Registered number: 1570939

GEORGIAN MINING CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

GEORGIAN MINING CORPORATION

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COMPANY INFORMATION

Directors	Neil O'Brien (Non-Executive Chairman) Michael Struthers (Chief Executive Officer) Gregory Kuenzel (Finance Director) Laurence Mutch (Non-Executive Director) Peter Damouni (Non-Executive Director)
Registered Office	Craigmuir Chambers PO Box 71 Road Town Tortola British Virgin Islands VG1110
Company Number	1570939
Bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ
Nominated Adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Independent Auditor	PKF Littlejohn LLP Registered Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Hill Dickinson LLP 105 Jermyn Street St James's London SW1Y 6EE
Solicitors (BVI)	Harney Westwood & Riegels Craigmuir Chambers PO Box 71 Road Town, Tortola British Virgin Islands VG1110

CHAIRMAN'S REPORT

Key Achievements

The last twelve months have undoubtedly been a challenging period for the Company as we have continued to try to resolve the delay in being granted the exploration permit extension within our 30-year mining concession in Georgia. This application has been in the hands of government since June 2018. A number of governmental changes have occurred which have hindered resolving the application, including a change in the Prime Minister and cabinet in mid-2018, delays in some new ministers commencing their roles, and the Presidential elections later in the year. But regardless we continue to be successful in regularly engaging with senior levels of government, and in raising the profile of the Company in the wider business community in Georgia.

As a result of these continued delays, the Directors have concluded that the Georgian exploration assets no longer fully meet the capitalisation criteria under IFRS 6 and have recognised an impairment provision against these assets until the good standing of the exploration permits is resolved. This impairment will be reversed once the permits have been renewed.

The team in Georgia have continued to add value through desktop work, initially focussed on the Kvemo Bolnisi East ("KBE") and West ("KBW") projects, then moving on to Dambludi and Tsitel Sopeli, and also stepping out to confirm regional datasets and regional models for more specific drill targeting.

The KBE desktop work was a complete review and revision of the sample data to confirm there were no issues for the data to be used as the final drill planning dataset and that the final drill plan as proposed was the best infill program to confirm the new geological model. Wireframes were also revised, focusing on the lithology and metal distributions within the lithologies and structures. An important aspect is the supergene mineralization and the complex interaction of the various copper species, and the resulting detailed understanding now provides the highest confidence for resource sign-off.

The KBE work then expanded into a KBW review which assisted the infrastructure study so that early mining of KBE would not inadvertently sterilize the potential to expand the general Kvemo Bolnisi area prospects. This work led to further remote sensing geophysics which developed drill targets immediately adjacent to KBE and which, if successful in generating an expanded resource, would be quickly incorporated into a KBW mining plan in parallel with KBE.

An important aspect of all of the above was integrating the Georgian staff into the detailed technical planning and including the professional use of software in planning, confirming and presenting data for ground truthing and drill planning.

Work on Tsitel Sopeli focussed on database verification and a detailed line-by-line review of all Soviet and post-Soviet data, which will be the base for the maiden JORC-compliant resource. This is ongoing as at the date of reporting.

The Dambludi work extended the same data verification reviews to geological modelling, given the combination of available drilling and underground development assays and geology mapping data. The resulting detailed geological model is a significant improvement over earlier work, and provided the basis for then investigating how metal distribution is related to detailed geology, and hence definition of the best value drilling programme going forwards.

Financial Results

During the year, as a result of renegotiating of certain terms within the Joint Venture agreement, including board composition of the JV company, for accounting purposes the Company was no longer considered to control the JV and as a result the JV company is no longer consolidated.

As an exploration and development group which has no revenue we are reporting a loss for the twelve months ended 31 December 2018 of £8,785,533 (31 December 2017: loss of £2,382,476). The increase in the loss is largely as a result of the impairment charge on the Georgian projects and on loans made to the JV of £4,185,028 (2017: £Nil) and a share of loss from Joint Venture of £3,994,585 (2017: £Nil) in relation to the Georgian assets.

The Group's cash position at the date of signing this report is £420,000.

Outlook

Beyond the obvious priority of resolving the extraordinary delay in awarding the exploration permit extension, the Company's strategy is essentially unchanged, that is:

1. To press ahead with the continued development of the KBE Project through the execution of the detailed work programme.

2. In parallel, to validate historical data and further progress target testing and resource development work on the Tsitel Sopeli and Dambludi projects, and to test other targets in the wider license area. There are over a dozen known targets with significant resource potential, and we have an excellent opportunity for developing a pipeline of gold-copper projects all within reach of established processing facilities.

3. Acquiring new assets – The Company has continued to examine other opportunities both in Georgia and within the regional Tethyan Belt.

Preliminary plans have been prepared for the development of the KBE, Tsitel Sopeli and Dambludi projects which indicate the potential to create three new mines in the region within 5-6 years. We are particularly excited about the potential at Tsitel Sopeli which has the potential to be a world-class gold project, yet historical drilling did not test the highest-grade "bonanza" gold zones at depth that characterise this type of low-sulphidation epithermal gold system.

Other key elements in the future work programme are the advancement of environmental studies for the KBE project, and executing a robust CSR programme with local communities and stakeholders.

I would like to thank our Shareholders for their support as well as the Board and Advisors for all their hard work and commitment during what has been a challenging year. We are excited by the opportunity for Georgian Mining to play a key role in developing the highly prospective mineral potential of Georgia to the benefit of our Shareholders and the country.

Neil O'Brien
Non-Executive Chairman
28 June 2019

DIRECTOR'S REPORT

The Directors present their Report, together with the Group Financial Statements and Independent Auditor's Report, for the year ended 31 December 2018.

Principal Activities and Business Review

The principal activity of the Group is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Report on pages 3 and 4.

Principal risks and uncertainties are discussed on pages 6 to 9.

Results and Dividends

The loss of the Group for the year ended 31 December 2018 before taxation amounts to £8,785,533 (31 December 2017: loss of £2,382,476). The increase in the loss is largely as a result of the impairment charge of £4,185,028 (31 December 2017: £Nil) and a share of loss from JV of £3,994,585 (2017: £Nil) in relation to the Georgian assets (Refer Note 9).

The Directors do not recommend the payment of a dividend for the year (31 December 2017: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2018 had the following beneficial interests in the shares of the Company at year end and as at the date of this Report:

	31 December 2018		31 December 2017	
Director	**Ordinary Shares**	**Options**	**Ordinary Shares**	**Options**
Gregory Kuenzel	597,467	2,500,000	347,467	2,500,000
Martyn Churchouse [1]	-	-	2,600,000	-
Peter Damouni	407,500	2,000,000	187,500	2,000,000
Neil O'Brien	1,650,000	800,000	1,400,000	800,000
Laurence Mutch	150,000	1,150,000	-	1,150,000
Michael Struthers [2]	350,000	2,000,000	n/a	n/a

[1] Resigned 17 January 2018

[2] Appointed 17 January 2018

Further details on options can be found in Note 15 to the Financial Statements.

Key Performance Indicators ("KPIs")

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. Until such a time as the Georgian exploration license issue is resolved, the KPI of most significance to the Group is cash. The indicators set out below will be used by the Board to assess performance over the period following the settlement of the license issue.

The three main KPIs for the Group are as follows. These allow the Board to monitor costs and plan future exploration and development activities:

	2018	**2017**
Cash and cash equivalents	£525,354	£2,569,997
Administrative expenses as a percentage of total assets	202.82%	14.06%
Exploration costs capitalised	£287,245	£2,189,076

The reason for the significant increase in the administrative costs as a percentage of total assets is due to the reduced assets following the impairment of the Group exploration assets in Georgia and relate investment balances. The actual administrative expense as a total has reduced from the prior year.

This is the sixth complete year of corporate and exploration activity.

