Company No. 5285814

# Alba Mineral Resources plc

## REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 NOVEMBER 2018

# Alba Mineral Resources plc

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# Alba Mineral Resources plc

## OFFICERS AND PROFESSIONAL ADVISERS

**DIRECTORS**
George Frangeskides (Chairman)
Michael Nott
Manuel Lamboley

**SECRETARY**
Ben Harber

**REGISTERED OFFICE**
6th Floor
60 Gracechurch St
London EC3V 0HR

**NOMINATED ADVISERS**
Cairn Financial Advisers LLP
Cheyne House, Crown Court
62-63 Cheapside
London EC2V 6AX

**BROKERS**
First Equity Limited
Salisbury House
London Wall
London EC2M 5QQ

**AUDITOR**
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
25 Moorgate
London EC2R 6AY

**SOLICITORS**
Memery Crystal
165 Fleet Street
London EC4A 2DY

**PRINCIPAL BANKERS**
Allied Irish Bank (GB)
Berkeley Square House
4-19 Berkeley Square
London W1J 6BR

**REGISTRARS**
Share Registrars Limited
Suite E, First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

# Alba Mineral Resources plc

## CHAIRMAN'S STATEMENT

The Board of Alba Mineral Resources plc is pleased to report the results for the year ended 30 November 2018.

References to the "Company" or "Alba" are to Alba Mineral Resources plc and references to the "Group" are to Alba collectively with its Subsidiary Companies (as listed in note 11).

### INTRODUCTION

This year has seen a period of sustained and successful work across our mining projects and oil and gas investments, as we seek to push our assets further up the value curve. In the summer of 2018 we embarked on an extensive programme of field work in north-west Greenland, at our Thule Black Sands ("TBS") and Inglefield Projects. At Clogau, in north Wales, we kicked off a regional exploration programme, the first of its kind in the long history of the Dolgellau Gold Belt. And we decided to renew our licence at our Limerick Base Metals Project, following a fresh look at the historical data and geology which had pointed up a number of interesting drill targets.

The summer of 2018 also saw the start of the extended well test programme at Horse Hill. The testing programme has been a success, not least given the fact that, as I write, it is still ongoing. The test production programme has been extended for several months longer than was originally planned when we commenced the programme last June, and this is testimony to how successful the programme has been in consistently delivering stable rates of production from both the Portland sandstone and the Kimmeridge limestones.

I set out below my thoughts on the outlook for Alba in the year ahead, followed by a detailed review of activities.

### OUTLOOK

This coming year we expect to hit key milestones on our projects, not least:

- at TBS, where we expect to release the results of the maiden mineral resource assessment this quarter;

- at Amitsoq, where we intend to undertake a drilling campaign this summer with the objective of confirming graphite zones and potentially defining a maiden mineral resource estimate at our exceptionally high-grade graphite deposit;

- at our Limerick base metals project, where we expect to be drilling within the next month; and

- at Clogau, where we intend to complete the exploration of the high-priority gold targets running the length of the Dolgellau Gold Belt, and at the same time to make substantial progress towards submitting a full-scale planning application to re-open the Clogau-St David's Mine.

In respect of the outlook for our oil and gas investments in the Weald Basin, while we are not in a position to determine the design and execution of technical work at Horse Hill and Brockham, those decisions being in the hands of their respective operators, we continually track the progress of activities there and keep the value of our investments under review, including whether we should continue to fund those investments or instead seek to realise value from either a partial or total exit.

The results of our work this year, when consolidated with the body of knowledge gained in prior years, will inform our decisions about where we should focus our efforts in moving one or more of our mining projects out of the exploration and into the development phase, to join Clogau-St David's which is already a development asset. As a diversified mineral exploration company, our modus operandi has always been to seek out exploration assets which have serious potential to become development and production assets. In that respect, I expect the coming year to be a defining one for Alba.

