second largest city in South Korea. Access to the site is by sealed roads to within 100 metres of the old mine. Other infrastructure such as power 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 and community relations work undertaken at Gubong in the year to 31 December 2021. With the joint venture position now resolved with Southern Gold Limited, operational activities are being planned for on the ground re-engagement during 2022.

4.2.3 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^{o} 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 and community relations work undertaken at Kochang in the year to 31 December 2021. With the joint venture position now resolved with Southern Gold Limited, operational activities are being planned for on the ground re-engagement during 2022.

4.3. Philippines Overview – Batangas Gold Project

The outlook for the Philippine mining industry has continued to improve during the year but the Batangas Gold project remains under *care and maintenance* pending clarity of government policy. The Company has applied for an extension of the exploration period of the MPSA due to improving sentiment in the Philippines (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.

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).

4.4 Funding

The Company funded its activities during the period by receiving USD 176,600 from Auric Network, a cryptocurrency organisation that operates in South Korea (2020, USD 176,700) and the drawdown of a loan of USD 425,781 (refer note 16.3 of the audited financial statements).

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 28 June 2022 and is signed on its behalf.

By Order of the Board

Jonathan Morley-Kirk
Chairman
29 June 2022

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 2021 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 International Financial Report Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union

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 are loss making, having incurred a loss of $770,099 when excluding the gain on change on ownership of the two subsidiaries acquired in the year in 2021, are in a net current liability position of $1,062,754, as at 31 December 2021, and are dependent on obtaining financing in order to meet its working capital requirements over the next 12 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 relating key assumptions 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 as $400,000 (2020: $40,000) based upon 2% of gross assets (2020: 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 (2020: $28,000) and $20,000 (2020: $2,000) respectively due to our accumulated knowledge of the group 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 and the fair value assigned to the joint venture companies upon gaining of control. 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
Acquisition of Gubong and Kochang	
On 29 June 2021 the Group announced that it has executed an agreement to increase its ownership in Gubong and Kochang from 50% to 100%. **Due to the complexity and estimation uncertainty there is therefore a risk of material misstatement as the step acquisition of both entities may not been correctly accounted for and disclosed in accordance with IFRS 3.** **See note 12 for the disclosure note addressing this acquisition.**	Our work included but was not limited to: • Obtaining and reviewing share purchase agreements and ascertaining whether the control was obtained and if acquisition falls within the scope of IFRS 3; • Obtaining assurance over the accuracy of the acquisition trial balance; and • Reviewing the step-acquisition accounting and considering whether the gain on change of ownership and goodwill arising from acquisition were correctly calculated and accounted for. The acquisitions were found to have given the Group control over the two entities and fallen within the scope of IFRS 3. Based on the procedures performed, we found that managements accounting work for the acquisition to be in line with IFRS 3 and to be reasonable.
Carrying value of mines under development	
As at 31 December 2021, 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. **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. There is also a risk that those costs capitalised during the year have been inappropriately capitalised.**	Our work included but was not limited to: • Obtaining the directors' impairment assessment and reviewing and discussing with the directors; challenging the key inputs and assumptions. • Considering any impairment indicators noted; and • For a sample of costs capitalised in the year, vouching to supporting documentation and ensuring the cost has been appropriately capitalised. The directors' recoverable value assessment, which included the use of discount cashflow forecasts and independent third-party valuations of the subsidiaries and their underlying assets, were found to be reasonable with no impairment indicators noted.

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 group financial statements does not cover the other information and, 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 group 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 they operate 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, FCA 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 and all components;
    - 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; discussing with management as to whether there had been any instances or suspicions of fraud within the subsidiaries 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 25 March 2022. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

15 Westferry Circus
Canary Wharf
London E14 4H

5.2 Consolidated Income Statement

For the year ended 31 December 2021

	Note	12 months to 31-Dec-21 (USD)	12 months to 31-Dec-20 (USD)
Administrative expenses		(656,295)	(633,278)
Farm-in costs		5,614	(26,022)
Operating loss	6	(650,681)	(659,300)
Gain on acquisition of joint ventures	12	8,301,087	-
Finance expense	9	(83,000)	(58,859)
Share of loss of joint ventures	11	(36,418)	(181,514)
Profit/(loss) before taxation		7,530,988	(899,673)
Income tax expense	10	-	-
Profit/(loss) for the year		**7,530,988**	**(899,673)**
Earnings per share:			
Basic earnings per share (USD cents per share)	20	0.0172	(0.0023)
Diluted earnings per share (USD cents per share)	20	0.0168	(0.0023)

