# TECTONIC GOLD PLC

**Company Registration No. 05173250**

**Annual Report and Financial Statements**

**for the year ended 30 June 2020**

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# COMPANY INFORMATION

| | |
|---|---|
| DIRECTORS: | **Bruce Fulton** (Chairman)<br>**Brett Boynton** (Managing Director)<br>**Sam Quinn** (Executive Director)<br>**Dennis Edmonds** (Non-Executive Director – appointed 28 April 2020) |
| SECRETARY: | **Sam Quinn** |
| REGISTERED OFFICE: | 25 Bilton Road<br>Rugby<br>CV22 7AG<br>United Kingdom<br>T: +61 2 9241 7665 |
| COMPANY REGISTRATION NUMBER: | 05173250 |
| REGISTRAR AND TRANSFER OFFICE: | **Link Market Services Limited**<br>6th Floor, 65 Gresham Street,<br>London<br>EC2V 7NQ |
| SOLICITORS: | **Mildwaters Consulting LLP**<br>Walton House, 25 Bilton Road, Rugby,<br>Warwickshire,<br>CV22 7AG |
| INDEPENDENT AUDITOR: | **PKF Littlejohn LLP**<br>Statutory Auditor<br>15 Westferry Circus<br>London<br>E14 4HD |
| NOMINATED ADVISER AND BROKER | **VSA Capital**<br>15 Eldon Street<br>London<br>EC2M 7LD |
| BANKERS: | **Barclays Bank plc**<br>1 Churchill Place<br>London<br>E14 5HP |

# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the results for Tectonic Gold Plc for the 12 months to 30 June 2020. This marks the second year of your Company and one that presented enormous challenges and opportunities for us. From bushfires to COVID-19 and trade wars we have had to navigate a very tricky market environment. Gold has once again provided investors safe harbour and with the arrival of Rio Tinto on our northern fence line earlier in the year we find ourselves in an enviably good position with a fully funded drilling program underway, successful exploration to follow up on and new discoveries to pursue. Further, our joint venture in South Africa is in production and we are expecting first diamond sales shortly.

Following a successful maiden exploration season in 2018/19 which extended the mineralisation at the Specimen Hill discovery in Queensland with a 10 hole drilling program, widespread bushfires in Australia prevented immediate follow up. The team switched focus to advancing the South African diamond and Mineral Sands projects instead. The diamond project held in our South African subsidiary, Deep Blue Minerals Pty Ltd, was successfully taken through an independent expert review, on the back of which we struck a farm-out deal with a London listed investment company (Kazera Global Investments Plc). This has funded the project into production. We have retained a non-diluting 10% interest in the project that has come along very nicely and we now have first diamond sales expected before Christmas.

At the time of writing, Tectonic's 100% owned South African subsidiary, Whale Head Minerals Pty Ltd, has the first tenement application under review in South Africa for a mineral sands mining permit on the South African Government's diamond leases. These are coincident with our current diamond joint venture and will enable us to cost effectively mine heavy mineral sands at the same time as we are extracting the diamond gravels. The geological process that eroded diamonds from the kimberlitic pipes and took them down the Orange River to the Atlantic Ocean also brought a range of other valuable minerals downriver to be washed up and deposited along the beach on the South African North West Coast. Due to the necessity for extremely tight security over the diamond mining operations, there has been no commercial prosecution of the heavy minerals in the diamond mine until now. Tectonic's testing has confirmed high grades of heavy minerals coincident with the diamonds and we are hoping to be the first producer of mineral sands concentrate from this diamond mine.

With the strengthened gold price on the back of COVID-19 and trade wars between the USA and China, we were able to successfully raise the funds required to get back into the field and follow up on our success at Specimen Hill. Despite stringent cross border travel restrictions due to the pandemic, we have benefitted from having a strong technical presence in Queensland and have mobilised a team that is currently running a 10 hole drilling program. In addition to following up on the 2019 drilling, we are testing a new copper discovery adjacent to Specimen Hill. This is an important opportunity with the arrival of Rio Tinto in the belt. We are also putting the first holes into Mount Cassidy which is our second portfolio project and a very promising Intrusive Related Gold System discovery.

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Company has several assets where the value may be impacted by COVID-19. At the date these financial statements were approved by the Directors the extent of the impact COVID-19 on the Company's assets cannot be reasonably estimated at this time.

The pandemic has impacted the Company's operations with Government mandated bans on mass gatherings and social distancing measures resulting in disruption to the Company's operations; this disruption is expected to negatively impact the ability for the Company to conduct drilling and its parent entity's ability to raise capital, refer Going Concern Note 2.

The Directors and management are continually monitoring and managing the Company's operations closely in response to COVID-19 however the extent of the impact COVID-19 may have on the Company's future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

Thank you to all of our supportive shareholders and stakeholders who have worked with us, as we move forward with both our gold projects and our exciting South African project.

Yours sincerely

Bruce Fulton
**Chairman**

## MANAGING DIRECTOR'S STATEMENT

During the year to June 2020 the Company focused primarily on advancing its South African projects. This was due to site access difficulties on the Queensland gold projects with bush fires and COVID-19. Following the June year end, the company successfully raised £402,800 and is, at the time of writing this report, executing a follow up drilling program at Specimen Hill and testing initial targets at Mount Cassidy. The delays in site access, whilst frustrating, enabled management to focus on other opportunities which have generated significant value for shareholders.

On the 25th of May, Silverstream SECZ, who purchased Tectonic's legacy graphite royalty from the sale of our historic Malagasy graphite interests, listed on the Toronto Stock Exchange and rebranded as VOX Royalty Corp. ("VOX"). This triggered a conversion of the convertible note we held in Silverstream as part consideration for the purchase of the royalty and as a result Tectonic was issued 98,039 shares in VOX.

On the 4th of June we announced a deal with a London listed investment company, Kazera Global Investments Plc ('Kazera"), to fund the South African diamond project into production via a farm-out. Tectonic has retained a non-diluting 10% interest in the project company, Deep Blue Minerals Pty Ltd ("Deep Blue") alongside our Black Empowerment partners and Kazera. In addition, in August, Tectonic purchased 20 million shares in Kazera at 0.5p, the price of the raise conducted to fund the project into production. Following the deal, Deep Blue was quickly transformed into an operating entity with the acquisition of a mining fleet and on boarding of an experienced local team which Tectonic had been working with for some time. Tectonic director Dennis Edmonds has taken a Board seat with Kazera and is actively involved with the on-going development of Deep Blue. At the time of writing of this report, Deep Blue is in production and first diamond sales are expected prior to year-end.

In addition to the diamond project, Tectonic pioneered the exploration for heavy mineral sands within the same government owned diamond mining lease that Deep Blue operations are in. This project is housed in 100% owned subsidiary, Whale Head Minerals Pty Ltd ("Whale Head"). Whale Head has lodged the first Heavy Mineral Sands ("HMS") mining permit application within the overlapping diamond lease area and we expect to be the first HMS producer from the area. This has been a restricted site to date due to security considerations at the diamond mine, however as an existing operator and local employer we have been able to negotiate access to the site and demonstrate the benefits to the local community of running a dual diamond and HMS extraction and processing operation. There have been significant delays on this permit application due to travel restrictions preventing the requisite environmental and regulatory site visits, however we are hopeful that with things normalising in South Africa we will have the permit prior to year-end. At this stage we are the registered applicant over key areas and have security of first rights to those areas until the application review is completed.

On the 9th of September we announced a capital raise to fund a ten hole drilling program in Queensland. This program is currently underway with initial assays expected prior to year-end and final analysis and interpretation of the program with independent external review in the first quarter of next year. The program is targeting key features confirmed by the 2019 campaign with additional drilling density to provide resource calculation inputs.

In addition, the program will include two holes into our new copper discovery adjacent to the Specimen Hill gold system. This is important for us as Rio Tinto applied for a large tenement along our northern boundary at Specimen Hill in February, which we expect is the start of renewed interest in copper gold opportunities in Queensland given that many traditional copper mining countries will likely be struggling with COVID for years to come.

We will also be drilling the first holes into our Mt Cassidy project. This is a very exciting Intrusive Related Gold System to the north of Specimen Hill and along the same structure as the famous Mt Morgan copper-gold mine that produced over 8 million ounces of gold and 387 thousand tonnes of copper in its 100-year mine life.

It is an exciting time to be in the field again and very rewarding to see projects we put so much effort into beginning to shine. I thank my fellow directors, our talented management team and advisers for their effort during this challenging year that has seen us turnaround shareholder value and position our company for a highly prospective 2021.

Brett Boynton, CFA
**Managing Director**

# STRATEGIC REPORT
## For the year ended 30 June 2020

The Directors present their strategic report for Tectonic Gold Plc ("Tectonic Gold" and/or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2020 ("the reporting period").