DIRECTOR'S REPORT

Corporate Responsibility

Environmental

Georgian Mining undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. At present, Georgian Mining is a mineral explorer and developer, not a mining company. Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Georgian Mining conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

Georgian Mining operates a comprehensive health and safety programme to ensure the wellbeing and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

The Group has established and published robust corporate health, safety, environmental and community relations policies, and at the operations level have put into place clear safe operating procedures covering a variety of the Group's activities. The active participation of all staff in the development, implementation and further development of these procedures is actively encouraged.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Environmental risk

In relation to the Group's existing projects the environmental impact to date is limited to activities associated with exploration. The ultimate development of any project into a mining operation will inevitably impact considerably on the local landscape and communities. These projects sit in an area of considerable natural beauty and therefore there is likely to be opposition to mining by some parties. This may impact on the cost and/or Group's ability to sell or move these projects into production.

While the Group believes that its operations and future projects are currently, and will be, in substantial compliance with all relevant material environmental and health and safety laws and regulations, including relevant international standards, there can be no assurance that new laws and regulations, or amendments to, or stringent enforcement of, existing laws and regulations will not be introduced.

Nevertheless, the Group will continue to vigorously apply international standards to the design and execution of any and all of its activities, including engagement and consultation with local communities, and non-governmental and Governmental organisations to ensure any impacts of current and future activities are minimised and appropriately managed. The Group has established a comprehensive suite of health, safety, environmental and community policies which will underpin all future activities.

Exploration and mining risks

Whilst the Directors endeavour to apply what they consider to be the latest technology to assess potential projects, the business of exploration for and identification of minerals and metals, in particular gold, is speculative and involves a high degree of risk. The mineral and metal deposits of any projects acquired by the Group may not contain economically recoverable volumes of minerals, base metals, precious metals or hydrocarbons of sufficient quality or quantity. Even if there are economically recoverable deposits, delays in the construction and commissioning of mining projects, risks of non-renewal or extensions of the licences or other technical difficulties may make the deposits difficult to exploit.

The exploration and development of any project may be disrupted, damaged or delayed by a variety of risks and hazards which are beyond the control of the Group. These include (without limitation) geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, acts of God and government regulations or delays.

Exploration is also subject to general industrial operating risks, such as equipment failure, explosions, fires and industrial accidents, which may result in potential delays or liabilities, loss of life, injury, environmental damage, damage to or destruction of property and regulatory investigations. The Group may also be liable for the mining activities of previous miners and previous exploration works. Although the Group intends, itself or through its operators, to maintain insurance in accordance with industry practice, no assurance can be given that the Group or the operator of an exploration project will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The Group may elect not to become insured because of high premium costs or may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Reserve and resource estimates

The Group's reported reserves and resources are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience.

Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Group may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover.

In the preparations of resources and reserves the Group uses recognised international estimation methods and reporting standards, such as the Australian JORC Code (2012), or that of the Canadian Institute of Mining standard (CIM, 2010).

Volatility of gold, copper and other commodity prices

Historically, commodity prices (including in particular the price of gold and copper) have fluctuated and are affected by numerous factors beyond the Group's control, including global demand and supply, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's exploration projects.

A significant reduction in global demand for gold, leading to a fall in gold or copper prices, could lead to a significant fall in the cash flow of the Group and/or a delay in exploration and production or even abandonment of a project should it prove uneconomical to develop, which may have a material adverse impact on the operating results and financial condition of the Group.

Financing

The successful exploration or exploitation of natural resources on any project will require significant capital investment. The only sources of financing currently available to the Group are through the issue of additional equity capital in the Company or through bringing in partners to fund exploration and development costs. The Group's ability to raise further funds will depend on the success of their investment strategy and acquired operations. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

Political, economic and regulatory regime

The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control. Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.

The Group's activities will be dependent upon the grant of appropriate licences, concessions, leases, permits, and regulatory consents that may be withdrawn or made subject to limitations. There can be no assurance that they will be granted or renewed or if so, on what terms. There is also the possibility that the terms of any licence may be changed other than as represented or expected.

Georgia, the current focus of the Group's activity, offers a stable political framework and actively supports foreign investment. The country has a well-developed exploration and mining code and proactive support for foreign companies. Through a programme of proactive engagement with Government at all levels the Group is able to partially mitigate these risks by establishing professional working relationships.

Dependence on key personnel

The Group is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Nevertheless, through programmes of incentivising staff, appropriate succession planning, and good management these risks can be largely mitigated.

Dependence on JV Partner

The Group's short term production plans are based on utilising its JV Partner's existing plant and other infrastructure. The ability of the Group to move into production in the short term is dependent on being granted access to this infrastructure and entering into a production and processing agreement with the JV Partner.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, funding risk, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage foreign currency risk and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Going Concern

To continue as a going concern, the Group is reliant on future cash resources. The Directors have a reasonable expectation that the Group has and will have future access to adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern in Note 0 of the Financial Statements.

Directors' and Officers' Indemnity Insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report.

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 28 June 2019 and signed on its behalf.

Michael Struthers
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the applicable law and regulations including the AIM Rules for Companies.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the Group's Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group, 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 Group's website, www.georgianmining.com. The Group is compliant with AIM Rule 26 regarding the Group's website.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

GEORGIAN MINING CORPORATION

CORPORATE GOVERNANCE REPORT

The Board of Georgian Mining Corporation have adopted the QCA Corporate Governance Code ("the Code") as its code of corporate governance. The Code is published by the Quoted Companies Alliance ("QCA") and is available at www.theqca.com.

The key governance related matters that occurred during the financial year ended 31 December 2018 was the formal adoption of the QCA code, the resignation of Martyn Churchouse as a Director and the appointment of Michael Struthers as Chief Executive Officer.

Corporate Governance Report
The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Group and Company applies each of the principles:

Principle One
Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Group . The Group's strategy is continue to progress the development of its existing projects in Georgia and on an ongoing basis to evaluate existing and new mineral resource opportunities with a view to potential joint venture arrangements and/or other corporate activities. The Board implements this by focusing investment into the exploration of world-class mineralised domains, establishing strict criteria for project selection, utilising industry recognised methods of exploration and resource development, applying a results-driven approach, actively monitoring operational and financial performance, measured against deliverable targets and budgets and considering alternative commercial options for projects which no longer meet the established criteria of the Group.

Principle Two
Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.georgianmining.com, and via Michael Struthers, CEO who is available to answer investor relations enquiries.

Principle Three
Considering wider stakeholder and social responsibilities

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, all employees of the Company participate in a structured Company-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Principle Four
Risk Management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Environmental Risk	Negative environmental impact of operations	The ultimate development of any project into a mining operation will inevitably impact considerably on the local landscape and communities	Vigorously apply international standards to the design and execution of any and all of its activities, including engagement and consultation with local communities, and non-governmental and Governmental organisations to ensure any

			impacts of current and future activities are minimised and appropriately managed.
Exploration and Mining Risk	The mineral and metal deposits of any projects acquired by the Group may not contain economically recoverable volumes of minerals, base metals, precious metals or hydrocarbons of sufficient quality or quantity.	The ongoing economic viability of the Company	Ongoing monitoring of results, assessment by independent experts on recoverable volumes, geological, geotechnical and seismic factors, environmental hazards, technical failures, adverse weather conditions, acts of God and government regulations or delays
Exploration Permit Renewal	The Company's Exploration permits are not renewed	The loss of the right to explore the key assets could affect the ability of the Group to continue as a going concern	Proactive engagement with Government at all levels
Reserve and resource estimates	Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative.	Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production.	In the preparations of resources and reserves the Group uses recognised international estimation methods and reporting standards, such as the Australian JORC Code (2012) and CIM (2010).
Volatility of gold, copper and other commodity prices	Fluctuations in commodity prices, over the long term, may adversely impact the returns of the Group's exploration projects.	A significant reduction in global demand for gold, leading to a fall in gold or copper prices, could lead to a significant fall in the cash flow of the Group and/or a delay in exploration and production or even abandonment of a project should it prove uneconomical to develop, which may have a material adverse impact on the operating results and financial condition of the Group.	Ongoing monitoring of economic events and markets.
Strategic	Market downturn Failure to deliver commerciality	Change in Macro economic conditions Inability to secure offtake agreements	Ongoing monitoring of economic events and markets. Active marketing and experienced management
Financial	Misappropriation of Funds IT Security Ability to raise further capital	Fraudulent activity and loss of funds Loss of critical financial data The Group may be required to reduce the scope of its investments or anticipated expansion	Robust financial controls and split of duties. Regular back up of data online and locally. Ongoing monitoring of economic events and markets.