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 2021

	12 months to 31-Dec-21 (USD)	12 months to 31-Dec-20 (USD)
Profit/(loss) for the year	**7,530,988**	**(899,673)**
Exchange difference on translating foreign operations*	(99,249)	87,195
Total comprehensive income for the year	**7,431,739**	**(812,478)**

* 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 2021

	Note	31-Dec-21 (USD)	31-Dec-20 (USD)
Non-current assets			
Mines under development	12	19,816,088	-
Investment in joint ventures	11	-	1,677,198
		19,816,088	1,677,198
Current assets			
Trade and other receivables	13	58,606	36,656
Cash and cash equivalents	14	166,668	72,836
		225,274	109,492
Current liabilities			
Trade and other payables	15	(223,059)	(239,616)
Other financial liabilities	16	(779,081)	(176,700)
Derivative financial instruments	16	(285,888)	(202,889)
		(1,288,028)	(619,205)
Net Assets		**18,753,334**	**1,167,485**
Equity			
Issued share capital	20	19,584,044	8,670,780
Unissued share capital	20	34,521	793,675
Reserves		1,336,962	1,436,211
Retained earnings		(2,202,193)	(9,733,181)
Total Equity		**18,753,334**	**1,167,485**

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
29 June 2022

Colin Patterson
Chief Executive Officer
29 June 2022

5.5 Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Issued Share Capital (USD)	Unissued Share Capital (USD)	Retained Earnings (USD)	Reserves (USD)	Total Equity (USD)
At 31-Dec-19		**7,552,662**	**230,223**	**(8,699,901)**	**1,349,016**	**432,000**
Prior year adjustment		-	133,607	(133,607)	-	-
At 31-Dec-19 (Re-stated)		**7,552,662**	**363,830**	**(8,833,508)**	**1,349,016**	**432,000**
Loss for the year		-	-	(899,673)	-	(899,673)
Other comprehensive income for the period		-	-	-	87,195	87,195
Total comprehensive loss		-	-	(899,673)	87,195	(812,478)
Shares issued/to be issued (net of expenses)	20	1,118,118	429,845	-	-	1,547,963
Total transactions with owners		1,118,118	429,845	(899,673)	87,195	735,485
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 loss		-	-	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)	7,530,988	(99,249)	17,585,849
At 31-Dec-21		**19,584,044**	**34,521**	**(2,202,193)**	**1,336,962**	**18,753,334**

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 2021

	Note	12 months to 31-Dec-21 (USD)	12 months to 31-Dec-20 (USD)
Cash flows from operating activities			
Cash paid to suppliers and employees		(401,453)	(235,573)
Net cash used in operating activities		**(401,453)**	**(235,573)**
Cash flows from investing activities			
Loans to joint ventures	11	(101,600)	(257,749)
Cash acquired on acquisition		46,429	-
Net cash used in investing activities		**(55,171)**	**(257,749)**
Cash flows from financing activities			
Cash received for shares		-	401,119
Cash received from loans	16	550,456	159,000
Net cash from financing activities		**550,456**	**560,119**
Net increase/(decrease) in cash		**98,832**	**66,797**
Cash and cash equivalents at the start of the year		72,836	6,039
Cash and cash equivalents at the end of the year		166,668	72,836

There have been significant non-cash transactions relating to the settlement of operating and financial liabilities in the periods (refer notes 17 and 21 of the audited financial statements).

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 2021

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 IFRS and International Financial Reporting Interpretations Committee interpretations as adopted by the European Union.

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 2021 have had a material impact on the Group.

Standards in issue but not yet effective

The following 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 periods have not been adopted early:

Standard	Impact on initial application	Effective date
IFRS 3 (amendments)	Business combinations	01 January 2022
IAS 37 (amendments)	Onerous contracts	01 January 2022
IFRS standards (amendments)	2018-2020 annual improvement cycle	01 January 2022
IAS 16 (amendments)	Proceeds before intended use	01 January 2022
IFRS 17	Insurance Contracts	01 January 2023
IFRS 17 (amendments)	Insurance contracts	01 January 2023
IAS 1 (amendments)	Reclassification of liabilities as current or non-current	01 January 2023
IAS 8 (amendments)	Definition of accounting estimates	01 January 2023
IAS 12 (amendments)	Deferred tax related to assets and liabilities	01 January 2023

It is expected that these standards will not 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 776,886, exclusive of fair value liabilities of USD 285,888 in the year (2020, USD 306,824 exclusive of USD 202,889 of non-cash/fair value liabilities). Since year end, the Company has raised re-negotiated the loan outstanding at 31 December 2021, announced funding of USD 500,000 and an option to subscribe to 100 million shares (refer note 23 of the audited financial statements).