### REVIEW OF THE BUSINESS

Following the successful 2018/19 drilling campaign in Queensland on the Specimen Hill project, the Company faced bushfires and COVID-19 related restrictions in access to Queensland, and as a result switched its attention to the development of its South African interests.

The Company farmed out a majority interest in its subsidiary, Deep Blue Minerals Pty Ltd, to London listed investment company Kazera Global Investments Plc and has retained a non-diluting 10% interest. Kazera has initiated mining under a contract to mine diamonds on the South African Government's Alexkor diamond mine. First diamond sales from this project are expected prior to year-end.

The Company's 100% owned subsidiary, Whale Head Minerals Pty Ltd, has made an application for a mining permit to mine (and process) heavy mineral sands coincident with the diamonds at the Alexkor diamond mining operation.

For further details see the Managing Director's Statement on Page 5.

### RESULTS AND COMPARATIVE INFORMATION

The Group reports a profit after tax for the reporting period of £356,682 from continuing operations (2019: £824,874 loss) and a loss after tax of £73,934 from discontinued operations (2019: £31,721).

On 17 April 2019, the Company established Deep Blue Minerals Pty Ltd and as announced on 4 June 2020, the Company sold a majority interest in Deep Blue Minerals Pty Ltd effective on 17 June 2020. The financial information for the reporting period includes that of Tectonic Gold Plc and its controlled entities for the whole reporting period and that of Deep Blue Minerals Pty Ltd for the reporting period to 17 June 2020.

On 14 February 2020, the Company established Whale Head Minerals Pty Ltd. For accounting and reporting purposes, this Company has remained dormant since the date of incorporation to the end of the reporting period.

### DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report (2019: £nil).

### KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

| STATISTICS | 30 June 2020 | 30 June 2019 |
|---|---|---|
| Net asset value | **£2,809,873** | **£2,509,709** |
| Net asset value per share | **0.0040p** | **0.0036p** |
| Closing share price at the end of the reporting period | **0.32p** | **0.6p** |
| Market capitalisation | **£2.232m** | **£4.185m** |

### KEY RISKS AND UNCERTAINTIES

Currently the principal risk lies in securing additional funding as and when necessary to continue with the core research and exploration business. The Company's projects are in the exploration phase of development and do not generate revenue. If the Company is unsuccessful in monetising its research developments or its exploration projects by attracting development partners or divesting assets it may need to raise additional capital as other junior exploration companies do from time to time. This risk is mitigated through the Company's corporate development efforts and active engagement with a number of gold mining companies, project funders and other investors for the purpose of attracting investment in one or more of the Company's projects or acquisition of one of the assets in line with the business plan.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 25 to these financial statements.

# STRATEGIC REPORT (continued)
## For the year ended 30 June 2020

**PROMOTION OF THE COMPANY FOR THE BENEFIT OF THE MEMBERS AS A WHOLE**
The Director's believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:
- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company is quoted on the AQUIS Stock Exchange (formerly NEX) and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions.

When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration.

The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds.

This report was approved by the Board of Directors on 27 December 2020 and signed on its behalf by:

Brett Boynton
**Director**

# DIRECTORS' REPORT
## For the year ended 30 June 2020

The Directors present their report and the audited consolidated financial statements of Tectonic Gold plc ("Tectonic Gold" or the "Company") and its controlled entities ("Consolidated Entity" or "Group") for the year ended 30 June 2020.

### DIRECTORS
The Board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise:

| Name | Position | Date Appointed/Resignation |
|---|---|---|
| Bruce Fulton | Non-Executive Chairman | Appointed 25 June 2018 |
| Brett Boynton | Managing Director | Managing Director and Chief Executive Officer appointed 26 May 2015 |
| Sam Quinn | Executive Director | Appointed 20 February 2017 |
| Dennis Edmonds | Non-Executive Director | Appointed 28 April 2020 |
| Zeg Choudhry | Non-Executive Director | Appointed 19 September 2016 / Resigned 1 December 2019 |

### DIRECTORS' INTERESTS
The Directors' interests in the share capital of the Company at 30 June 2020, held either directly or through related parties, were as follows:

| Name of director | Number of ordinary shares | % of ordinary share capital and voting rights |
|---|---|---|
| Bruce Fulton | 6,467,358 | 0.77 |
| Brett Boynton | 137,139,590 | 16.28 |
| Sam Quinn | 2,512,000 | 0.29 |
| Dennis Edmonds | - | - |
| | 146,118,948 | 22.33 |

Details of the options granted to or held by the Directors or former Directors are as follows:

| Name of director or former director | Balance 30 June 2019 | Options granted | Options lapsed | Balance 30 June 2020* | Number vested** | Grant date | Average exercise price | Average date of expiry |
|---|---|---|---|---|---|---|---|---|
| B Fulton | 10,000,000 | | - | 10,000,000 | 3,333,333 | 25-Jun-18 | 2p | 25-Jun-22 |
| B Boynton | 12,000,000 | - | - | 12,000,000 | 4,000,000 | 25-Jun-18 | 2p | 25-Jun-22 |
| S Quinn | 12,000,000 | - | - | 12,000,000 | 4,000,000 | 25-Jun-18 | 2p | 25-Jun-22 |
| D Edmonds | - | - | - | - | - | - | - | - |

*or at date of cessation if earlier.

** The options vest in three tranches as follows:

- 1/3 of the Options vested on 25 June 2018;
- 1/3 of the Options vest on 25 December 2018 provided that on or after such date, certain performance conditions have been satisfied; and
- 1/3 of the Options vest on 25 June 2019 provided that on or after such date certain performance condition have been satisfied.

The Company has made qualifying third-party indemnity provisions for the benefit of the Directors in the form of Directors' and Officers' Liability insurance during the year which remain in force at the date of this report.

# DIRECTORS' REPORT (continued)
**For the year ended 30 June 2020**

### DONATIONS
The Company did not make any political or charitable donations during the reporting period (30 June 2019: nil).

### EMPLOYEE CONSULTATION
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, age, religion or ethnic origin.

### POST YEAR END EVENTS
A list of post year events has been included in Note 29.

### GOING CONCERN
The adoption of the going concern basis by the Directors is following a review of the current position of the Company and Group and the forecasts for at least the next 12 months. The cash and tradable securities together with the funds receivable and funding support received from the Drilling Warrants (See Note 29) are sufficient to enable to Company to meet its obligations and continue to operate for the foreseeable future. Thus, the Directors continue to adopt the going concern basis in preparing the financial statements. It is beyond the scope of the Directors to predict any future impact of COVID-19 on any of these funding sources however and if for any reason it is not possible to sell any tradeable securities or State Government funding is not secured, this may impact the ability of the Company to meet its obligations and continue to operate as envisaged. Further details regarding the adoption of the going concern basis and uncertainty surrounding it can be found in Note 2 of these financial statements.

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Directors and management are continually monitoring and managing the Company's operations closely in response to COVID-19.

# DIRECTORS' REPORT (continued)
## For the year ended 30 June 2020

### DISCLOSURE OF INFORMATION TO THE AUDITORS
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### AUDITOR
PKF Littlejohn LLP have expressed their willingness to continue in office as auditor and it is expected that a resolution to reappoint them will be proposed at the next annual general meeting.

The Board as a whole considers the appointment of external auditors, including their independence, specifically including the nature and scope of non-audit services provided.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### CORPORATE GOVERNANCE
The requirements of the 2016 UK Corporate Governance Code ("the Code"), as issued by the Financial Reporting Council, are not mandatory for companies traded on AQUIS Stock Exchange. The Directors recognise the value of the Code and apply the recommendations in so far as it is appropriate for a Company of its size.

# DIRECTORS' REPORT (continued)
## For the year ended 30 June 2020

### BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All Directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing Directors, as necessary.

The Board consists of the Non-Executive Chairman, Bruce Fulton, Managing Director, Brett Boynton, Executive Director, Sam Quinn and Non-Executive director, Dennis Edmonds.

Since Admission to the AQUIS Stock Exchange on 25 June 2018, the Board has established properly constituted audit, remuneration and AQUIS Stock Exchange compliance committees with formally delegated duties and responsibilities, a summary of which is set out below.

### AUDIT COMMITTEE

The Audit Committee comprises Bruce Fulton (Chairman), Sam Quinn and the Chief Financial Officer, Anne Adaley. The Committee meets at least twice a year and is responsible for ensuring the financial performance of the Company is properly reported on and monitored. It liaises with the auditor and reviews the reports from the auditor relating to the financial statements.

### REMUNERATION COMMITTEE

The Remuneration Committee comprises Bruce Fulton (Chairman) and Sam Quinn. The Committee meets at least twice a year and is responsible for reviewing the performance of Executive Directors and sets the scale and structure of their remuneration on the basis of their service agreements, with due regard to the interests of the shareholders and the performance of the Company.