# Alba Mineral Resources plc

## CHAIRMAN'S STATEMENT

### REVIEW OF MINING ACTIVITIES

### Clogau Gold Project (Wales, UK)

In December 2017 we acquired a 49 per cent interest in Gold Mines of Wales Limited ("GMOW"), the ultimate owner of the Clogau Gold Project in north Wales (the "Clogau Project"). In August 2018, we increased our stake to 90% and entered into a put and call option agreement over the remaining 10%. The Clogau Project comprises the Clogau-St David's Gold Mine ("Clogau-St David's" or the "Mine") and includes over 300 highly prospective gold targets and former gold workings within a total option area of 107 km². The Dolgellau Gold Belt in which the Project is situated has produced about 131,000 oz of gold, by far the most of any region within the United Kingdom. Most of this gold has been exploited from Clogau-St David's.

At Alba we are of the view that there is great potential to find unworked veins at Clogau-St David's, containing gold of similar grades to historic production in the area. Our focus is on bringing Clogau-St David's back into production while at the same time making a significant push into the regional exploration of the wider Project area. Early work undertaken by Alba during the year included the construction of a 3D geological model for the entire licence area and existing mine workings, detailed underground surveying and the generation of a preliminary mine plan and primary targets for regional gold exploration.

The first phase of regional exploration was focused on undertaking soil sampling and geophysical surveying above the historic mine workings. That work confirmed the presence of gold mineralisation across the full strike length of the mine area, and also identified new targets outside the mine area, and this has given us great confidence in the suitability of that exploration technique to this type of gold project. As a result, we have continued to roll out the soil sampling programme across our extensive regional exploration targets. The highlights of the preliminary results from that wider campaign, announced on 29 April 2019, after the end of the financial year, included:

- multiple gold-in-soil anomalies being identified away from the existing mine area and not associated with historic mine workings, averaging 0.006-0.17 ppm (at a 0.005 ppm cut-off), including one sample at 0.65 ppm (0.65 g/t);

- average grades for two of the new anomalies being well above the average gold-in soil grades for Clogau-St David's and the other historic mine areas; and

- gold mineralisation being confirmed across ~4 miles along the strike extent of the Dolgellau Gold Belt.

We are very pleased with these results, which provide substantial support for our belief in the huge, untapped potential of the Dolgellau Gold Belt.

### Thule Black Sands Project (Greenland)

Thule Black Sands ("TBS") is Alba's high-grade ilmenite project on the coast of north-west Greenland. Through our research in 2017 we identified an opportunity to apply for a significant stretch of potentially mineralised beach sand coastline which was not under licence to other operators. The source rock for these heavy mineral sands, which have been deposited over several miles of coastline, is the Dundas Formation, a geological range which has been subject to erosion over millions of years and led to the deposit of these surface accumulations of "black" heavy mineral sands which are rich in ilmenite, the primary source of titanium dioxide.

Our initial sampling at TBS in 2017 confirmed both a high Total Heavy Mineral content ("THM") averaging 46.4% and a high in-situ ilmenite content averaging 10%. Our 2018 field programme was an extensive campaign which saw us send out a multi-disciplinary team to north-west Greenland to carry out widespread drilling, mapping and sampling across the licence along with first-year environmental baseline studies also undertaken with an eye on a future Environmental Impact Assessment application, this being a necessary pre-condition to the grant of an exploitation licence. We also sent an independent Competent Person to site to inspect our work activities for resource estimation purposes.

Following the completion of the field work, the extensive samples from the drilling campaign were sent to accredited laboratories for analysis and a geological model was developed for the project. This work will underpin the resource estimation assessment to be made by the independent Competent Person. We hope to be able to announce the conclusion of that work shortly.

**Amitsoq Project (Greenland)**

Our Amitsoq graphite project is located in southern Greenland and includes a former graphite mine on Amitsoq island as well as the Kalaaq deposit on the mainland, a new discovery made by Alba in 2017. Our sampling of the graphite beds has revealed exceptionally high-grade deposits of between 25% and 28% Total Graphitic Carbon ("TGC").