Based on financial projections and current funding arrangements, the Group's current cash resources and funding available are sufficient to enable the Group to meet its recurring outgoings and required projected development expenditure for the entirety of the next twelve months assuming that the lender does not call upon cash repayment of amounts drawn down in this period. The Directors are confident that sufficient funding as per the agreements made since 31 December 2021 will be raised in the period to enable the group to repay any cash-repayments called upon and to commence construction in South Korea. However, if required to re-pay loans in cash, the Company will need to raise further funds, which the Directors are confident will be executed as per the agreements made since 31 December 2021 (refer note 23 of the audited financial statements).

Whilst the Company intends to significantly progress the South Korean projects in the next 12 months further funds will be required to move forward to the commercial construction phase. The Directors will continue to minimise expenditure until further funds are available to ensure the Group continues to fund non-discretionary expenditure in the interim.

COVID-19, and the uncertainty it has generated along with the impact of the war in the Ukraine continues to create volatility in capital markets. This creates a potential funding risk that the Company may not be able to source the required funds to progress the projects.

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 Joint Arrangements

Certain Group activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Group has a direct ownership interest in jointly controlled assets and obligations for liabilities. The Group does not currently hold this type of arrangement.

Joint ventures arise when the Group has rights to the net assets of the arrangement. For these arrangements, the Group uses equity accounting and recognises initial and subsequent investments at cost, adjusting for the Group's share of the joint venture's income or loss, less dividends received thereafter. When the Group's share of losses in a joint venture equals or exceeds its interest in a joint venture it does not recognise further losses.

Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

4.3 Investment in Associates

Associate companies are companies in which the group has significant influence generally though 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.

4.4 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).

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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 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 profit for the year	**7,584,911**	**(29,386)**	**(123,786)**	**7,431,739**

* Refer note 12 of the audited financial statements

5.2 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	(779,081)	-	-	**(779,081)**
Derivative financial instruments	(285,888)	-	-	**(285,888)**
Net (liabilities)/assets	**(969,279)**	**(88,157)**	**19,810,770**	**18,753,334**

* Refer note 12 of the audited financial statements

5.3 Income Statement
For the year ended 31 December 2020

	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Administrative costs	(616,114)	(17,164)	-	**(633,278)**
Farm-in costs	-	-	(26,022)	**(26,022)**
Finance expense	(58,859)	-	-	**(58,859)**
Share of loss from associate	-	-	(181,514)	**(181,514)**
Loss for the period	**(674,973)**	**(17,164)**	**(207,536)**	**(899,673)**
Other comprehensive income	-	87,195	-	**87,195**
Total comprehensive loss for the year	**(674,973)**	**70,031**	**(207,536)**	**(812,478)**

5.4 Statement of Financial Position
For the year ended 31 December 2020

	BVI (USD)	Philippines (USD)	South Korea (USD)	Total (USD)
Investment in joint ventures	-	-	1,677,198	**1,677,198**
Trade and other receivables	36,656	-	-	**36,656**
Cash and cash equivalents	66,704	6,132	-	**72,836**
Total Assets	**103,360**	**6,132**	**1,677,198**	**1,786,690**
Trade and other payables	(138,369)	(101,247)	-	**(239,616)**
Other financial liabilities	(176,700)	-	-	**(176,700)**
Derivative financial instruments	(202,889)	-	-	**(202,889)**
Net (liabilities)/assets	**(414,598)**	**(95,115)**	**1,677,198**	**1,167,485**

6. Loss for the Period Before Tax

	12 months to 31-Dec-21 (USD)	12 months to 31-Dec-20 (USD)
Loss for the period has been arrived at after charging the following under administrative expenses:		
Auditors' remuneration – current period	40,000	31,500
Auditors' remuneration – previous period	8,346	17,552
Directors' remuneration	188,332	264,931
Staff costs	107,193	92,259
Prospectus costs	89,149	-
Share based payments	2,686	61,877