### AQUIS STOCK EXCHANGE COMPLIANCE COMMITTEE

The role of the AQUIS Stock Exchange compliance committee is to ensure that the Company has in place sufficient procedures, resources and controls to enable it to comply with the AQUIS Stock Exchange Rules. The AQUIS Stock Exchange compliance committee make recommendations to the Board and proactively liaise with the Company's AQUIS Stock Exchange Corporate Adviser on compliance with the AQUIS Stock Exchange Rules. The AQUIS Stock Exchange compliance committee also monitors the Company's procedures to approve any share dealings by directors or employees in accordance with the Company's share dealing code. The members of the AQUIS Stock Exchange compliance committee are Brett Boynton (Chairman), Sam Quinn and Dennis Edmonds.

### SHARE DEALING CODE

The Company has adopted a share dealing code for dealings in securities of the Company by directors and certain employees which is appropriate for a company whose shares are traded on the AQUIS Stock Exchange. This will constitute the Company's share dealing policy for the purpose of compliance with UK legislation including the Market Abuse Regulation and the relevant part of the AQUIS Stock Exchange Rules. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, also apply to the Company and dealings in Ordinary Shares.

### COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given a high priority by the management. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Managing Director and other members of the Board at the Annual General Meeting.

### INTERNAL CONTROL

The Directors acknowledge they are responsible for the Company'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 Company 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 Company has well established procedures which are considered adequate given the size of the business.

## DIRECTORS' REPORT (continued)
**For the year ended 30 June 2020**

**REMUNERATION**

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates.

Details of directors' fees and of payments made to directors for professional services rendered are set out in Note 8 to the financial statements and details of the directors' share options are set out in the Directors' Report.

**RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This report was approved by the Board of Directors on 27 December 2020 and signed on its behalf by:

Brett Boynton
**Director**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC

For the year ended 30 June 2020

**Opinion**

We have audited the financial statements of Tectonic Gold Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Group and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provision of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's and parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed 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.

**Conclusions relating to going concern**

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

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

**Our application of materiality**

Materiality for the group financial statements as a whole was set at £101,000. This was calculated based on a benchmark of 3% of gross assets which, based on our professional judgment, we determined to be the main driver of the business as the group is still in the exploration stage and therefore no revenues are currently being generated. Current and potential investors will therefore be most interested in the recoverability of the exploration and evaluation assets. Group performance materiality was set at £80,800.

Materiality for the parent company financial statements was set at £59,500, determined with reference to a benchmark of 3% of gross assets. We assessed this as the key benchmark on the basis that the parent is a holding company whose value is derived from the underlying subsidiary. Company performance materiality was set at £47,600.

Materiality for the remaining significant component of the group was set at £92,000 based on 3% of gross assets. Performance materiality for the significant component was set at £73,600 and all other components.

We reported to the Audit Committee all corrected and uncorrected misstatements we identified throughout our audit with a value in excess of £5,050, in addition to other audit misstatements below that threshold that we believed warranted reporting on qualitative grounds.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC (CONTINUED)

For the year ended 30 June 2020

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

The scope of our audit was influenced by our evaluation of materiality and our assessment of the risks of material misstatement in the group and parent company financial statements. In particular, we assessed the areas involving significant accounting estimates and judgement by the directors as risks for our audit. This included the carrying value of exploration assets and investments as well as future events that are inherently uncertain and could have an impact on the group and parent company's ability to continue as a going concern. These were judged to be the most significant assessed risks of material misstatement and therefore reported as key audit matters below.

The significant component based in Australia was audited by a component auditor. We had oversight of, and regular communication with, the component auditor who was operating under our instructions. The component auditor supplied their working papers for our review. This, along with further discussions with the component auditor, gave us sufficient appropriate evidence for our audit 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.

| Key audit matter | How the scope of our audit responded to the key audit matter |
|---|---|
| **Going concern (group and parent company)**<br><br>Note 2 of the financial statements sets out the directors assessment of the appropriateness of the going concern basis of preparation. This explains that the group and parent company expect to receive future funding and support to enable their obligations to be met and ensure they continue to operate in the foreseeable future.<br><br>There is a risk that the group and parent company are unable to access that further funding and support, especially in light of the ongoing uncertainties arising from the COVID-19 pandemic. | We performed the following procedures to address this risk:<br><br>• Critically assessed cash flow forecasts and budgets;<br>• Undertook sensitivity analysis on management's forecasts;<br>• Discussed the matters with management;<br>• Reviewed the group's assessment of the impact of COVID-19 using our knowledge of the business and the industry that the group and parent company operates in;<br>• Evaluated the adequacy of disclosures made in the financial statements.<br><br>We have nothing material to add or draw attention to in respect of the conclusions in relation to going concern section of our audit report. |
| **Carrying value of mining exploration and evaluation expenditure (group)**<br><br>As disclosed in note 15 of the financial statements, exploration and evaluation expenditure as at 30 June 2020 was £2,695,681.<br><br>The recoverability of this asset is highly judgmental due to the early stage of the projects and the contingent nature of obtaining a mining permit. The COVID-19 pandemic impact on the current economic climate means there is also a greater risk that the carrying value of exploration and evaluation assets are not recoverable and thus require impairment. | Our work in this area included:<br><br>• Confirmation that the group has good title to the applicable exploration licences, and has fulfilled any specific conditions therein particularly having regard to minimum expenditure requirements;<br>• Review and substantive testing of capitalised costs including consideration of appropriateness for capitalisation under IFRS 6;<br>• Assessment of progress at the individual projects during the year and post year-end; and<br>• Consideration of management's impairment reviews in light of impairment indicators identified in accordance with IFRS 6, including corroboration and challenge thereof. |

| | |
|---|---|
| **Recoverability of investments and subsidiary loans (parent company)**<br><br>The parent company has significant investments in its subsidiary entities which is supported by the underlying projects. As at 30 June 2020, and as shown in note 16, this investment was £3,605,259.<br><br>Note 12 also reports a loan of £1,344,409 provided by the parent company to its subsidiary, Signature Gold, as at 30 June 2020.<br><br>There is a risk that the investment in the subsidiaries, along with the loan, are impaired as the subsidiaries have not started to produce revenues. Therefore, it is necessary to assess the fair value of the holdings at year end.<br><br>There is also a risk of material misstatement around the recoverability of the significant loan balance with Signature Gold. | We performed the following procedures to address this risk:<br><br>• Reviewed the loan agreement and repayment terms;<br>• Reviewed the net assets of the underlying subsidiaries and the exploration projects therein;<br>• Reviewed and challenged the impairment considerations by management;<br>• Verified the carrying value of the investments; and<br>• Assessed Signature Gold's ability to repay the outstanding loan amount.<br><br>We consider that management's judgement in respect of the recoverability of the parent company investments and loan to one of its subsidiaries is materially reasonable. |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC (CONTINUED)

For the year ended 30 June 2020

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECTONIC GOLD PLC (CONTINUED)

For the year ended 30 June 2020

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https: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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Eric Hindson

**Eric Hindson (Senior Statutory Auditor)**
**For and on behalf of PKF Littlejohn LLP**
**Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

27 December 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020<br>GBP | 2019<br>GBP |
|---|---|---|---|
| Revenue from continuing operations | 5 | 294,866 | 24,471 |
| Expenses from continuing operations: | | | |
| Accounting and audit fees | | (59,715) | (88,526) |
| Administration and office costs | | (10,496) | (26,865) |
| Corporate costs | | (71,492) | (96,729) |
| Amortisation and depreciation | | (1,515) | (1,338) |
| Employee benefits, management fees and on costs | 8 | 5,682 | (76,742) |
| Exploration and tenement costs | | (10,231) | (29,747) |
| Insurance | | (2,429) | (17,233) |
| Legal expenses | | - | 396 |
| Impairment of exploration costs | | - | (703,936) |
| Bad debt expense | | - | (64,173) |
| Business development costs | | (9,257) | - |
| Other expenses | | (5,578) | (38,945) |
| Net fair value gain on financial assets at fair value through profit and loss | | 77,750 | - |
| **Profit/ (loss) from continuing operations before income tax** | | **207,585** | **(1,119,367)** |
| Income tax benefit | 9 | 149,097 | 326,214 |
| **Profit/ (loss) for the year from continuing operations** | | **356,682** | **(793,153)** |
| | | | |
| **Discontinued operations** | | | |
| (Loss) for the year from discontinued operations | 13 | (73,934) | (31,721) |
| **Profit/ (loss) for the year attributable to the owners of the Company** | | **282,748** | (824,874) |
| | | | |
| **Other comprehensive income:** | | | |
| Items that may be subsequently reclassified to profit and loss: | | | |
| Exchange differences on translation of foreign subsidiaries | | 17,416 | (34,430) |
| **Total comprehensive profit/ (loss) for the year** | | **300,162** | **(859,304)** |
| | | | |
| **Earnings per share attributable to owners of the company** | | | |
| Basic and diluted (pence per share) | 10 | **0.04** | **(0.120)** |