Political, economic and regulatory regime	The licences and operations of the Group are in jurisdictions outside the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control.	The Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences and changes to the laws governing mineral exploration and operations.	Proactive engagement with Government at all levels

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Finance Director and the outsourced finance function and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle Five
A Well Functioning Board of Directors

As at the date hereof the Board comprised, the CEO Michael Struthers, Chairman Neil O'Brien, Finance Director Gregory Kuenzel and two Non-Executive Directors, Laurence Mutch and Peter Damouni. Details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least twice per annum. It has established an Audit Committee, Remuneration Committee and AIM Compliance Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. Peter Damouni, Neil O'Brien and Laurence Mutch are considered to be Independent Directors. The Board shall review further appointments as scale and complexity grows.

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. In order to be efficient, the Directors meet formally and informally both in person and by telephone. To date there have been at least bi-monthly meetings of the Board, and the volume and frequency of such meetings is expected to continue at this rate.

	Meetings Attended	Meetings eligible to attend
Michael Struthers	3	3
Neil O'Brien	3	3
Gregory Kuenzel	3	3
Laurence Mutch	3	3
Peter Damouni	3	3

Principle Six
Appropriate Skills and Experience of the Directors

The Board currently consists of five Directors and, in addition, the Company has employed the services of Gregory Kuenzel to act as the Company Secretary. The Company is satisfied that given its size and stage of development, between the Directors, it has an effective and appropriate balance of skills and experience across technical, commercial and financial disciplines. The Director's experience and skills are listed on the Company's website, www.georgianmining.com.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Michael Struthers
Chief Executive Officer

Neil O'Brien
Non-executive Chairman
Member of the Audit, Remuneration and AIM Compliance Committees.

Gregory Kuenzel
Finance Director and Company Secretary

Laurence Mutch
Non-executive Director
Chairman of the Audit Committee and member of the Remuneration Committee and the AIM Compliance Committee.

Peter Damouni
Non-executive Director
Chairman of the Remuneration Committee and the AIM Compliance Committee, member of the Audit Committee.

Principle Seven
Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors is to be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance of the various governance components, as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

Principle Eight
Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders.

Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine
Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Audit Committee
The Audit Committee comprises Neil O'Brien and Peter Damouni, and Laurence Mutch chairs this committee. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.
There was 2 Audit Committee meetings held during the year with all committee members in attendance.

Remuneration Committee
The Remuneration Committee comprises Neil O'Brien and Laurence Mutch, and Peter Damouni chairs this committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.
There was 2 Remuneration Committee meetings held during the year with all committee members in attendance.

AIM Compliance Committee
The AIM Compliance Committee comprises Neil O'Brien and Laurence Mutch, and Peter Damouni chairs this committee. The AIM Compliance Committee is responsible for the coordinating and monitoring the Company's regulatory responsibilities including liaising with the Nomad and the London Stock Exchange as necessary. The purpose of the AIM compliance committee is to designate responsibility of ensuring best practice and application of the defined corporate governance procedures. No AIM Compliance Committee meetings were held during the year.

Nominations Committee
The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Non-Executive Directors
The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten
Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company though its website, www.georgianmining.com, and via Michael Struthers, CEO, who is available to answer investor relations enquiries.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

Peter Damouni
Non-Executive Director

28 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEORGIAN MINING CORPORATION

Independent Auditor's Report to the Members of Georgian Mining Corporation

Opinion

We have audited the group financial statements of Georgian Mining Corporation (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement 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.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to Note 2.4 in the financial statements, which states that the group continues negotiations with the Georgian authorities with regards to the ongoing good standing of the exploration permits held within the 30 year Mining Licence. This has resulted in an impairment to the carrying value of the Georgian exploration asset of £4,185,028 and a share of loss from JV of £3,994,585. Whilst the directors have indicated their confidence in retaining the licenses in good standing, if it is not approved, it will have a serious impact on the group's ability to raise future funds, which will be required in the short to medium term. It may also restrict the ability of the group to undertake further exploration activity in Georgia. As stated in Note 2.4, these events or conditions, along with the other matters as set forth in Note 9, indicate that a material uncertainty exists that may cast significant doubt over the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our application of materiality

Group materiality 2018	Group materiality 2017	Basis for materiality
£110k	*£230k*	*10% of loss before tax (2017: 2% of net assets)*

The benchmark for our calculation of materiality has changed from that applied in 2017. We now consider loss before tax to be the most significant determinant of the group's financial position and performance used by shareholders as opposed to net assets. This is due to the significant impairment made to the assets of the Group in the year and their derecognition from a previously controlled subsidiary to a joint arrangement.

The group was audited to a level of materiality of £110k, with performance materiality being £88k. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. This is updated accordingly during fieldwork and completion dependent on adjustments made during the audit.

An overview of the scope of our audit

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEORGIAN MINING CORPORATION

Of the 5 reporting components of the group, a full scope audit was performed on the complete financial information of 2 components and, for the other components, a limited scope review was performed because they were not material to the group.

The audit of the 5 reporting components of the group was principally performed in London, conducted by PKF Littlejohn LLP using a team with relevant experience of auditing exploration and publicly listed entities.

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 Matters	How the scope of our audit responded to the key audit matter
Carrying value of investments, IFRS 6 related assets carried in the consolidated balance sheet (See note 9) **There is a risk that the carrying value of the Georgian exploration assets within the Joint Venture, including all IFRS 6 related assets held by its parent may be permanent if the good standing of the licenses are not resolved** **In addition, the underlying value of the investment in the subsidiary that owns the joint venture is directly related as any recoverability of the Group's investment is directly dependent on the exploration assets and ongoing activities within the Georgian Joint Venture that is owned by one of the Group's subsidiaries.**	We have discussed the local audited financial statements of Georgian Copper and Gold JSC with the local auditors and their audit opinion thereon. The local auditors have fully impaired the exploration assets in GCG. We have recalculated the share of loss from the joint venture to ensure this is accurately reflected in the Group financial statements. The financial statements show an impairment charge of £4,185k and a share of loss from JV of £3,995k as a result of the uncertainty around the good standing of the licenses as discussed below. The underlying assets of the investments are exploration assets under IFRS 6. We have obtained and reviewed the directors' impairment assessment of intangible assets which considered the areas listed as indicators of impairment under IFRS 6. Our work included the following: • Discussed the current position of the ongoing license negotiations in Georgia; • Reviewing key external reports for indicators of impairment; • Considering the group's future plans for the exploration projects to ensure further activity and expenditure thereto was planned; and • Considering whether there were any indicators that the carrying amount of capitalised expenditure was not recoverable. During our review of the 30-year mining licence (which is still held by GCG), and from discussions with management, it was noted that within this overall licence exists a requirement for separate staged approvals for continued exploration at named deposits and within the wider licence area. A number of the exploration permits within the group's licence area have now expired and the group, along with its JV partner, Caucasian Mining Group, continue a process of negotiating extensions to these exploration periods with the Mining Agency, within the Ministry of Economics and Sustainable Development in Georgia. There has been no progress on this negotiation since the 2017 Annual Report and at the date of this report it is still unclear as to whether the license renewal will be granted. The Group has suspended exploration activity as agreed with the Georgian Mining Agency. Further details are disclosed in Note 9. Due to the high degree of uncertainty of the extensions being approved, and the drawn-out period of negotiations, the Directors' have concluded that the Georgian exploration assets no longer fully meet the capitalisation criteria under IFRS 6 and have recognised an impairment provision against these assets until the good standing of the exploration permits is resolved.