During the year, we reported the assays from the new Kalaaq discovery which average 25.6% TGC, with a maximum content of 29% TGC. In March 2018 we announced that our exploration licence had been renewed for a further five years. Further metallurgical testwork which we carried out during the year confirmed that a marketable grade concentrate of up to 97.3% can be produced from the graphite at Amitsoq.

In September 2018 drill pads were constructed at Amitsoq in anticipation of a drilling campaign which we are intending to undertake this year. The objective of the drilling will be to confirm the location and extent of the graphite structures we have previously modelled. However, it is also possible that, provided the drilling in all cases successfully intersects graphite in accordance with the model, we may be able to report a maiden resource estimate for the project after this end of this campaign.

**Inglefield Project (Greenland)**

Our Inglefield Project comprises two exploration licences in north-west Greenland, in a region known as Inglefield Land where extensive exploration has been carried out by previous operators as well as by GEUS, the Geological Survey of Denmark and Greenland. GEUS has posited that Inglefield Land has the potential for hosting copper-zinc volcanogenic massive sulphide ("VMS") deposits, which are associated with and created by volcanic-associated hydrothermal events in submarine environments. Previous extensive surface sampling has reported anomalous copper (up to 1.39%), gold (up to 1.7g/t), cobalt (up to 0.16%), vanadium and nickel values at Inglefield Land.

Our 2018 field programme at Inglefield was undertaken at the same time as our drilling campaign at TBS, and as a result we were able to benefit from logistical and manpower savings. The assay results from this first campaign at Inglefield confirmed the presence of significant multi-element anomalies in an assemblage of copper-gold-silver-molybdenum which is often an indicator of the presence of a porphyry copper or Iron Oxide Copper-Gold ("IOCG") system. These deposits are typically polymetallic and very large in scale.

To build on those results, over the winter we commissioned independent South African consultants, TECT Geological Consulting and XPotential Geoscientific Consulting, experts in structural geology and geophysical data interpretation respectively, to compile all the historical data sets for Inglefield Land and to carry out a prospectivity analysis in order to refine the key targets for our 2019 field season.

Armed with all of this valuable data, we are in the process of finalising the design of our field programme for the coming season at Inglefield. The forthcoming campaign will be a highly systematic and well-informed programme of work in this hugely prospective and under-explored region.

# Alba Mineral Resources plc

## CHAIRMAN'S STATEMENT

**Limerick Project (Ireland)**

Our Limerick Project is highly prospective for zinc, lead and silver and is only 10 km away from and part of the same target unit as Glencore's Pallas Green zinc discovery.

During the year, we commissioned an independent review of all historical data for the Limerick Project. This concluded that our Limerick Project is significantly under-explored compared to the level of activity in the Irish Zinc Ore Field as a whole, with only five holes ever having been drilled on our licence during previous periods of exploration. Our independent consultants highlighted five high-priority zinc-lead targets which they considered suitable for immediate drilling. As a result of this analysis, we took the decision to renew our prospecting licence. The renewal is effective until May 2020, on condition that we undertake this forthcoming round of drilling.

Subject only to the receipt of a final administrative permit, we expect to be able to commence a short drilling programme at Limerick within the next few weeks.

**REVIEW OF OIL AND GAS ACTIVITIES**

**Horse Hill Oil Field (England)**

The Horse Hill-1 well ("HH-1") is located within onshore exploration licence PEDL 137, on the northern side of the Weald Basin near Gatwick Airport in southern England. Alba owns 18.1% of the issued share capital of Horse Hill Developments Limited ("HHDL"), the special purpose company which owns a 65% participating interest and is the Operator of Licence PEDL 137 and the adjacent Licence PEDL 246. The remaining 35% participating interest in the PEDL 137 and PEDL 246 licences is held by US-based Tellurian Inc. Alba's effective interest in the licences is therefore 11.765%, which makes us the third largest participant in the Horse Hill oil field after UKOG and Tellurian.