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2020

| | NOTE | 30-Jun-20 GROUP GBP | 30-Jun-19 GROUP GBP | 30-Jun-20 COMPANY GBP | 30-Jun-19 COMPANY GBP |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Trade and other receivables | 12 | - | - | 1,344,409 | 1,341,710 |
| Plant and equipment | 14 | 5,075 | 6,603 | - | - |
| Exploration and evaluation expenditure | 15 | 2,695,681 | 2,663,707 | - | - |
| Investments in controlled entities | 17 | - | - | 3,605,254 | 3,605,259 |
| Financial assets at fair value through profit and loss | 16 | 224,407 | - | 224,407 | - |
| **TOTAL NON-CURRENT ASSETS** | | **2,925,163** | **2,670,310** | **5,174,070** | **4,946,969** |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 11 | 52,734 | 34,875 | 26,415 | 22,846 |
| Trade and other receivables | 12 | 1,865 | 7,913 | - | - |
| Financial assets at fair value through profit and loss | 16 | - | 40,122 | - | 40,122 |
| Other assets | 19 | 357,792 | 360,412 | 5,100 | 5,100 |
| **TOTAL CURRENT ASSETS** | | **412,391** | **443,322** | **31,515** | **68,068** |
| **TOTAL ASSETS** | | **3,337,554** | **3,113,632** | **5,205,585** | **5,015,037** |
| **EQUITY** | | | | | |
| Share capital | 23 | 6,100,615 | 6,100,615 | 6,100,615 | 6,100,616 |
| Share premium account | | 60,146,216 | 60,146,216 | 60,146,216 | 60,146,216 |
| RTO Reserve | 24 | (57,976,182) | (57,976,182) | - | - |
| Warrant reserves | 24 | 95,098 | 95,098 | 95,098 | 95,098 |
| Foreign exchange translation reserves | 24 | (75,265) | (92,681) | - | - |
| Accumulated losses | | (5,480,609) | (5,763,357) | (61,261,233) | (61,439,800) |
| **TOTAL EQUITY** | | **2,809,873** | **2,509,709** | **5,080,696** | **4,902,130** |
| **LIABILITIES** | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 20 | 16,060 | 15,913 | - | - |
| Borrowings | 21 | 226,908 | 236,793 | 56.685 | - |
| Employee benefits | 22 | - | 11,363 | - | - |
| **TOTAL NON-CURRENT LIABILITES** | | **242,968** | **264,069** | **56,685** | **-** |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 20 | 284,712 | 275,680 | 68,204 | 62,907 |
| Borrowings | 21 | - | 50,000 | - | 50,000 |
| Employee benefits | 22 | - | 14,174 | - | - |
| **TOTAL CURRENT LIABILITES** | | **284,714** | **339,854** | **68,204** | **112,907** |
| **TOTAL LIABILITIES** | | **527,682** | **603,923** | **124,889** | **112,907** |
| **TOTAL EQUITY AND LIBAILITIES** | | **3,337,554** | **3,113,632** | **5,205,585** | **5,015,037** |

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £178,567 (2019: loss of £247,215).

These financial statements were approved by the Board of Directors on 27 December 2020 and signed on their behalf by:

Brett Boynton
Director
Company number: 05173250

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2020

| GROUP<br>FOR THE YEAR ENDED 30 JUNE 2019 | ISSUED CAPITAL | SHARE PREMIUM | WARRANT RESERVE | RTO RESERVE | FOREIGN CURRENCY RESERVE | ACCUMULATED LOSSES | TOTAL |
|---|---|---|---|---|---|---|---|
| | GBP | GBP | GBP | GBP | GBP | GBP | GBP |
| **Balance at 1 July 2018** | **6,099,615** | **60,117,216** | **95,098** | **(57,976,182)** | **(58,251)** | **(4,938,483)** | **3,339,013** |
| Total comprehensive loss for the period | - | - | - | - | (34,430) | (824,874) | (859,304) |
| Transactions with owners, recorded directly in equity: | | | | | | | |
| Shares Issued – 1 June 2019 | 1,000 | 29,000 | - | - | - | - | 30,000 |
| **Balance as at 30 June 2019** | **6,100,615** | **60,146,216** | **95,098** | **(57,976,182)** | **(92,681)** | **(5,763,357)** | **2,509,709** |

| GROUP<br>FOR THE YEAR ENDED 30 JUNE 2020 | ISSUED CAPITAL | SHARE PREMIUM | WARRANT RESERVE | RTO RESERVE | FOREIGN CURRENCY RESERVE | ACCUMULATED LOSSES | TOTAL |
|---|---|---|---|---|---|---|---|
| | GBP | GBP | GBP | GBP | GBP | GBP | GBP |
| **Balance at 1 July 2019** | **6,100,615** | **60,146,216** | **95,098** | **(57,976,182)** | **(92,681)** | **(5,763,357)** | **2,509,709** |
| Total comprehensive income for the period | | | | | | 282,748 | 282,748 |
| Transactions with owners, recorded directly in equity: | | | | | | | |
| Foreign Currency Translation Reserve | - | - | - | - | 17,416 | - | 17,416 |
| Fair value of warrants issued | - | - | - | - | - | - | - |
| **Balance as at 30 June 2020** | **6,100,615** | **60,146,216** | **95,098** | **(57,976,182)** | **(75,265)** | **(5,480,609)** | **2,809,873** |

The accompanying notes form part of these financial statements

# COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2020

| COMPANY<br>FOR THE YEAR ENDED 30 JUNE 2019 | SHARE CAPITAL | SHARE PREMIUM | WARRANT RESERVES | ACCUMULATED LOSSES | TOTAL EQUITY |
|---|---|---|---|---|---|
| | GBP | GBP | GBP | GBP | GBP |
| **Balance at 1 July 2018** | **6,099,615** | **60,117,216** | **95,098** | **(61,192,585)** | **5,119,344** |
| Total comprehensive loss for the period | - | - | - | (247,215) | (247,215) |
| Transactions with owners, recorded directly in equity: | | | | | |
| Issue of shares and warrants: | | | | | |
| Shares issued -1 June 2019 | 1,000 | 29,000 | - | - | 30,000 |
| **Balance at 30 June 2019** | **6,100,615** | **60,146,216** | **95,098** | **(61,439,800)** | **4,902,129** |

| COMPANY<br>FOR THE YEAR ENDED 30 JUNE 2020 | SHARE CAPITAL | SHARE PREMIUM | WARRANT RESERVES | ACCUMULATED LOSSES | TOTAL EQUITY |
|---|---|---|---|---|---|
| | GBP | GBP | GBP | GBP | GBP |
| **Balance at 1 July 2019** | **6,100,615** | **60,146,216** | **95,098** | **(61,439,800)** | **4,902,129** |
| Total comprehensive income for the period | - | - | - | 178,567 | 178.567 |
| **Balance at 30 June 2020** | **6,100,615** | **60,146,216** | **95,098** | **(61,261,233)** | **5,080,696** |

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 30 JUNE 2020**

| | NOTE | 30-JUN-20 GROUP GBP | 30-JUN-19 GROUP GBP |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts in the course of operations | | 20,136 | 62,832 |
| Cash payments in the course of operations | | (242,654) | (586,464) |
| Research and Development Tax Incentive Claim | | 149,097 | 326,214 |
| Interest received | | 5,541 | - |
| **Net cash used in operating activities** | **25** | **(67,880)** | **(197,418)** |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | | |
| Payments for exploration and evaluation expenditure | | (58,777) | (279,351) |
| Proceeds from new owner of Deep Blue Minerals Pty Ltd | | 56 | - |
| Payments for property, plant and equipment | | - | (6,911) |
| Payment for security deposit | | (266) | (276) |
| Refund of security deposit | | 2,665 | - |
| Proceeds from sale of investments | | 86,844 | - |
| **Net cash used in investing activities** | | **30,522** | **(286,538)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | - | 280,000 |
| Proceeds from borrowings | | 66,048 | 89,418 |
| Loans to Tectonic SA | | (10,830) | - |
| **Net cash provided by financing activities** | | **55,218** | **369,418** |
| Net (decrease)/increase in cash held and cash equivalents | | 17,858 | (114,539) |
| Cash and cash equivalents at the beginning of the period | | 34,875 | 149,397 |
| Effects of exchange rate changes on cash and cash equivalents | | - | 17 |
| **Cash and cash equivalents at the end of the period** | | **52,734** | **34,875** |

The accompanying notes form part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 30-JUN-20 COMPANY GBP | 30-JUN-19 COMPANY GBP |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts in the course of operations | | 20,136 | 40,380 |
| Cash payments in the course of operations | | (87,884) | (246,664) |
| Loan to Signature Gold Pty Ltd | | (17,500) | - |
| Interest received | | 5,179 | - |
| **Net cash used in operating activities** | **25** | **(80,069)** | **(206,284)** |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | | |
| Proceeds from the sale of investments | | 86,844 | - |
| Loan to Deep Blue Minerals Pty Ltd | | (53,206) | (15,000) |
| Loan to Signature Gold Pty Ltd | | - | (47,000) |
| **Net cash used in investing activities** | | **33,638** | **(62,000)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | 50,000 | - |
| Proceeds from issue of shares | | - | 280,000 |
| **Net cash provided by financing activities** | | **50,000** | **280,000** |
| Net (decrease)/increase in cash held and cash equivalents | | 3,569 | 11,716 |
| Cash and cash equivalents at the beginning of the period | | 22,846 | 11,130 |
| **Cash and cash equivalents at the end of the period** | | **26,415** | **22,846** |

The accompanying notes form part of these financial statements.