	Other connected Georgian related IFRS 6 assets We have obtained and reviewed the Directors impairment assessment of the carrying value of these assets and have discussed with management the basis for impairment. The Group's investment in GMC Investments Limited, together with the carrying value of the intangible IFRS 6 assets and all related assets, have also been fully impaired by the Directors as their recoverability is dependent on the success of the Georgian exploration assets which have been impaired as noted above. If the Good Standing of the exploration permits is not resolved, this impairment is likely to be permanent.

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 financial statements does not cover the other information and 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.

Responsibilities of directors

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

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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 entity's members, as a body, in accordance with our engagement letter dated 18 April 2018. Our audit work has been undertaken so that we might state to the entity'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 entity and the entity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Zahir Khaki (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

28 June 2019

GEORGIAN MINING CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	Group 2018 £	Group 2017 £
Non-Current Assets			
Property, plant and equipment	8	**34,042**	162,535
Investment in joint venture	22	**-**	-
Intangible assets	9	**-**	10,472,718
		34,042	10,635,253
Current Assets			
Trade and other receivables	10	**141,105**	381,555
Cash and cash equivalents	11	**525,354**	2,569,997
		666,459	2,951,552
Total Assets		**700,501**	13,586,805
Current Liabilities			
Trade and other payables	12	**242,701**	413,080
		242,701	413,080
Total Liabilities		**242,701**	413,080
Net Assets		**457,800**	13,173,725
Equity attributable to owners of the Parent			
Share capital	13	**-**	-
Share premium	13	**38,904,337**	38,880,612
Reverse acquisition reserve		**(18,845,147)**	(18,845,147)
Other reserves	13	**136,020**	384,099
Retained losses		**(19,737,410)**	(11,033,204)
Total equity attributable to owners of the Parent		**457,800**	9,386,360
Non-controlling interest		**-**	3,787,365
Total Equity		**457,800**	13,173,725

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 June 2019 and were signed on its behalf by:

Gregory Kuenzel
Finance Director

GEORGIAN MINING CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
As at 31 December 2018

	Note	Group	
		Year ended 31 December 2018	Year ended 31 December 2017
Continuing Operations		**£**	£
Revenue	6	**213,265**	-
Cost of sales		**-**	-
Gross profit		**213,265**	-
Administration expenses	7	**(1,420,729)**	(1,909,711)
Loss on deconsolidation of subsidiary	23	**(265,094)**	
Other gains / (losses)	15	**866,638**	(472,870)
Impairment of intangible assets and amounts due from joint venture	9,10	**(4,185,028)**	-
Operating Loss		**(4,790,948)**	(2,382,581)
Finance income	18	**-**	105
Share of net loss of joint venture accounted for using equity method	22	**(3,994,585)**	-
Loss before Taxation		**(8,785,533)**	(2,382,476)
Income tax	19	**-**	-
Loss for the year		**(8,785,533)**	(2,382,476)
Loss attributable to:			
- owners of the Parent		**(8,774,021)**	(2,260,603)
- non-controlling interests		**(11,512)**	(121,873)
Loss for the year		**(8,785,533)**	(2,382,476)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**448,800**	(345,659)
Total Comprehensive Income		**(8,336,733)**	(2,728,135)
Attributable to:			
- owners of the Parent		**(8,542,591)**	(2,875,242)
- non-controlling interests		**205,858**	147,107
Total Comprehensive Income		**(8,336,733)**	(2,728,135)
Earnings per share (pence) from continuing operations attributable to owners of the Parent – Basic & Diluted	20	**(7.647)**	(2.232)

The Notes on pages 22 to 42 form part of these Financial Statements.

GEORGIAN MINING CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2018

	Attributable to Equity Shareholders						
	Share premium	**Reverse acquisition reserve**	**Other reserves**	**Retained losses**	**Total**	**Non-controlling interest**	**Total equity**
	£	**£**	**£**	**£**	**£**	**£**	**£**
As at 1 January 2017	**33,653,273**	**(18,845,147)**	**838,470**	**(8,772,601)**	**6,873,995**	**3,640,258**	**10,514,253**
Loss for the year	-	-	-	(2,260,603)	(2,260,603)	(121,873)	(2,382,476)
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	(614,639)	-	(614,639)	268,980	(345,659)
Total comprehensive income for the year	**-**	**-**	**(614,639)**	**(2,260,603)**	**(2,875,242)**	**147,107**	**(2,728,135)**
Transactions with owners							
Issue of ordinary shares	**5,463,941**	-	**-**	-	**5,463,941**	-	**5,463,941**
Issue costs	**(236,602)**	-	**-**	-	**(236,602)**	-	**(236,602)**
Share Option charge	**-**	-	**160,268**	-	**160,268**	-	**160,268**
Total transactions with owners	**5,227,339**	**-**	**160,268**	**-**	**5,387,607**	**-**	**5,387,607**
As at 31 December 2017	**38,880,612**	**(18,845,147)**	**384,099**	**(11,033,204)**	**9,386,360**	**3,787,365**	**13,173,725**
As at 1 January 2018	**38,880,612**	**(18,845,147)**	**384,099**	**(11,033,204)**	**9,386,360**	**3,787,365**	**13,173,725**
Loss for the year	-	-	-	(8,774,021)	(8,774,021)	(11,512)	(8,785,533)
Other comprehensive income							
Exchange differences on translating foreign operations	-	-	231,430	-	231,430	217,370	448,800
Total comprehensive income for the year	**-**	**-**	**231,430**	**(8,774,021)**	**(8,542,591)**	**205,858**	**(8,336,733)**
Transactions with owners							
Issue of ordinary shares	23,725	**-**	**-**	**-**	23,725	-	23,725
Share Option charge	-	-	(12,634)	168	(12,466)	-	(12,466)
Expiry of share options	-	-	(69,647)	69,647	-	-	-
Deconsolidation of Georgian Copper and Gold	-	-	(397,228)	-	(397,228)	(3,993,223)	(4,390,451)
Total transactions with owners	**23,725**	**-**	**(479,509)**	**69,815**	**(385,969)**	**(3,993,223)**	**(4,379,192)**
As at 31 December 2018	**38,904,337**	**(18,845,147)**	**136,020**	**(19,737,410)**	**457,800**	**-**	**457,800**

The Notes on pages 22 to 42 form part of these Financial Statements.

GEORGIAN MINING CORPORATION

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2017

	Note	Group 2018 £	Group 2017 £
Cash flows from operating activities			
Loss before taxation		**(8,785,533)**	(2,382,476)
Adjustments for:			
Share option expenses		**12,446**	160,268
Share based payments		**-**	57,061
Share of loss on joint venture		**3,994,585**	-
Loss on deconsolidation of Georgian Copper & Gold		**265,094**	-
Depreciation		**23,092**	35,593
Impairment of intangible asset		**4,185,028**	-
Decrease/ (increase) in trade and other receivables		**90,845**	34,650
Increase in trade and other payables		**141,058**	106,960
Foreign exchange		**(889,814)**	(12,176)
Net cash used in operating activities		**(963,199)**	(2,000,120)
Cash flows from investing activities			
Interest received		**-**	-
Loans granted to joint venture partners		**(801,929)**	
Purchase of property, plant & equipment		**(2,815)**	(70,400)
Additions to exploration and evaluation intangible		**(287,245)**	(2,189,076)
Decrease in cash on deconsolidation		**(13,180)**	-
Net cash used in investing activities		**(1,105,169)**	(2,259,476)
Cash flows from financing activities			
Proceeds from issue of shares		**23,725**	5,406,881
Cost of share issue		**-**	(236,602)
Net cash generated from financing activities		**23,725**	5,170,279
Net increase in cash and cash equivalents		**(2,044,643)**	910,683
Cash and cash equivalents at beginning of year		**2,569,997**	1,659,314
Cash and cash equivalents at end of year	11	**525,354**	2,569,997

The Notes on pages 22 to 42 form part of these Financial Statements.