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-21			12 months to 31-Dec-20		
	Payable in Cash (USD)	Payable in Equity (USD)	Total (USD)	Payable in Cash (USD)	Payable in Equity (USD)	Total (USD)
Directors remuneration	-	188,332	188,332	-	264,931	264,931
Key management personnel	21,850	65,858	87,708	-	74,462	74,462
Other staff costs	19,485	-	19,485	17,797	-	17,797
Total remuneration	**41,335**	**254,190**	**295,525**	**17,797**	**339,393**	**357,190**

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 all fees between May 2019 and September 2021 as equity post period end. The equity 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 2021 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-21 (USD)	12 months to 31-Dec-20 (USD)
Directors	5	5
Management and Administration	2	2
Mining, Processing and Exploration staff	1	1
	8	**8**

9. Finance Expense/(Gain)

	12 months to 31-Dec-21 (USD)	12 months to 31-Dec-20 (USD)
Loan interest	10,385	-
Fair value movement	83,000	58,859
	93,385	**58,859**

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 Group, including MRL Gold Inc, had no income tax liabilities for the year ended 31 December 2021 (2020, Nil).

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

	12 months to 31-Dec-21		12 months to 31-Dec-20	
Profit/(loss) before taxation	**Corporation Tax Rate**	**(USD)**	**Corporation Tax Rate**	**(USD)**
BVI	0.0%	(633,176)	0.0%	(678,083)
Philippines	25.0%	(23,119)	25.0%	(14,054)
South Korea	25.0%	(30,804)	25.0%	(207,536)
Tax gain/(losses) carried forward not recognised as a deferred tax asset	**2.0%**	**(687,099)**	**6.8%**	**(899,673)**

No disallowable expenses were incurred in 2021 (2020: USD nil). The only non-taxable gain in 2021 was the $8,301,087 gain on acquisition of joint venture (2020: USD nil).

11. Investments

11.1 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 before consolidation adjustments is shown below:

	31-Dec-21 (USD)	31-Dec-20 (USD)
Non-current assets		
Deferred exploration costs	18,828,382	19,978,354
Current liabilities		
Trade and other payables	(19,220,319)	(20,390,738)
Net liabilities	**(391,937)**	**(412,384)**
Equity		
Issued Capital	122,387	129,863
Retained Earnings	(514,324)	(542,247)
Total Equity	**(391,937)**	**(412,384)**

Variances from 31 December 2020 to 31 December 2021 relate to FX differences

Losses for the year ended 31 December 2021 were USD Nil (2020, USD Nil). The Batangas asset was fully impaired in the period ended 31 December 2019.

11.2 Investments in Joint Ventures – Gubong Project JV Co Pte Ltd

Summarised financial information in respect of the Group's 50% JV interest in Gubong Project JV Co Pte Ltd, which is the 100% owner of the South Korean Gubong Project Co Ltd for the year ended 31 December 2020 is set out below. The summarised information represents amounts shown in the then JV company's 2020 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 the Gubong Project companies before consolidation adjustments is shown below:

	31-Dec-20 (USD)
Non-current assets	
Mine under development	1,337,578
Property Plant & Equipment (Net)	-
	1,337,578
Current assets	
Cash	1,097
Receivables	16,236
	17,333
Current liabilities	
Trade and other payables	(1,847,803)
Net liabilities	**(492,892)**
Equity	
Issued Capital	2
Retained Earnings	(518,277)
Reserves	25,383
Total Equity	**(492,892)**

The balance sheet as at 31 December 2021 has not been included in the table below as control was gained over this entity in June 2021 and thus the company's assets and liabilities have been consolidated into the consolidated statement of financial position.

Investments – Gubong Project	12 months to 31-Dec-20 (USD)
Opening balance	**756,148**
Advances to JV company	73,086
Share of loss	(86,800)
Closing balance	**742,434**

Losses for the period ended 30 June 2021, before acquisition, were USD 29,672 (2020, USD 173,600). USD 14,836 was included in the Group's results in relation to the Group's 50% ownership of the company (2020, USD 86,800).