## 1. GENERAL INFORMATION

Tectonic Gold Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Strategic Report and the Directors' Report on pages 6 and 8.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

The consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

The consolidated and parent company financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Standards Interpretations Committee ("IFRS IC") and there is an ongoing process of review and endorsement by the European Commission. The accounts have been prepared on the basis of the recognition and measurement principles of IFRS that were applicable at 30 June 2020.

This financial report includes the consolidated financial statement and notes of Tectonic Gold Plc ("the Company") and its controlled entities ("Consolidated Entity" or "Group").

The principal accounting policies adopted and applied in the preparation of the Group's Financial statements are set out below. These have been consistently applied to all the years presented unless otherwise stated:

### GOING CONCERN

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Group and Company to carry out their planned business objectives is dependent on the continuing ability to raise adequate financing from equity investors and/or the achievement of profitable operations.

The adoption of the going concern basis by the Directors is following a review of the current position of the Company and the forecasts for the next 12 months. The cash and tradable securities together with the funds receivable and funding support expected from the Queensland State Government are forecast to enable the Group and Company to meet their obligations and continue to operate for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements. It is beyond the scope of the Directors to predict any future impact of COVID-19 on any of these funding sources however and if for any reason it is not possible to sell any tradeable securities or State Government funding is not secured, this may impact the ability of the Group and Company to meet their obligations and continue to operate as envisaged..

### CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

**New standards, amendments and interpretations adopted by the Group and Company**

The group and company have applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2019:

IFRS 16, 'Leases';

- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Plan Amendments, Curtailment or Settlement – Amendments to IAS 19;
- Interpretation 23 'Uncertainty over Income Tax Treatments'; and

**Definition of Material – Amendments to IAS 1 and IAS 8.**

The adoption of the above has not had a material impact on the Group or Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

**New standards, amendments and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019 and have not been applied in preparing these consolidated and company financial statements:

- Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)
- IFRS 3 (amendments) to clarify the definition of a business (effective 1 January 2020)
- IFRS 3 (amendments) updating a reference to the Conceptual Framework (effective 1 January 2022)
- IFRS 7, IFRS 9 & IAS 39 (amendments) regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020)
- IFRS 7, IFRS 9 & IAS 39 (amendments) regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
- IFRS 9 (amendments) resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)
- IAS 1 & IAS 8 (amendments) Definition of Material (effective 1 January 2020)
- IAS 1 (amendments) regarding the classification of liabilities (effective 1 January 2023)
- IAS 1 (amendments) to defer the effective date of the January 2020 amendments (effective 1 January 2023)
- IAS 16 (amendments) prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
- IAS 37 (amendments) regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

None of these is expected to have a significant effect on the consolidated financial statements of the Group or Company.

### BASIS OF CONSOLIDATION

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as for the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. All intra-group balances, balances and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

On 25 June 2018, Tectonic Gold (the legal parent) acquired Signature Gold Ltd (Signature Gold). Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisition in IFRS 3 Business Combinations and IFRS 2 Share-based Payment.

On 14 February 2020, the Company established Whale Head Minerals Pty Ltd. This Company has remained dormant since the date of incorporation to the end of the reporting period.

The financial information for the reporting period includes that of Tectonic Gold Plc and its controlled entities for the whole reporting period and that of Whale Head Minerals Pty Ltd for the reporting period since 14 February 2020.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Investments are initially measured at fair value plus directly attributable incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IFRS 9. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Investments are recognised as financial assets at fair value through the profit or loss. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, until the assets are derecognised, at which time the cumulative gains and losses previously recognised in other comprehensive income are recognised in the income statement.

The Company assesses at each year-end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

### INVESTMENTS

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### FOREIGN CURRENCIES

The Group and Company's financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of these financial statements, the results and financial position are expressed in Pounds Sterling, which is the presentation currency of the Group and Company.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

When a decline in the fair value of a financial asset classified as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in the income statement. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

For the purpose of presenting the Group and Company financial statements, the assets and liabilities of any of the Group and Company's operations that are overseas are translated at exchange rates prevailing on the year-end date. Income and expense items are translated at the average exchange rates for the period.

Any translation differences on consolidation are recognised in Other Comprehensive Income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

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

The research and development tax incentive claim is recognised as income tax revenue in the period in which it is received.

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

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

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

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

### EXPLORATION AND EVALUATION EXPENDITURE

Exploration expenditure incurred is accumulated in respect of each identifiable area of interest, net of any related grant income received. These costs are only carried forward to the extent that they are expected to be recovered through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

Exploration and evaluation assets are assessed for impairment annually or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount in accordance with IFRS 6.

### PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recorded at cost and depreciated as outlined below:

Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over its expected useful life for the entity. Estimates of remaining useful lives are made on a regular basis for all assets with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment 5 years

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT

At each financial year end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. A discontinued operation is a component of the Group that is classified as held for sale and that represents a separate line of business or geographical area of operations. The results of discontinued operations are presented separately in the Consolidated Income Statement.

### TRADE RECEIVABLES, LOANS AND OTHER RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified under 'loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Other receivables, that do not carry any interest, are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and other short-term bank deposits.

### FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method. The Group's financial liabilities include trade and other payables.

A financial liability is held for trading if it meets one of the following conditions:

- It is incurred principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

There were no financial liabilities 'at FVTPL' during the current, or preceding, period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### OTHER FINANCIAL LIABILTIES AND SHORT-TERM BORROWINGS

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Other short-term borrowings being intercompany loans and unsecured convertible loan notes issued in the year are recognised at amortised cost net of any financing or arrangement fees.

### TRADE PAYABLES

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### SHARE-BASED PAYMENTS

The Company has applied the requirements of IFRS 2 Share-based payments.

The Company operates an equity-settled share-based payment scheme under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

### EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL

Equity instruments issued by the Company are recorded at the proceeds received, net of incremental costs attributable to the issue of new shares.

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

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

The reverse takeover reserve represents the adjustment needed to reflect the reverse takeover of Signature Gold in the previous year.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The warrant reserve represents the fair value of warrants granted to employees and suppliers for services provided to the Group. The fair value of warrants is expensed over the vesting period or during the period in which the services are received.

Accumulated losses include all current and prior period results as disclosed in the statement of comprehensive income.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period. Judgements and estimates that may affect future periods are as follows:

### SHARE BASED PAYMENTS

The calculation of the fair value of equity-settled share-based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

### TREATMENT OF EXPLORATION AND EVALUATION COSTS

Exploration expenditure incurred is accumulated in respect of each identifiable area of interest, net of any related grant income received. These costs are only carried forward to the extent that they are expected to be recovered through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

The value of the Group's exploration and evaluation expenditure will be dependent upon the success of the Group in discovering economic and recoverable mineral resources. It is also dependent on the Group successfully renewing its licences.

The future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates and potential new legislation and related environmental requirements.