ACCOUNTING POLICIES

1. General Information

The principal activity of Georgian Mining Corporation ("the Company") and its subsidiaries (together "the Group") is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

The Company's shares are traded on AIM, a market operated by the London Stock Exchange. The Company is incorporated in the British Virgin Islands and domiciled in the United Kingdom.

The address of its registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, BVI.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union applicable to companies under IFRS. The Group Financial Statements have been prepared under the historical cost convention.

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 0.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2018

As of 1 January 2018 the Group has adopted IFRS 9 and IFRS 15.

The Group adopted IFRS 9, Financial Instruments ('IFRS 9'), which replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities.

The Group reviewed the financial assets and liabilities reported on its Statement of Financial Position and completed an assessment between IAS 39 and IFRS 9 to identify any accounting changes. The financial assets subject to this review were trade and other receivables and financial assets held at fair value through profit or loss. The financial liabilities subject to this review were the trade and other payables. Based on this assessment of the classification and measurement model, there were no changes to classification and measurement other than changes in terminology.

IFRS 15 requires an expected quantitative impact of the application of IFRS 15 to be included within the financial statements. Management service income recognition is not considered to change as a result of the transition to IFRS 15. The Group has no other revenue sources.

Of the other IFRSs and IFRICs adopted in 2018, none have had a material effect on future Groups Financial Statements.

(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 16	Leases	1 January 2019
IFRS 9 (Amendments)	Prepayment features with negative compensation	1 January 2019
IAS 28 (Amendments)	Long term interests in associates and joint ventures	1 January 2019
2015-2017 Cycle	Annual improvements to IFRS Standards	1 January 2019
IFRS 3 (Amendments)	Business combinations	*1 January 2020

**subject to EU endorsement*

Of the other IFRSs and IFRICs, none are expected to have a material effect on future Group financial statements.

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Georgian Mining Corporation and the financial statements of all of its subsidiary undertakings made up to 31 December 2018.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where an entity does not have returns, the Group's power over the investee is assessed as to whether control is held. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Below is a summary of subsidiaries of the Group:

Name of subsidiary	**Place of business**	**Parent company**	**Registered capital**	**Share capital held**	**Principal activities**
Kibe Investments No.2 Limited	British Virgin Islands	Georgian Mining Corporation	Ordinary shares US$12	100%	Dormant
Noricum Gold AT GmbH	Austria	Kibe Investments No.2 Limited	Ordinary shares €35,000	100%	Exploration
GMC Investments Limited	British Virgin Islands	Georgian Mining Corporation	Ordinary shares US$1	100%	Dormant
European Mining Services Limited	United Kingdom	Georgian Mining Corporation	Ordinary shares £1	100%	Mining Services

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

On 18 March 2018, the Group entered into a Deed of Variation with its joint venture partner Georgian Copper & Gold. As a result, the Company lost control of Georgian Copper & Gold and it was deconsolidated from the financial statements as at the date of the Deed of Variation.

The Directors remain confident that this exploration permit extension will be granted in due course however, as a result of this process having been ongoing now for over 12 months, the Directors have taken the decision that in order to comply with the requirements of IFRS 6, *Exploration for and Evaluation of Mineral Resources,* to fully impair the carrying value of the Georgian exploration assets as at 31 December 2018. IFRS 6 includes certain triggers that prima facie, indicate that an impairment should be considered. One of these triggers is "The period for which the entity has the right to explore in the specific area has expired during the period, or will expire in the near future, and is not expected to be renewed." While the Directors are still confident that the renewal will be forthcoming, it has been deemed that the prudent and conservative approach given the extended delay, is to fully impair the carried forward exploration and evaluation asset. This has resulted in an impairment charge of approximately £4.2 million and a share of loss from JV of £4 million for the financial year ended 31 December 2018.

2.4 Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Report from page 3. In addition, Note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and details of its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating steady revenue streams, an operating loss has been reported and an operating loss is expected in the 12 months subsequent to 31 December 2018, the Directors believe that the Group has sufficient funds to meet its immediate working capital requirements and undertake its targeted operating activities over the next 12 months from the date of approval of these Financial Statements. Whilst the negotiations to extend the exploration permits are ongoing, the Group has ceased exploration work in Georgia and reduced expenditure to preserve cash in the short term.

The Group has financial resources which, the Directors believe, will be sufficient to fund the Group's committed expenditure both operationally and on specific exploration projects for the next 12 months. However, in order to complete other exploration work, including additional exploration and development subsequent to the expected renewal of the exploration permit, as well as additional work over the life of existing projects and also to meet minimum spend requirements for existing projects after 12 months from the date of approval of these Financial Statements, additional funding will be required. In addition, the Group has significantly reduced its working capital requirements and has ceased expenditure on exploration as existing funds are not sufficient. The amount of funding required cannot be reliably estimated at the point of approval of these Financial Statements and the Group will need to raise additional funds either via an issue of equity or through the issuance of debt. The auditors have included a 'Material Uncertainty' paragraph in their audit report as a result of this uncertainty.

The Directors have, in the light of all the above circumstances, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Group Financial Statements.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Segment results, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.6 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Sterling, the functional currency of the BVI subsidiaries is US Dollars and the functional currency of the Austrian subsidiary is Euros. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.7 Intangible Assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets, relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost.

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. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. IFRS 6 permits impairments of exploration and evaluation expenditure to be reversed should the conditions which led to the impairment improve. The Group continually monitors the position of the projects capitalised.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

2.8 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Computer equipment – 20 to 50% straight line
Field equipment - 20 to 50% straight line
Vehicles – 20% straight line

All assets are subject to annual impairment reviews. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

The asset's residual value and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains / (losses)' in the income statement.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment (except goodwill) are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial Assets

(a) Classification

The Group classifies its financial assets in the following categories: at amortised cost including trade receivables and other financial assets at amortised cost, The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(b) Recognition and measurement

Amortised cost
Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade and other receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principle and interest.

(c) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(d) Derecognition

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. This is the same treatment for a financial asset measured at FVTPL.

2.11 Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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. The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

2.13 Taxation

Tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

There has been no tax credit or expense for the period relating to current or deferred tax.

2.14 Share Capital, share premium and other reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax, from the proceeds provided there is sufficient premium available. Should sufficient premium not be available placing costs are recognised in the Income Statement.

Other reserves consists of the share option reserve and the foreign exchange translation reserve.

2.15 Reverse acquisition reserve

The reverse acquisition reserve arose on the acquisition of Kibe Investments No. 2 Limited in 2010. There has been no movement in the reserve since that date.

2.16 Share Based Payments

The Group operates a number of equity-settled share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (shares, options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued. The total amount to be expensed or charged in the case of options is determined by reference to the fair value of the options or warrants granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of shares and warrants the amount charged to the share premium account is determined by reference to the fair value of the services received if available. If the fair value of the services received is not determinable the shares are valued by reference to the market price and the warrants are valued by reference to the fair value of the warrants granted as described previously.

Non-market vesting conditions are included in assumptions about the number of options or warrants that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to another reserve in equity.

When the warrants or options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the warrants or options are exercised.

2.17 Operating Leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.18 Revenue Recognition

Revenue is recognised in respect of amounts recharged to project strategic partners in accordance with their contractual terms. Revenue is also generated from management and consulting services to third parties.

The Group derives revenue from the transfer of services overtime and at a point in time in the service lines detailed below. Revenues from external customers come from consulting services.

The Group provides management services to subsidiary undertakings for a fixed monthly fee. Revenue from providing services is recognised in the accounting period in which the services are rendered. Efforts to satisfy the performance obligation are expended evenly throughout the performance period and so the performance obligation is considered to be satisfied evenly over time.

2.19 Finance Income

Finance income consists of bank interest on cash and cash equivalents which is recognised using the effective interest rate method.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks being market risk (including, interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

(a) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and Euros against the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiary in USD and Euros. The Directors will continue to assess the effect of movements in exchange rates on the Group's financial operations and initiate suitable risk management measures where necessary.