11.3 Investments in Joint Ventures – Kochang Project JV Co Pte Ltd

Summarised financial information in respect of the Group's 50% JV interest in Kochang Project JV Co Pte Ltd, which is the 100% owner of the South Korean registered Geochang Project Co Ltd for the year ended 31 December 2020 is set out below. The summarised information represents amounts shown in the then JV company's 2020 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 the Kochang Project companies before consolidation adjustments is shown below:

	31-Dec-20 (USD)
Non-current assets	
Mine under development	1,252,797
	1,252,797
Current assets	
Cash	25,955
Receivables	9,892
	35,847
Current liabilities	
Trade and other payables	(1,728,145)
Net liabilities	**(439,501)**
Equity	
Issued Capital	2
Retained Earnings	(467,057)
Reserves	27,554
Total Equity	**(439,501)**

The balance sheet as at 31 December 2021 has not been included in the table below as control was gained over this entity in June 2021 and thus the company's assets and liabilities have been consolidated into the consolidated statement of financial position.

Investments – Kochang Project	**12 months to 31-Dec-20 (USD)**
Opening balance	**844,815**
Advances to JV company	184,663
Cost of JV participation rights	-
Share of loss	(94,714)
Closing balance	**934,764**

Losses for the period ended 30 June 2021, before acquisition, were USD 43,164 (2020, USD 189,428). USD 21,582 was included in the Group's results in relation to the Group's 50% ownership of the company (2020, USD 94,714).

12. Mines Under Development

	31 Dec 2021 (USD)
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 year end	**19,816,088**

The mines under development asset fair value uplift has arisen 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 0.5 cents). The Company issued 50 million shares to Southern Gold Limited in June 2021 and the 150 million shares balance in December 2021, at a consideration of USD 2.5 million and USD 7.5 million respectively.

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.

If these businesses were acquired at the beginning of the reporting period, Group revenue would have been USD Nil, and loss for the year from continuing operations would have been USD 36,418 more.

The directors of the Group consider these results to be representative of the performance of the combined Group, annualised, and provide a reference point for comparison against periods in the future.

13. Trade and Other Receivables

	31-Dec-21 (USD)	31-Dec-20 (USD)
Other receivables	19,244	3,030
Prepayments	39,362	33,626
	58,606	**36,656**

14. Cash and Cash Equivalents

	31-Dec-21 (USD)	31-Dec-20 (USD)
Cash at bank	166,668	72,836

15. Trade and Other Payables

	31-Dec-21 (USD)	31-Dec-20 (USD)
Trade and other payables	183,059	208,116
Accruals	40,000	31,500
	223,059	**239,616**

16. Other Financial Liabilities

16.1 Other Financial Liabilities

	31-Dec-21 (USD)	31-Dec-20 (USD)
Loan notes issued to non-related parties	425,781	-
Funds received from Korean consortium	353,300	176,700
	779,081	**176,700**

16.2 Derivative financial instruments

	31-Dec-21 (USD)	31-Dec-20 (USD)
Derivative financial instruments – warrants	285,888	202,889
	285,888	**202,889**

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

16.3 Loans

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 300,00 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 after the year-end date (refer note 23 of the audited financial statements).

The Group received USD 176,600 Auric Network, a cryptocurrency organisation that operates in South Korea, in the year ended 31 December 2021 with a balance of USD 353,300 (2020, USD 176,700). 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 2021

	Current Other Financial Liabilities (USD)	Derivative financial instruments (USD)	Total (USD)
At 31 December 2019	**134,518**	**121,139**	**255,657**
Cash Flows	176,700	-	**176,700**
Non-cash flows:			
Settlement through issue of shares	(134,518)	-	**(134,518)**
Fair Value Changes	-	81,750	**81,750**
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**

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-21		**31-Dec-20**	
	Number	**(USD)**	**Number**	**(USD)**
Issued in April 2016 and outstanding	5,757,924	79,497	5,757,924	110,926
Issued in period ended 31 December 2020 and outstanding	2,692,307	53,935	2,692,307	91,963
Issued in period ended 31 December 2021 and outstanding	9,464,916	152,456	-	-
Derivative financial instruments – issued	**17,945,197**	**285,888**	**8,450,231**	**202,889**
Derivative financial instruments – unissued	-	-	-	-
Derivative financial instruments – warrants	**17,945,197**	**285,888**	**8,450,231**	**202,889**

The warrants were fair valued using a Black Scholes model, based on the following parameters – risk free rate 1.3% (2020, 2.1%), volatility of 99% for 3 years (2020, 73%) and 84% for 1 year (2020,50%).

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 9,464,916 warrants issued during the financial year (2020, 15,384,615).