## 4. SEGMENTAL INFORMATION

The Chief Operating Decision Maker of the Group is the Board of Directors. The Group operates in one industry segment being mineral exploration. Information is therefore shown for geographical segments.

| 2020 | AUSTRALIA GBP | SOUTH AFRICA GBP | UNALLOCATED GBP | TOTAL GBP |
|---|---|---|---|---|
| **Revenue** | | | | |
| Interest | - | - | 5,180 | 5,180 |
| Net fair value gain on financial assets at fair value through profit and loss | - | - | 77,750 | 77,750 |
| Gain on sale of investment | - | - | 46,722 | 46,722 |
| Gain on sale of Deep Blue Minerals | - | - | 76,171 | 76,171 |
| Other fees | - | - | 166,793 | 166,793 |
| **Total segment revenue** | **-** | **-** | **372,616** | **372,616** |
| Segment net profit/(loss) before tax and other items | (59,924) | - | 269,024 | 209,100 |
| Depreciation and amortisation | (1,515) | - | - | (1,515) |
| **Net profit/(loss) before income tax** | **(61,439)** | **-** | **269,024** | **207,585** |
| Income tax benefit | 149,097 | - | - | 149,097 |
| **Net profit/(loss) after income tax** | **87,658** | **-** | 269,024 | **356,682** |
| **Segment assets at 30 June 2020** | **3,081,631** | **-** | **255,923** | **3,337,554** |
| **Segment liabilities at 30 June 2020** | **402,794** | **-** | **124,888** | **527,682** |

All additions to intangible assets occurred in the Australian reporting segment.

| 2019 | AUSTRALIA GBP | SOUTH AFRICA GBP | UNALLOCATED GBP | TOTAL GBP |
|---|---|---|---|---|
| **Revenue** | | | | |
| Interest | - | 59 | - | 59 |
| Consulting fees | 24,471 | - | - | 24,471 |
| Other fees | - | 7,332 | - | 7,332 |
| **Total segment revenue** | **24,471** | **7,391** | **-** | **31.862** |
| Segment net (loss) before tax and other items | (123,431) | (31,721) | (290,662) | (445,814) |
| Impairment of exploration costs | (703,936) | - | - | (703,936) |
| Depreciation and amortisation | (1,338) | - | - | (1,338) |
| **Net (loss) before income tax** | **(828,705)** | **(31,721)** | **(290,662)** | **(1,151,088)** |
| Income tax benefit | 326,214 | - | - | 326,214 |
| **Net (loss) after income tax** | **(502,491)** | **(31,721)** | **(290,662)** | **(824,874)** |
| **Segment assets at 30 June 2019** | **2,998,503** | **47,060** | **68,069** | **3,113,632** |
| **Segment liabilities at 30 June 2019** | **424,802** | **66,214** | **112,907** | **603,923** |

All additions to intangible assets occurred in the Australian reporting segment.

## 5. REVENUE

| | CONSOLIDATED 2020 GBP | 2019 GBP |
|---|---|---|
| Consulting services | - | 24,471 |
| Interest income | 5,180 | 59 |
| Gain on sale of royalty | 146,657 | - |
| Gain on sale of investment | 46,722 | - |
| Gain on sale of Deep Blue Minerals Plc | 76,171 | - |
| Other fees | - | 7,332 |
| Option fee | 20,136 | - |
| Total revenue from continuing operations | 294,866 | 31,862 |

## 6. OPERATING LOSS

| | CONSOLIDATED 2020 GBP | 2019 GBP |
|---|---|---|
| Operating (loss) is stated after charging: | | |
| Staff costs as per Note 8 below | (34,155) | (89,777) |
| Impairment of exploration costs | - | (703,936) |
| Fair value of warrants issued and vested | - | (68,900) |
| Depreciation of property plant and equipment | (1,515) | (1,338) |
| Net Foreign exchange gain | (7,093) | (28,549) |

## 7. AUDITORS' REMUNERATION

| | CONSOLIDATED 2020 GBP | 2019 GBP |
|---|---|---|
| The analysis of auditors' remuneration is as follows: | | |
| Fees paid or payable to Signature Gold's auditors in that geographical location for the audit of the Company's annual accounts and other services | 10,714 | 30,699 |
| Fees payable to the Group's auditor for the audit of the Company' annual accounts. | 30,500 | 25,500 |
| Fees paid to the Company's former auditor for the audit of the Company annual accounts, taxation, due diligence and other services | 5,329 | 11,799 |
| | **46,543** | **67,998** |

## 8. STAFF COSTS

| | CONSOLIDATED | |
|---|---|---|
| | 2020 | 2019 |
| | GBP | GBP |
| The average monthly number of employees (including executive directors) for the continuing operations was: | | |
| Company total staff | **2** | **2** |
| Wages and salaries | 70,922 | 153,751 |
| Provision for annual leave | 3,295 | 329 |
| Provision for long service leave | (10,940) | 1,419 |
| Superannuation | 4,168 | 14,124 |
| Staff training costs and other costs | 748 | 4,888 |
| | 68,193 | 174,511 |
| Less: staff costs allocated to exploration projects costs | (34,038) | (84,734) |
| | **34,155** | **89,777** |

| | COMPANY | |
|---|---|---|
| | 2020 | 2019 |
| | GBP | GBP |
| The average monthly number of employees (including executive directors) for the continuing operations was: | | |
| Company total staff | **2** | **2** |
| Wages and salaries | 63,333 | 63,333 |
| Superannuation | 6,772 | 6,772 |
| | **70,105** | **70,105** |

During the reporting period, consulting fees totalling GBP 14,428 was paid to Zeg Choudhry, former Director of Tectonic Gold Plc. There were no other fees paid to directors during the reporting period nor in the comparative reporting period.

## 9. TAXATION

There is no UK tax charge/credit during the reporting periods.
Reconciliation of tax charge:

| | CONSOLIDATED | |
|---|---|---|
| | 2020 | 2019 |
| | GBP | GBP |
| Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Tax at the Australian corporation tax rate of 27.5% (2019: 30%) | (22,093) | (247,462) |
| Effects of: | | |
| - S.40-800 ‘Black hole’ deductions | (21,071) | - |
| - Tax effect of tax losses not recognized as benefits including tax effect of differences in the standard rate of tax in different jurisdictions | 43,164 | 247,622 |
| - Research and Development Tax Incentive claim | (149,097) | 326,214 |
| Tax benefit for the period | 149,097 | 326,214 |

No deferred tax asset has been recognised in respect of the losses. At the end of the reporting period the Group had unused tax losses of £2,235,596 (2019: £ 2,059,715).
Where it is anticipated that future taxable profits will be available against which these losses will be utilised, a deferred tax asset is recognised. The total taxation charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Company operates

## 10. EARNINGS PER SHARE

The basic earnings per share is based on the profit for the year divided by the weighted average number of shares in issue during the reporting period. The weighted average number of ordinary shares for the reporting period assumes that all shares have been included in the computation based on the weighted average number of days since issue.

| | 2020 | 2019 |
|---|---|---|
| | GBP | GBP |
| Profit/ (loss) for the year attributable to owners of the Company | 282,748 | (824,874) |
| Weighted average number of ordinary shares in issue for basic earnings | 697,562,746 | 688,357,267 |
| Weighted average number of ordinary shares in issue for fully diluted earnings | 710,562,746 | 688,357,267 |
| Gain/ (loss) per share (pence per share) | | |
| Basic | 0.04 | (0.12) |
| Diluted | 0.04 | (0.12) |

## 11. CASH AND CASH EQUIVALENTS

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| Cash and cash equivalents | 52,734 | 34,875 | 26,415 | 22,846 |

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

## 12. TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| **Current** | | | | |
| Other debtors | - | 7,913 | - | - |
| GST receivable | 1,865 | - | - | - |
| | **1,865** | **7,913** | **-** | **-** |
| **Non-current** | | | | |
| Loan to controlled entity | - | - | 1,344,409 | 1,341.710 |
| | **-** | **-** | **1,344,409** | **1,341,710** |

No receivables were past due or provided for at the year-end or at the previous year end. The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

## 13. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 17 June 2020, the Company sold 90% of the investment in Deep Blue Minerals (Pty) Ltd to Align Capital via a write-off of the loan from Align of GBP100,000.

The results of the discontinued operations which have been included in the consolidated income statement, were as follows:

| | 2020 GBP | 2019 GBP |
|---|---|---|
| Other income | 130,953 | 7,391 |
| Expenses | (202,672) | (39,112) |
| **(Loss) before tax of discontinued operations** | (71,719) | (31,721) |
| Tax | - | - |
| **(Loss) of discontinued operations attributable to the owners of the Company** | (71,719) | (31,721) |

During the year, Deep Blue Minerals (Pty) Ltd contributed to the Group's cash flows as follows:

| | 2020 GBP | 2019 GBP |
|---|---|---|
| Operating cash flows | (46,936) | (44,057) |
| Investing cash flows | 56 | - |
| Financing cash flows | 36,439 | 54,418 |
| Total cash flows | (10,441) | 10,361 |

## 14. PLANT AND EQUIPMENT

| | CONSOLIDATED | |
|---|---|---|
| | GBP 2020 | GBP 2019 |
| **Plant and equipment** | | |
| - At cost | 16,453 | 16,303 |
| - Less accumulated depreciation | (11,378) | (9,700) |
| | 5,075 | 6,603 |

| | PLANT AND EQUIPMENT GBP 2020 | PLANT AND EQUIPMENT GBP 2019 |
|---|---|---|
| **Carrying amount at the beginning of the period** | 6,603 | 2,152 |
| Additions | - | 6,912 |
| Disposals | - | (1,091) |
| Depreciation | (1,558) | (1,338) |
| Foreign exchange | 30 | (32) |
| **Carrying amount at the end of the period** | 5,075 | 6,603 |

## 15. EXPLORATION AND EVALUATION EXPENDITURE

| | CONSOLIDATED | |
|---|---|---|
| | 2020 | 2019 |
| | GBP | GBP |
| **Non-producing properties** | | |
| Balance at the beginning of the period | 2,663,707 | 2,830,470 |
| Exploration and evaluation expenditure | 36,402 | 587,111 |
| Impairment of exploration and evaluation expenditure | - | (703,936) |
| Foreign exchange | (4,428) | (49,938) |
| Balance at the end of the reporting period | 2,695,681 | 2,663,707 |

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas.