In 2018 HHDL received all the relevant regulatory permissions to carry out a 150-day, extended well test ("EWT") programme, which commenced in June 2018. The initial Portland test phase was completed in September, with testing moving on to the Kimmeridge limestones in October. Late last year we reported that the Operator had declared the Portland sandstone to be commercially viable, and that total oil production from the EWT had reached 13,920 barrels with gross revenues of $1.1m.

Since the balance sheet date, based on the continued Kimmeridge test production and the announcement of Portland commercial viability, the Company has been informed that the Operator's plans are to continue HH-1 Portland EWT production until the expiry of the current EWT permit in May 2019, when activities will focus on drilling planned new wells, for which planning consents and environmental permits are in place. Ongoing oil sales revenues will be put towards the funding of capital costs of the 2019 well development programme. Aggregate oil production volume from the Kimmeridge and Portland zones was reported to have reached a milestone of 40,000 barrels earlier this month.

**Brockham Oil Field (England)**

Alba holds a 5% interest in Production Licence 235 ("PL 235"), the Brockham Oil Field, which is located just to the north-west of the Horse Hill Project. There are two wells on the licence, the previously producing BRX2Y well as well as the BRX4Z well which was drilled in 2017 to evaluate the possibility that the Horse Hill Kimmeridge reservoirs extend into the Brockham licence area.

In March 2018 we announced that production had resumed from the BRX2Y well. Although there were no significant changes from pre shut-in production levels, this move allowed the Operator, Angus Energy, to re-start site operations and test all existing equipment prior to flow-testing of the BRX4Z well.

**CHAIRMAN'S STATEMENT**

The BRX4Z well test began shortly after the reporting date, in December 2018. The Operator reported that the well had flowed naturally to surface with flow rates rising steadily as the test continued, but that it had also become apparent that part of the perforated interval was producing water which was inhibiting significant oil flow. Testing was suspended so that an engineering programme could be designed to isolate this water zone. In the past few weeks we reported that the Operator had commenced workover operations at Brockham, and we await further news of the success of the resumed programme.

**Corporate and Financial**

During the year Alba completed three fundraising rounds, raising a total of £2.3 million before expenses. Of these funds, approximately £1 million was committed to meet cash calls in respect of our oil and gas investments, the lion's share of which went towards funding the long-term EWT programme at Horse Hill. A further £0.8 million was spent on our mining exploration activities, most notably in carrying out an extensive drilling campaign at TBS in north-west Greenland, with the balance of funding being used to meet our operating and administrative costs. The overheads associated with running an AIM-quoted company are not inconsiderable, so our achievement in putting close to 80% of the level of the funds we raised in the year towards real spend on our exploration and development activities is impressive and gives us the very best chance of adding value to our projects and, therefore, of adding value for our shareholders.

Our financial statements at year end show a very healthy 70% increase in the strength of our balance sheet, with net assets now standing at £8,466,188 as against net assets of £5,008,264 at the end of the previous year.

After the period end, I and my fellow Director, Mike Nott, subscribed for shares in Alba worth £45,000 in total at a subscription price of £0.003, being around 28% above the last closing price prior to the subscription. Given the large number of projects we are involved in at Alba, we are more often than not in a regulatory closed period for directors' dealings, which means that we are not allowed in those periods to subscribe for or otherwise to buy shares in Alba. But as soon as we were comfortably outside of a closed period, we proceeded to make this subscription. We also elected to acquire the shares at a substantial premium to the prevailing share price, as a show of support and a clear demonstration of our belief that the market continues to significantly undervalue our assets, certainly when looked from the perspective of our share price performance over the past 12 months. Though it does also have to be said that this has been a very challenging 12 months for junior mining stocks across the boards, not just for Alba.

I was pleased to host our first shareholder conference call last summer, together with our first shareholder evening in December 2018. The level of participation and engagement at both events was really high, which was fantastic to see, and further events will be scheduled during the coming months. We are also well aware of the need to continue to promote our activities to the wider investment market. During the year we took a stand at the UK Investor Show, the UK's largest annual investment conference, where I gave a presentation. I also attended PDAC in Toronto, the world's largest annual mining conference, where I caught up with the key contractors for our Greenland operations and also took the opportunity to sit down with members of the Greenland Government delegation to discuss our projects and other related developments in the Greenland mining sector.