(b) Price risk

The Group is not exposed to commodity price risk as a result of its operations, which are still in the exploration phase. Other than insignificant consulting revenue, the only revenue relates to revenue charged to the joint venture JSC Georgian Copper & Gold. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

The Group has no exposure to equity securities price risk, as it has no listed equity investments.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit, which is not significant.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.
The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed. In May 2019, the Company raised £380,000 which will fund the Group for the next 12 months. Controls over expenditure are carefully managed.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no debt at 31 December 2018 and defines capital based on the total equity of the Company being £943,052. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

4. Critical Accounting Estimates and Judgements

The preparation of the Group Financial Statements in conformity with IFRSs requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2018 of £Nil (2017: £10,472,718): refer to Note 9 for more information. The Group has a right to renew exploration permits and the asset is only depreciated once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration the expected costs of extraction, long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration.

The Directors have reviewed the estimated value of each project prepared by management and have concluded that the project in Georgia be impaired to £Nil. The Georgian exploration asset was impaired in full due to the ongoing exploration licence negotiations. The Group applied for an extension to this licence on 10 October 2017 however are still awaiting an outcome. As a result of the uncertainty the Directors have determined its appropriate to impair the asset to £Nil until further notice.

Share based payment transactions
The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and to suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 15.

Control of Georgian Copper and Gold
Judgement is required to determine whether the Group has control over its subsidiaries. Georgian Copper and Gold is 50% owned but management are of the opinion that they no longer have control of the entity. On 18 March 2018, the Company entered into a Deed of Variation with its joint venture partner in Georgian Copper & Gold ("GCG") in relation to the ongoing operations of the operating company, future work programmes and budgets. As a result, both shareholders now have equal representation on the board of GCG and therefore, from that date, the subsidiary was derecognised and the ongoing 50% ownership accounted for as a joint venture in accordance with IFRS 11.

Carrying value of investment in joint ventures
As above, during the year the Group lost control of GCG and accounted for the joint arrangement relationship as an investment in joint venture. On initial recognition on the 18 March 2018, the carrying value of the investment in joint venture was £3,994,585. The equity accounting for the joint venture meant that the share of loss of the joint venture was in excess of the carrying value and as such the amount was written down to £Nil. No liability has been recognised for the loss in excess of the carrying value as the Group does not have an obligation to pay for these losses.

5. Segmental Information

As at 31 December 2018, the Group operates in three geographical areas, the UK, Austria and Georgia. The Parent Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Austria relate to exploration and evaluation work. As from 18 March 2018, the Group no longer has control of Georgian Copper and Gold (refer to note 4) and as a result the below segmental information only includes information from this entity up until this date. The reports used by the chief operating decision maker are based on these geographical segments.

The Group generated revenue of £213,265 during the year ended 31 December 2018 (2017: £nil).

2018	Georgia £	Austria £	UK £	Total £
Revenue	-	-	213,265	213,265
Administrative expenses	(36,518)	(880)	(1,383,331)	(1,420,729)
Other gains/(losses)	800,241	-	66,397	866,638
Impairment of intangible assets	(3,706,915)	-	(478,113)	(4,185,028)
Loss on deconsolidation of subsidiary	(265,094)		-	(265,094)
Share of loss from Georgian Copper and Gold	(3,994,585)	-	-	(3,994,585)
Loss from operations per reportable segment	(7,202,871)	(880)	(1,581,782)	(8,785,533)
Additions to non-current assets	-	-	2,815	2,815
Reportable segment assets	1	8,626	691,874	700,501
Reportable segment liabilities	-	5,246	237,455	242,701

Segment assets and liabilities are allocated based on geographical location.

2017	Georgia £	Austria £	UK £	Total £
Revenue	-	-	-	-
Administrative expenses	(271,422)	(45,101)	(1,593,188)	(1,909,711)
Other gains/(losses)	(312,742)	-	(160,128)	(472,870)
Loss from operations per reportable segment	(584,164)	(45,101)	(1,753,316)	(2,382,581)
Additions to non-current assets	2,023,197	-	236,386	2,259,476
Reportable segment assets	10,488,140	11,740	3,086,925	13,586,805
Reportable segment liabilities	35,792	9,225	368,063	413,080

A reconciliation of adjusted loss from operations per reportable segment to loss before tax is provided as follows:

	2018 £	2017 £
Loss from operation per reportable segment	**(8,785,533)**	(2,382,581)
- Finance income	**-**	105
Loss for the year before taxation	**(8,785,533)**	(2,382,476)

6. Revenue

	2018 £	2017 £
Operational services	207,575	-
Geological consulting services	5,690	-
	213,265	**-**

Operational services are services are recharged by European Mining Services which include salaries, sample preparation and assay costs and consulting fees. All operational services were invoiced to Georgian Copper and Gold JSC and as of 18 March 2018 they are no longer eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

7. Expenses by Nature

	2018	2017
	£	£
Directors' fees	**100,323**	142,750
Employee salaries	**48,273**	139,135
Fees payable to the Company's auditors for the audit of the Parent Company and group financial statements	**40,000**	42,325
Professional, legal and consulting fees	**294,841**	531,744
Accounting related services	**11,147**	37,369
Insurance	**35,057**	31,734
Office and administrative expenses	**85,822**	82,027
Depreciation	**23,092**	35,593
Travel and subsistence	**80,019**	184,528
AIM related costs including investor relations	**191,167**	236,662
Share option expense	**12,446**	160,268
Operations related costs (Georgia)	**400,760**	213,096
Other expenses	**97,782**	72,480
Total administrative expenses	**1,420,729**	1,909,711

8. Property, Plant and Equipment

	Motor Vehicles £	Field equipment £	Computer equipment £	Total £
Cost				
As at 1 January 2017	46,942	66,253	45,378	158,573
Additions	14,763	47,461	8,176	70,400
Exchange differences	(3,035)	-	(1,656)	(4,691)
As at 31 December 2017	58,670	113,714	51,898	224,282
Additions	-	-	2,815	2,815
Disposals			(5,312)	(5,312)
Disposals on deconsolidation	(60,082)	(48,604)	(24,430)	(133,116)
Exchange differences	1,412	1,143	574	3,129
As at 31 December 2018	-	66,253	25,545	91,798
Depreciation				
As at 1 January 2017	4,798	11,032	10,775	26,605
Charge for the year	9,086	17,913	8,594	35,593
Exchange differences	(310)	-	(141)	(451)
As at 31 December 2017	13,574	28,945	19,228	61,747
Charge for the year	1,652	14,748	6,692	23,092
Disposals				
Disposals on deconsolidation	(15,553)	(6,271)	(5,810)	(27,634)
Exchange differences	327	112	112	551
As at 31 December 2018	-	37,534	20,222	57,756
Net book value as at 31 December 2017	**45,096**	**84,769**	**32,670**	**162,535**
Net book value as at 31 December 2018	**-**	**28,719**	**5,323**	**34,042**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

9. Intangible Assets

Exploration & Evaluation Assets at Cost and Net Book Value	2018 £	2017 £
Balance as at 1 January	**10,472,718**	8,612,883
Additions	**287,245**	2,189,076
Disposal on deconsolidation	**(7,857,313)**	
Impairment	**(3,125,702)**	-
Foreign currency differences	**223,052**	(329,241)
As at 31 December	**-**	10,472,718

As part of the acquisition of GMC Investments Limited, the Group entered into a Shareholder Agreement with Caucasian Mining Group Limited ("CMG"), the partner in JSC Georgian Copper and Gold. The details of the agreement were such that CMG would transfer the exploration and mining licenses for the Georgian sites into Georgian Copper and Gold, which were considered to have a fair value of US$6m, while the Group would commit to paying the expenditure requirements on the operations over a two year period from the date of the licence transfer date of December 2015, which is also US$6m. As a result, the Group recognised the fair value of the licenses of US$6m, which translated to £4.2m, as an exploration and evaluation asset.