	Weighted Average Exercise Award							
	1.30p	**2.00p**	**2.50p**	**3.00p**	**3.50p**	**3.962p**	**4.00p**	**5.75p**
Outstanding at 31 December 2019	**-**	**4,900,000**	**4,750,000**	**2,200,000**	**2,325,000**	**-**	**9,951,920**	**8,257,924**
Issued in 2020	15,384,615	-	-	-	-	-	-	-
Converted in 2020	(12,692,308)	(3,385,898)	(1,500,000)	(1,221,005)	-	-		
Lapsed in 2020	-	(1,514,162)	(3,250,000)	(978,995)	(2,325,000)	-	(9,951,920)	(2,500,000)
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**
Exercisable at 31 December 2021	2,692,307	-	-	-	-	9,464,916	-	5,757,924

The 2,692,307 warrants at 1.30p were re-negotiated with an expiry date of September 2023 as part of the USD 500,000 funding raised post year end (refer note 23 of the audited financial statements). The 9,464,916 warrants at 3.962p expire in September 2024. The 5,757,924 warrants at 5.75p were issued in the April 2016 prospectus, have no expiry date and are held by a related party to Colin Patterson.

17. Financial Instruments

17.1 Financial Assets measured at Amortised Cost

	31-Dec-21 (USD)	31-Dec-20 (USD)
Trade and other receivables	19,244	3,030
Cash and cash equivalents	166,668	72,836
	185,912	**75,866**

17.2 Financial Liabilities measured at Amortised Cost

	31-Dec-21 (USD)	31-Dec-20 (USD)
Trade and other payables – current	183,059	239,616
Other financial liabilities	779,081	176,700
	962,140	**416,316**

17.3 Derivative financial instruments measured at Fair Value

	31-Dec-21 (USD)	31-Dec-20 (USD)
Derivative financial instruments – warrants	285,888	202,899
	285,888	**202,899**

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 183,059 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 other loans of USD 425,781 (GBP 300,000) were due in March 2022 and GBP 50,000 was repaid by the issuance of equity in April 2022 (refer notes 16.3 and 24 of the audited financial statement.

As disclosed in the going concern statement in note 2, the Group is actively addressing the requirement to manage the funds it is able to generate as well as to raise new financing to fund corporate and 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-21 (USD)	**31-Dec-20 (USD)**
US Dollars	6,511	26,615
Sterling	150,866	40,089
Philippine Pesos	9,291	6,132
	166,668	**72,836**

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-21 (USD)	31-Dec-20 (USD)
US Dollars	25,755	29,645
Sterling	150,866	40,089
Philippine Pesos	9,291	6,132
	185,912	**75,866**

Financial Liabilities – Current	31-Dec-21 (USD)	31-Dec-20 Re-stated (USD)
Sterling	748,726	220.582
US Dollars	401,855	265,876
Philippine Pesos	97,447	101,247
	1,248,028	**587,705**

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;
- Retained surplus/accumulated losses – comprise the Group's cumulative accounting profits and losses since inception.

19. Share Based Payments

	31-Dec-21 Number	31-Dec-20 Number
Issued share – non-related parties	-	5,000,000
Unissued share – non-related parties	103,679	-
	103,679	**5,000,000**

Other share based payments for the year ended 31 December 2021 were USD 2,686 (2020, USD 61,877).

20. Share Capital

20.1 Issued Share Capital

	31-Dec-21		31-Dec-20	
	Number	**USD**	**Number**	**USD**
Opening Balance	**397,647,406**	**8,670,870**	**366,001,617**	**7,552,662**
Shares issued in the period (net cash)	-	-	19,568,379	320,548
Share based payments	-	-	5,000,000	61,877
Southern Gold Limited	200,000,000	10,000,000	-	-
Settlement of liabilities	-	-	22,845,462	735,693
Salary sacrifice	24,668,382	913,174	-	-
Treasury shares	-	-	(15,768,052)	-
Closing Balance	**622,315,788**	**19,584,044**	**397,647,406**	**8,670,780**

The shares have no par value.

Treasury shares were issued at the June 2019 prospectus to the Company itself at nil value. In the year ended 31 December 2020 debt was settled through the issuance of shares which were grouped together and held in Treasury until settled.