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| Investment in VOX Royalty Corp Plc | 224,407 | - | 224,407 | - |
| Investment in Tirupati Graphite Plc | - | 40,122 | - | 40,122 |
| | 224,407 | 40,122 | 224,407 | 40,122 |

The investment in Tirupati Graphite Plc ("TRM") relates to the joint venture holding company of a joint venture agreement between Tectonic Gold and Tirupati Carbons and Chemicals Pvt. Ltd ("Tirupati"). US$50,000 was invested by way of a subscription for 1.48% of the enlarged issued share capital of TRM. TRM is the 98% owner of Tirupati Madagascar Ventures SARL ("TMV"), the owner of the Vatomaina licence, Exploitation Permit (PE) No. 38321.

On the 2nd of September 2019, the Company announced the sales of its 2.5% royalty interest in Bass Metals' Graphmada graphite mine to Silverstream SEZC for a consideration of up to A$550,000 in cash and convertible notes. The Company received a CAD$250,000 one year 5% unsecured convertible note maturing on 27 August 2020 with the balance of the consideration due in cash subject to performance milestones.

Convertible Note of CAD$250,000 was settled on 25 May 2020 with the issue of 98,039 shares in VOX Royalty Corp (VOX) (formerly Silverstream SEZC) at a price of CAD$3.00 per share less 15% discount which amounts to CAD 2.55 per share. The closing price as at 30 June 2020 was CAD $3.85.

**Measurement of fair value of financial instruments**

The management team of Tectonic Gold perform valuations of financial items for financial reporting purposes, with everything being a Level 1 listed investment. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

## 17. CONTROLLED ENTITIES

Details of controlled entities are as follows:

| PARENT ENTITY | COUNTRY OF INCORPORATION |
|---|---|
| **Tectonic Gold Plc**<br>25 Bilton Road, Rugby, England, CV22 7AG | United Kingdom |

| CONTROLLED ENTITIES | PRINCIPAL ACTIVITIES | COUNTRY OF INCORPORATION | PERCENTAGE OF EQUITY HELD BY THE COMPANY 2020 % | PERCENTAGE OF EQUITY HELD BY THE COMPANY 2019 % | INVESTMENT HELD BY THE COMPANY 2020 GBP | INVESTMENT HELD BY THE COMPANY 2019 GBP |
|---|---|---|---|---|---|---|
| **Signature Gold Pty Ltd**<br>13/20 Bridge Street, Sydney NSW, Australia 2001 | Mineral exploration | Australia | 100 | 100 | 3,605,254 | 3,605,254 |
| **Deep Blue Minerals Pty Ltd**<br>6 Reier Avenue, Alexander Bay, Northern Cape<br>Republic of South Africa, 8290 | Mineral Exploration | South Africa | 10 | 100 | 0.5 | 5 |
| **Whale Head Minerals Pty Ltd**<br>6 Reier Avenue, Alexander Bay, Northern Cape<br>Republic of South Africa, 8290 | Mineral Exploration | South Africa | 100 | - | - | - |

(i) Signature Gold Limited was converted from a Public Limited Company to a Private Limited Company on 3 June 2019.

(ii) Deep Blue Minerals Pty Ltd was incorporated on 17 April 2019 and 90% of the Company's interest in Deep Blue Minerals Pty Ltd was sold on 17 June 2020.

(iii) Whale Head Minerals Pty Ltd was incorporated on 14 February 2020.

## 18. OTHER ASSETS

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| Prepayments (i) | 349,341 | 346,151 | - | - |
| Other prepayments | 5,100 | 6,440 | 5,100 | 5,100 |
| Security deposits | 3,351 | 7,821 | - | - |
| | **357,792** | **360,412** | **5,100** | **5,100** |

(i) In 2018 the Company paid Titeline Drilling Pty Ltd ACN 096 640 201 (Titeline) for future drilling services in accordance with the heads of agreement dated 28 March 2018 between Titeline, Signature and StratMin.

(ii) Titeline has been engaged to complete 10,000 meters of diamond drilling to produce core samples for analysis, assay and metallogenic studies from the Company's Biloela Project site. A review to be completed after 2,500 metres of drilling has been completed and the completion program for the remaining 7,500 metres to be mutually agreed.

As at 30 June 2018, the prepayment of GBP 633,825 (A$1,125,000) to Titeline was comprised of:

- GBP 126,765 (A$225,000 excluding GST) paid in cash; and
- pre-paid technical services amounting to GBP 507,060 ($A90,000) settled with the issue of 5,544,484 fully paid ordinary shares issued in the Company at an issue price of A$0.162 per share.

As at 30 June 2020, the balance of the prepayment to Titeline is GBP 349,341 (A$625,386) (2019: GBP346,151 A$625,386).

## 19. TRADE AND OTHER PAYABLES

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| **Current** | | | | |
| Trade payables | 233,667 | 195,024 | 18,870 | 24,074 |
| Other payables | 3,962 | 11,104 | - | - |
| Accrued expenses | 47,083 | 69,552 | 49,333 | 38,833 |
| | **284,712** | **275,680** | **68,203** | **62,907** |
| **Non-Current** | | | | |
| Other payables | 16,060 | 15,913 | - | - |
| | **16,060** | **15,913** | **-** | **-** |

The Directors consider the carrying amount of trade payables approximates to their fair value.

## 20. BORROWINGS

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| **Current** | | | | |
| Loan from Shareholder(iii) | - | 50,000 | - | 50,000 |
| | **-** | **50,000** | **-** | **50,000** |
| **Non-Current** | | | | |
| Loan payable to director related entities(i) | 70,650 | 81,961 | 56,685 | - |
| Loan payable to Consolidated Minerals Pte Ltd(i)(ii) | 156,258 | 154,832 | - | - |
| | **226,908** | **236,793** | **56,685** | **-** |

(i) The loans outstanding at the end of the reporting period and comparative periods do not accrue interest and are not due to be repaid on or before 12 months after the end of each reporting period.

(ii) Signature Gold and shareholder Consolidated Minerals Pte Ltd, a resources and infrastructure investment fund based in Singapore, are evaluating international IRGS assets as cooperative opportunities. The parties expect to settle the loan as part of an agreement on one or more of these projects either in equity via an acquisition or merger or as a joint venture interest via a farm in. This is not expected to complete prior to 30 June 2021.

(iii) During the reporting period the Company borrowed an additional GBP 50,000 and as at 17 June 2020 the Company owed GBP 100,000 to Align Research Limited. On 16 December 2019 the Company entered into an option agreement with the owner of Align Research Limited to acquire a 90% interest in Tectonic South Africa Pty Ltd (renamed Deep Blue Minerals Pty Ltd) for GBP 100,000. Consideration is to be met by offsetting the GBP 100,000 loan from Align Research Limited to Tectonic Gold Plc. This loan was settled on 17 June 2020.

The Directors consider the carrying amount of short-term borrowings approximates to their fair value.

## 21. EMPLOYEE BENEFITS

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| **Current** | | | | |
| Annual Leave | - | **14,174** | - | - |
| **Non-Current** | | | | |
| Long Service Leave | - | **11,363** | - | - |

## 22. ISSUED CAPITAL

| | Jun-20 GBP |
|---|---|
| 697,562,746 fully paid 0.001p ordinary shares (2019: 697,562,746 fully paid ordinary shares) | 6,100,615 |

**Fully Paid Ordinary Shares**

Reconciliation of share issued during the reporting period is set out below:

| | 2020 NUMBER | ISSUE PRICE GBP | 2020 £ | 2019 NUMBER | ISSUE PRICE GBP | 2019 £ |
|---|---|---|---|---|---|---|
| **Balance at the beginning of the period** | 697,562,746 | | 6,100,615 | 687,562,746 | | 6,099,615 |
| **01 June 2019: Issue of shares** | | | | 10,000,000 | 0.0001 | 1,000 |
| **Balance at the end of the period** | **697,562,746** | | **6,100,615** | **697,562,746** | | **6,100,615** |

Each ordinary share carries the right to be one vote at shareholders' meetings and is entitled to participate in any dividends or other distributions of the Company.