Exploration projects Georgia are at an early stage of development and as at 31 December 2018, although a JORC (Joint Ore Reserves Committee) compliant resource estimate is available at Kvemo Bolnisi East, much of the licence area is still subject to further early stage exploration. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value m not be fully recovered from future development and production.

The application for the extension to the current exploration permit within the 30 year Mining Licence held by Georgian Copper and Gold JSC, was submitted in June 2018 and the renewal still pending. The Group, along with its JV partner Caucasian Mining Group, have continued to try to resolve the delay in being granted the exploration permit extension within our 30-year mining concession in Georgia. This application has been in the hands of government since June 2018. A number of governmental changes have occurred which have hindered resolving the application, including a change in the Prime Minister and cabinet in mid-2018, delays in some new ministers commencing their roles, and the Presidential elections later in the year.

As a result of these continued delays, the Directors have concluded that the Georgian exploration assets no longer fully meet the capitalisation criteria under IFRS 6 and have recognised an impairment provision against these assets until the good standing of the exploration permits is resolved.

As the Group is still awaiting an outcome on the exploration extension, the Directors determined it was reasonable to impair the asset in full until further notice.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

10. Trade and Other Receivables

	2018	2017
	£	£
Trade receivables	**39,748**	-
VAT receivable	**9,610**	180,376
Prepayments	**36,569**	57,287
Other receivables	**55,178**	143,892
	141,105	381,555

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above. These assets, excluding prepayments, are the only form of financial asset within the Group, together with cash and cash equivalents.

Other receivables relate to amounts owing from the issue of shares.

Following the directors assessment of the Gerogian exploration assets and subsequent impairment, the amount due by the Group from its joint venture, GCG, of £975,679 was impaired to £nil.

The carrying amounts of the Group‘s trade and other receivables are denominated in the following currencies:

	2018	2017
	£	£
UK Pounds	**138,811**	227,855
Euros	**2,294**	1,820
Georgian Lari	**-**	151,880
	141,105	381,555

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

11. Cash and Cash Equivalents

	2018	2017
	£	£
Cash at bank and in hand	**525,354**	2,569,997

All of the Group’s cash at bank is held with institutions with an AA credit rating.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

12. Trade and Other Payables

	2018	2017
	£	£
Trade payables	**110,205**	278,457
Other payables	**2,682**	9,040
Accrued expenses	**129,814**	125,583
	242,701	413,080

Share Capital and Share Premium

On 15 December 2010 the shareholders approved the removal of the Company's authorised share capital and so there is no limit on the number of shares the Company is authorised to issue. On that date the shareholders also approved the removal of the nominal value of the shares, as permitted under local company legislation. As such all amounts raised are considered to be share premium.

Issued share capital

Group	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2017	**80,424,853**	**-**	**33,653,273**	**33,653,273**
Issue of new shares – 23 May 2017 (1)	34,149,638	-	5,227,339	5,227,339
At 31 December 2017	**114,574,491**	**-**	**38,880,612**	**38,880,612**
Exercise of warrants – 26 January 2018	182,500	-	23,725	23,725
At 31 December 2018	**114,756,991**	**-**	**38,904,337**	**38,904,337**

(1) Includes issue costs of £236,602

On 26 January 2018 the Company issued and allotted 182,500 new Ordinary Shares at a price of 13 pence per share following an exercise of warrants.

13. Other reserves

	2018	2017
	£	£
Foreign currency translation reserve	**(225,384)**	(34,673)
Share option Reserve	**361,404**	418,772
	136,020	384,009

Foreign currency translation reserve – the foreign currency translation reserve represents the effect of changes in exchange rates arising from translating the financial statements of subsidiary undertakings into the Company's presentation currency.

Share option reserve – the share option reserve represents the fair value of share options and warrants in issue. The amounts included are recycled to share premium on exercise or recycled to retained earnings on expiry.

14. Share Based Payments

Warrants and options outstanding at 31 December 2018 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in £ per share	Shares 2018	Shares 2017
28 January 2016	21 January 2018	0.1300	**-**	**182,500**
1 July 2016	1 July 2018	0.1800	**-**	**55,866**
20 July 2016	20 July 2021	0.1400	**5,000,000**	**5,000,000**
15 November 2016	16 November 2018	0.1000	**-**	**170,000**
30 January 2017	3 March 2022	0.1200	**1,900,000**	**1,900,000**
22 June 2017	21 July 2022	0.1825	**3,300,000**	**3,300,000**
30 July 2018	26 July 2023	0.1400	**1,000,000**	**-**
30 July 2018	26 July 2023	0.2000	**1,000,000**	**-**
			12,200,000	**10,608,366**

	2017 Warrants	2017 Warrants	2018 Warrants
Granted on:	30/01/2017	22/06/2017	30/07/2018
Life (years)	5.2 years	5 years	5 years
Share price on grant date	8.8p	17.7p	9.35p
Risk free rate	0.57%	0.57%	0.75%
Expected volatility	27.06%	34.43%	27.06%
Expected dividend yield	-	-	-
Exercise price	12p	18.25p	14p
Marketability discount	20%	20%	20%
Total fair value (£)	20,225	140,043	8,872

	2018 Warrants
Granted on:	30/07/2018
Life (years)	5 years
Share price on grant date	9.35p
Risk free rate	0.75%
Expected volatility	27.06%
Expected dividend yield	-
Exercise price	20p
Marketability discount	20%
Total fair value (£)	3,575

The risk free rate of return is based on zero yield government bonds for a term consistent with the warrant and option life.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

The movement of options and warrants for the year to 31 December 2018 is shown below:

	2018		2017	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
As at 1 January	**10,608,366**	**0.15**	5,408,366	0.14
Granted	**2,000,000**	**0.17**	5,200,000	0.16
Exercised	**(182,500)**	**0.13**	-	-
Expired	**(225,866)**	**0.18**	-	-
Outstanding as at 31 December	**12,200,000**	**0.15**	10,608,366	0.15
Exercisable at 31 December	**12,200,000**	**0.15**	10,608,366	0.15

	2018				2017			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0.1 - 0.2	**0.15**	**12,200,000**	**3.252**	**3.252**	0.15	10,608,366	3.923	3.923

The total fair value charged to the statement of comprehensive income for the year ended 31 December 2018 and included in administrative expenses was £12,446 (2017: £ 160,268).

15. Other (losses)/gains - Net

	Group	
	2018	2017
	£	£
Net foreign exchange gains / (losses)	**468,850**	(451,125)
Deconsolidation of Georgian Copper and Gold	**397,228**	-
Other gains/losses	**560**	(21,745)
	866,638	(472,870)

16. Employees

	Group	
	2018	2017
Staff costs (excluding Directors)	**£**	£
Salaries and wages	**181,251**	139,136
Social security costs	**12,367**	41,091
Pensions	**1,154**	924
	194,772	181,151

The average monthly number of employees during the year was 4 (2017: 23).

17. Directors' Remuneration

	For the year ended 31 December 2018			
	Short term benefits £	**Post Employment benefits £**	**Share based payment £**	**Total £**
Executive Directors				
Gregory Kuenzel	30,618	350	-	**30,968**
Martyn Churchouse	3,730	14	-	**3,744**
Michael Struthers	66,935	-	12,447	**79,382**
Non-executive Directors				
Neil O'Brien	33,500	-	-	**33,500**
Peter Damouni	8,333	82	-	**8,415**
Laurence Mutch	10,000	-	-	**10,000**
	153,116	446	12,447	**166,009**

	For the year ended 31 December 2017			
	Short term benefits £	**Post Employment benefits £**	**Share based payment £**	**Total £**
Executive Directors				
Gregory Kuenzel	70,000	314	63,656	**133,970**
Martyn Churchouse	125,000	386	-	**125,386**
Non-executive Directors				
Michael Hutchinson	4,166	-	-	**4,166**
Roderick McIllree	8,333	24	-	**8,357**
Neil O'Brien	21,250	-	21,219	**42,469**
Peter Damouni	20,000	141	42,437	**62,578**
Laurence Mutch	20,000	91	20,190	**40,281**
Tony Frizelle	9,000	-	10,645	**19,645**
	277,749	956	158,147	**436,852**

Of the above director fees, £53,000 (2017: £135,000) has been capitalised in accordance with IAS 38 as exploration and evaluation related costs and are shown as an intangible addition in the year.