Issued share capital at 31 December 2021 is represented by:

	31-Dec-21		31-Dec-20	
	Number	%	Number	%
Aidan Bishop*	66,955,536	10.8%	63,915,364	16.1%
Charles Barclay	15,791,813	2.5%	11,188,629	2.8%
Jonathan Morley-Kirk	4,806,253	0.8%	1,956,752	0.5%
Colin Patterson*	73,501,973	11.8%	69,930,300	17.6%
Clive Sinclair-Poulton**	1,816,776	0.3%	-	-
Graeme Fulton	5,830,989	0.9%	2,724,032	0.7%
Stuart Kemp	10,971,619	1.8%	4,537,229	1.1%
Total PDMR	**179,674,959**	**28.9%**	**154,252,306**	**38.8%**
International Gold PTE Limited (Southern Gold Limited)	200,000,000	32.1%	-	-
Momentum Resources Limited	34,209,117	5.5%	34,209,117	8.6%
Other	208,431,712	33.5%	209,185,983	52.6%
Total Non-PDMR	**442,640,829**	**71.1%**	**243,395,100**	**61.2%**
Total Issued Shares	**622,315,788**	**100.0%**	**397,647,406**	**100.0%**

* Issued to a related party ** Issued to a non-related party

20.2 Unissued Share Capital

	31-Dec-21		31-Dec-20	
	Number	USD	Number	USD
Salary Sacrifice	714,325	31,835	23,480,530	793,675
Share based payments	103,679	2,686	-	-
	818,004	**34,521**	**23,480,530**	**793,675**

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 2021 represents amounts due to directors and key management personnel for the period from October 2021 to December 2021.

20.3 Earnings Per Share

	12 months to 31-Dec-21 (USD)	12 months to 31-Dec-20 (USD)
Basic earnings per share	0.0172	(0.0023)
Profit/(loss) used to calculate basic earnings per share	7,530,988	(899,673)
Weighted average number of shares used in calculating basic earnings per share	438,244,730	385,087,402
Diluted earnings per share	0.0168	(0.0023)
Profit/(loss) used to calculate diluted earnings per share	7,530,988	(899,673)
Weighted average number of shares used in calculating diluted and earnings per share	449,529,235	385,087,402

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 2021 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)	200,000,000	32.1%
Rene Nominees (IOM) Limited	109,443,013	17.6%
Fiske Nominees Limited	100,952,821	16.2%
Hargreaves Lansdown (Nominees) Limited	38,884,544	6.3%
Jim Nominees Ltd	35,477,735	5.7%
Interactive Investor Services Nominees Limited	34,427,524	5.6%

The Directors are of the view that at 31 December 2021, 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 2021 or 31 December 2020 as Directors and key management personnel agreed to take all fees between May 2019 and December 2021 as equity. The equity for the period to 30 September 2021 was issued in June 2021 and December 2021 and the balance at 31 December 2021 was USD 31,836.

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).

Loans and warrants (refer note 16 of the audited financial statements).

22. Capital Commitments

At 31 December 2020 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 2022 – the liability of USD 10,938 is payable in less than one year. There are no amounts due in more than one year.

23. Events After the Reporting Date

On 12 April 2022, the Company announced a funding package comprising of USD 500,000 to catalyse operations on the ground and an Option to subscribe for a further 100 million shares at a price of 2 pence per share over twelve months. The debt carries interest at a fixed rate of 10% and is repayable on 15 April 2023. Attached to the debt are 15,280,000 warrants valid for three years with an exercise price of 2.5 pence per share.

On 19 April 2022, the Company announced the issuance of 12,003,268 shares in settlement of GBP 50,000, plus interest, of the GBP 300,000 loan drawn down in 2021 (refer note 16.3 of the audited financial statements). The Company announced on 12 April 2022 that the debt had been re-financed with a repayment date of 09 May 2023. Attached to the re-financed debt are 10,000,000 warrants valid for three years with an exercise price of 2.5 pence per share.

On 26 April 2022, the Company announced the first drawdown of the USD 500,000 funding to provide a “proof of concept” initial gold production at the Kochang mine and demonstrate to both stakeholders and to shareholders that gold can once again be mined economically.

On 25 May 2022, the Company announced an update on the Batangas Gold Project in the Philippines – where the Company has made an application for a further two-year period of exploration to be granted and has proposed an Exploration Work Program and Environmental Work Program to focus on the potential for underground mining at Lobo.

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:

			Percentage of Ordinary Share Capital Held	
Name of Entity	**Nature of Business**	**Country of Registration**	**2021**	**2020**
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%	50%
Kochang Project JV Co PTE Ltd**	South Korea Gold Projects	Singapore	100%	50%

* 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).