## 23. RESERVES

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| **Foreign Currency Translation Reserve** | | | | |
| Opening balance | (92,681) | (58,251) | - | - |
| Foreign currency translation | 17,416 | (34,430) | - | - |
| Closing balance | **(75,265)** | **(92,681)** | **-** | **-** |
| **Warrant Reserve** | | | | |
| Opening balance | 95,098 | 95,098 | 95,098 | 95,098 |
| Additions | - | - | - | - |
| Closing balance | **95,098** | **95,098** | **95,098** | **95,098** |
| **Reverse Takeover Reserve** | | | | |
| Opening balance | (57,976,182) | (57,976,182) | - | - |
| Additions | - | - | - | - |
| Closing balance | **(57,976,182)** | **(57,976,182)** | **-** | **-** |

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Option Reserve represents the fair value of options granted to employees and suppliers for services provided to the Group. The fair value of options is expensed over the vesting period or during the period in which the services are received.

The Reverse Takeover Reserve represents the adjustment needed to reflect the reverse takeover of Signature Gold which was completed on 25 June 2018.

## 24. CASH FLOW INFORMATION

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| Profit/(Loss) for the reporting period before taxation | 282,747 | (824,874) | 178,567 | (292,465) |
| **Add/(deduct): Non-cash items** | | | | |
| Depreciation and amortisation | 1,515 | 1,338 | - | - |
| Gain on sale of Deep Blue Minerals Plc | (76,171) | - | (99,996) | - |
| Impairment of exploration and evaluation expenditure | - | 703,936 | - | - |
| Impairment of loan to Tectonic Gold S.A | - | - | 117,606 | - |
| Royalty settled in equity | (224,407) | - | (224,407) | - |
| Share based payment | - | 30,000 | - | 30,000 |
| Foreign exchange | (8,368) | 24,296 | (10,414) | 23,654 |
| Gain on sale of Tirupati | (46,722) | - | (46,722) | - |
| Non-cash profit on disposal of property, plant and equipment | - | 1,091 | - | - |
| **Change in assets and liabilities net of the effect of acquisitions and disposals associated with business combinations:** | | | | |
| Increase in trade and other receivables | 6,048 | 71,879 | - | 77 |
| Increase/(Decrease) in other assets | 2,260 | (399) | - | 5,354 |
| (Decrease)/Increase in trade creditors and accruals | (5,142) | (206,010) | 5,297 | 27,096 |
| Increase in provisions | - | 1,325 | - | - |
| **Net cash used in operating activities** | (67,880) | (197,418) | (80,069) | (206,284) |

**Non-cash financing and investing activities**

There were no non-cash financing and investing activities during the year.

## 25. FINANCIAL INSTRUMENTS

### Financial assets by category

The IFRS 9 categories of financial assets included in the Statement of financial position and the headings in which they are included are as follows:

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| Financial assets at fair value through profit and loss | 224,407 | 40,122 | 224,407 | 40,122 |
| Financial assets at amortised cost: | | | | |
| Cash and cash equivalents | 52,734 | 34,875 | 26,415 | 22,846 |
| Trade and other receivables | 1,865 | 7,913 | - | - |
| | **279,006** | **82,910** | **250,822** | **62,968** |

### Financial liabilities by category

The IFRS 9 categories of financial liability included in the Statement of financial position and the headings in which they are included are as follows:

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | GBP | GBP | GBP | GBP |
| Financial liabilities at amortised cost: | | | | |
| Trade and other payables | 300,772 | 291,593 | 68,203 | 62,907 |
| Borrowings | 226,908 | 286,793 | - | 50,000 |
| | **527,680** | **578,386** | **68,203** | **112,907** |

### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, (previously includes the borrowings) cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses, all as disclosed in the Statement of Financial Position.

### Financial risk management objectives

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market price risk.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Since 25 June 2018. the Company's major activity is now investment in Australia through its subsidiary Signature Gold, bringing exposure to the exchange rate fluctuations of GBP/£ Sterling with both Australian Dollars.

Exchange rate exposures are managed within approved policy parameters. The Company does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another and the currencies most widely traded are relatively stable.

## 26. FINANCIAL INSTRUMENTS (continued)

The Directors consider the balances most susceptible to foreign currency movements to be the net assets of Signature Gold for the Group and the Investment Available for Sale for the Company.

| CONSOLIDATED | 2020 AUD | 2019 AUD |
|---|---|---|
| Net Assets of Signature Gold | 2,388,881 | 2,252,911 |

| COMPANY | GBP 2020 | GBP 2019 |
|---|---|---|
| Financial assets at fair value through profit and loss | 224,407 | 40,122 |

The following table illustrates the sensitivity of the value of the foreign currency denominated assets in regard to the change in AUD exchange rates.

It assumes a +/- 15% change in the AUD/GBP exchange rate for the year ended 30 June 2020 (2019:15%).

**Impact of exchange rate fluctuations**

| | AUD IMPACT 2020 GBP | AUD IMPACT 2019 GBP |
|---|---|---|
| Average movement in exchange rate | 15% | 15% |
| **Change in equity** | | |
| Increase in GBP value | 200,164 | 187,048 |
| Decrease in GBP value | 200,164 | 187,048 |
| **Result for the period** | | |
| Increase in GBP value | **10,868** | **75,374** |
| Decrease in GBP value | **10,868** | **75,374** |

Exposure to foreign exchange rates varies during the year depending on the volume and nature of foreign transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

**Interest rate risk management**

The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

There are no long-term loans or short-term loans that carry any interest and thus sensitivity analyses have not been provided on the exposure to interest rates for both derivatives and non-derivative instruments during the year.

There would have been no effect on amounts recognised directly in equity.

**Credit risk management**

The Group's financial instruments, which are subject to credit risk, are considered to be cash and cash equivalents and trade and other receivables, and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

The Group's maximum exposure to credit risk is £54,599 (2019: £82,910) comprising other receivables, investments and cash.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Company's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities. The Company's liquidity risk arises in supporting the trading operations in the subsidiaries, which hopefully will start to generate profits and positive cash-flows in the short term. However, as referred to in Note 3 the Company is currently exposed to significant liquidity risk and needs to obtain external funding to support the Company going forwards.

## 27. RELATED PARTY DISCLOSURES

**Company**

The remuneration of the Directors, who are the key management personnel of the Group, is set out in Note 8.
Loans from the related parties are disclosed in Note 20.

During the reporting period, consulting fees totalling GBP 14,428 was paid to Zeg Choudhry, former Director of Tectonic Gold Plc.

**Group**

During the reporting period,

(i) On 17 June 2020, the balance owing to Brett Boynton from Deep Blue Minerals Pty Ltd was GBP 56,685 (2019: £68,124). On the date of sale of Deep Blue Minerals Pty Ltd being 17 June 2020, this loan was assigned to Tectonic Gold Plc. This loan is unsecured, interest free and not required to be repaid on or before 30 June 2021.

(ii) As at 30 June 2020, Mr Boynton had advanced A$25,000 (2019: $25,000) to Signature Gold. This loan is interest free and is not required to be repaid on or before 30 June 2021.

## 28. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

**Exploration Lease Expenditure Commitments**

In order to maintain the Company's tenements in good standing with Queensland Mines and Energy, the Company will be required to incur exploration expenditure under the terms of each licence. It is likely that the granting of new licences and changes in the terms of each licence will change the expenditure commitment from a to time.

| | 2020<br>GBP | 2019<br>GBP |
|---|---|---|
| Payable: | | |
| - within one year | 280,374 | 312,652 |
| - later than one year but not later than five years | 679,507 | 937,204 |
| | 959,881 | 1,249,856 |

## 29. EVENTS AFTER THE REPORTING PERIOD

(i) On 31 August 2020, the Company paid for 20 million shares in Kazera Global Investment Plc priced at 0.5p per share, under the terms of the transaction for the sale of Deep Blue Minerals Plc announced on 4 June 2020. Funds for the share purchase were provided by way of a Director's Loan from B Boynton. The loan does not accrue interest.

(ii) On 9 September 2020 the Company raised £402,800 via the issuance of 146,472,721 shares at 0.275p per share. Following the raise, Tectonic has a total of 844,035,467shares on issue.
In addition, subscribers to the raise were granted warrants on a one for one basis whereby each warrant entitles the holder to subscribe for a new Ordinary share at 0.7p per share at any time prior to the expiry of 30 days after the Company publishes the results of its drilling program.
At the same time as the raise, The Company's directors and executive elected to forgo cash payment of fees and instead took 65.5 million options with a strike price of 0.275p and having a notional face value of £180,000. Vesting of the options was subject to the share price remaining above 1p for 30 consecutive days.

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Company in subsequent financial years.