18. Finance Income

	Group	
	2018 £	2017 £
Finance income – bank interest	**-**	105

19. Taxation

The tax on the Group's loss differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	Group	
	2018	2017
	£	£
Loss before tax	**(8,785,533)**	(2,382,476)
Tax at the weighted average rate of 9.05% (2017: 19.78%)	**(795,091)**	(471,254)
Expenditure not deductible for tax purposes	**410,573**	23,141
Net tax effect of losses carried forward on which no deferred tax asset is recognised	**384,518**	448,112
Income tax for the year	**-**	-

No charge to taxation arises due to the losses incurred.

The weighted average applicable tax rate of 9.05% (2017: 19.78%) used is a combination of the 19% standard rate of corporation tax in the UK, 25% Austrian corporation tax and 0% BVI corporation tax.

The Group has accumulated tax losses of approximately £3,789,000 (2017: £3,404,000) available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be utilised.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the standard rate to reduce the rate to 17% from 1 April 2020.

20. Earnings per Share

The calculation of the total basic loss per share of 7.647 pence (2017: loss 2.232 pence) is based on the loss attributable to equity owners of the group of £8,774,021 (2017: £2,260,603) and on the weighted average number of ordinary shares of 114,744,492 (2017: 101,288,979) in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options or warrants would be to decrease the loss per share.

21. Commitments

(a) Work programme commitment

As a result of the continued delay in the renewal of the exploration permit, no work programme has been agreed by the Joint Venture partners. The Company is committed to funding 50% of the ongoing administrative expenditure of Georgia Copper and Gold which currently totals approximately $10,000 per month.

(b) Royalty agreements

As part of the contractual arrangement with Kibe No.1 Investments Limited the Group has agreed to pay a royalty on revenue from gold sales arising from gold mines developed by Noricum Gold AT GmbH and covered by licenses acquired by Kibe No.1 Investments Limited. Under the terms of the Royalty Agreement between Kibe No.1 Investments Limited and Noricum Gold AT GmbH, the Group shall pay royalties, based on total ounces of gold sold, equal to US$1 for every US$250 of the sale price per ounce.

22. Investment in Joint Venture

On 15 March 2018, the Company entered into a Deed of Variation with its joint venture partner in Georgian Copper & Gold in relation to the ongoing operations of the operating company, future work programmes and budgets. As a result, both shareholders now have equal representation on the board of GCG and therefore, from that date, the subsidiary was derecognised and the ongoing 50% ownership accounted for as a joint venture.

The carrying value of the investment in the joint venture is determined as follows:

	As at 31 December 2018 $
Opening balance	**-**
Recognised on deconsolidation of subsidiary	**3,994,585**
Share of loss in joint venture	**(3,994,585)**
Forex	**-**
	-

The joint venture listed below has share capital consisting solely of ordinary shares, which are held by the Group and their joint venture partner Caucasian Mining Group.

Name of entity	Address of the registered office SI 2017/980	% of ownership interest	Nature of relationship	Measurement method
Georgian Copper & Gold JSC	6 Saakadze Descent, 2nd Fl. Tbilisi 0171, Georgia	50	As above	Equity

Commitments and contingent liabilities in respect of joint ventures

The share of loss of the joint venture was £3,994,585. This has been capped at the total value of the investment previously recognised. The Group has no obligation or commitments to contribute to any losses in excess of the carrying value of the investment.

Summarised financial information of joint venture

	31 December 2018 £
Property, plant and equipment	89,371
Cash	18,589
Intangibles	4,030
Other receivables	81,537
Total assets	**193,527**
Trade and other payables	82,773
Loan with GMC Investments Limited	975,679
Total liabilities	**1,058,452**

The joint venture did not generate any revenue in the year. Total costs of £252,334 were incurred including an impairment of exploration assets of £8,704,377.

23. Deconsolidation of subsidiary

On 18 March 2018 the Group was deemed to no longer have control of subsidiary Georgian Copper and Gold. The Groups share of the joint venture loss is reported in the profit and loss. Financial information relating to deconsolidation for the period to the date of disposal is set out below.

Details of deconsolidation of the subsidiary	**2018 £**
Carrying amount of net assets upon deconsolidation (see below)	**7,722,154**
Elimination of non controlling interest	**(3,992,663)**
Transfer to Investment in joint venture	**(3,994,585)**
Loss on disposal of subsidiary	**(265,094)**

The carrying amounts of assets and liabilities as at the date of deconsolidation (18 March 2018) were:

	2018 **£**
Property, plant and equipment	105,482
Cash	13,180
Intangibles	7,857,313
Other receivables	7,536
Total assets	**7,983,511**
Trade and other payables	(261,357)
Total liabilities	**(261,357)**
Net Assets disposed	**7,722,154**

24. Related Party Transactions

Recharges between Georgian Mining Corporation and European Mining Services Limited
During the year Georgian Mining Corporation recharged administrative costs with a total value of £8,395 (2017: £161,654) to European Mining Services Limited for services rendered to European Mining Services Limited.

Services provided by European Mining Services Limited to JSC Georgian Copper & Gold
During the year European Mining Services Limited provided geological, technical and other professional services with a total value of £255,428 (2017: £1,040,963) to JSC Georgian Copper and Gold.

Loan from Georgian Mining Corporation to Kibe No.2 Investments Limited

As at 31 December 2018 there were amounts receivable of £4,706 (2017: £3,826) from Kibe No.2 Investments Limited. No interest was charged on the loans.

Loan from Georgian Mining Corporation to European Mining Services Limited
As at 31 December 2018 there were amounts receivable of £525,028 (2017: £323,152) from European Mining Services Limited.

All intra-group transactions are eliminated on consolidation.

Other Transactions

Fairholme Consulting Services Ltd, a company in which Gregory Kuenzel is a Director and beneficial owner, was paid a fee of £26,333 (2017: £46,667) for management and corporate consulting services to the Group. No balance was outstanding at the year-end.

Silvergate Capital Partners, a company in which Peter Damouni is a Director and beneficial owner, was paid a fee of £16,667 (2017: £33,333) for management and corporate consulting services to the Group. No balance was outstanding at the year-end.

Laurie Mutch & Associates Ltd, a company in which Laurie Mutch is a Director and beneficial owner, was paid a fee of £15,000 (2017: £20,500) for management and corporate consulting services to the Group. No balance was outstanding at the year-end.

Greenland Gas and Oil Limited, a company in which Greg Kuenzel is a Director, was paid a fee £nil (2017: £18,600) for geological information systems consulting services to the Group. No balance was outstanding at the year-end.

Heytesbury Corporate LLP, an entity in which Fairholme Consulting Services Ltd is an officer, and Gregory Kuenzel is a partner, was paid a fee of £62,440 (2017: £62,740) for accounting services to the Group. At the year-end there was an outstanding balance of £6,042 (2017: £6,449).

25. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

26. Events after the Reporting Date

On 23 May 2019, the Company raised £380,000 by way of placing and subscription of 19,000,000 new ordinary shares of no par value at a price of 2p per share.

On 23 May 2019, Peter Damouni subscribed for 500,000 placing shares at 2p per share.

On 23 May 2019, Neil O'Brien, Gregory Kuenzel, Laurence Mutch and Peter Damouni have agreed to completely write off the their accrued compensation for the past 12 months. Michael Struthers, has agreed to write off part of his compensation for the past 12 months, The total amount of the write off totals approximately £275,000.