**Events after the reporting period**

Key announcements after the reporting period are noted in the review of activities, above, and in Note 24 to the accounts, below.

**CHAIRMAN'S STATEMENT**

Finally, on behalf of the Board I would like to take this opportunity to thank Alba shareholders for their ongoing support. I have met a considerable number of our shareholders at various events over the past 12 months, and I am always struck by how engaged our shareholder base is and how knowledgeable shareholders are about our projects. Our shareholders can be assured that Alba's management team is fully focused on the objective of unlocking real and sustained value from our project portfolio. We hope and expect to see the fruits of that labour in the months ahead.

**George Frangeskides**
**Executive Chairman**
**2 May 2019**

## STRATEGIC REPORT

The Directors present the strategic report for Alba Mineral Resources plc for the year ended 30 November 2018.

References to the "Company" or "Alba" are to Alba Mineral Resources plc and references to the "Group" are to Alba collectively with its Subsidiary Companies (as listed in note 11).

**PRINCIPAL ACTIVITIES**

The Group's principal activity is exploration for and development of natural resources.

**BUSINESS REVIEW**

The Company operates principally as a holding company and specifically provides support to the Subsidiary Companies, which own and operate mining projects in Greenland (graphite, ilmenite, base metals, gold and iron ore), Wales (gold), and Ireland (base metals), as well as having investments in the onshore UK oil and gas sector.

The Directors believe that the Group's diversified asset and investment portfolio provides access to a range of assets with potential to add significant value for the Company's shareholders in the long-term. Our strategy, where possible, is to target assets that have a production history and are in stable jurisdictions, and which thereby offer real potential to be brought into commercial production. A review of activities is given in the Chairman's Statement on pages 3-7.

The key challenge for the Company is identifying the most effective, including the most cost-effective, methods for progressing mineral exploration activities at our projects, with the aim being to materially advance the level of knowledge and confidence in the potential of our projects and thereby justify the committing of further resources to progress those projects rapidly through exploration and into the development phase. Principal risks and uncertainties for the group are two-fold: (i) funding risk and the ability to raise funds to further exploration activities; and (ii) exploration risk in the event that exploration programmes are not successful.

**KEY PERFORMANCE INDICATORS (KPIs)**

At this stage in the Company's development, the Directors regularly monitor key performance indicators associated with funding risk, being primarily projected cash flows associated with general administrative expenses and projected cash flows on a project by project basis. This year the Company has been able to raise the funds as needed to finance its activities (see the Corporate section of our review of activities).

Performance of projects is assessed using measures specific to that project. As an exploration group with no production or proven reserves, evaluation is based on exploration results and technical reports and assessments. In the review of activities, we have identified for each project the exploration results or assessments that demonstrate the progress that is being made on that project. These assessments also inform our plans for future work and assist in determining how much of our funding we allocate to each project.

For the current year, the Board has identified the following specific KPIs or milestones that the Board considers will be material indicators of value having been added to the Company: (i) that a maiden mineral resource estimate is announced in respect of at least one of Alba's projects; and (ii) that at least one project which the Board determines during the course of the year to be non-core is joint ventured to a third party or divested in whole or in part.

We will report on the achievement of these specific KPIs in next year's annual report and accounts.

**Approved by the Board of Directors and signed on behalf of the Board**

**George Frangeskides**
**Executive Chairman**
**2 May 2019**

# Alba Mineral Resources plc

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Alba Mineral Resources plc for the year ended 30 November 2018.

References to the "Company" or "Alba" are to Alba Mineral Resources plc and references to the "Group" are to Alba collectively with its Subsidiary Companies (as listed in note 11).

**RESULTS AND DIVIDENDS**

The loss of the Group for the year, after taxation, attributable to equity holders of the parent amounted to £72,823 (2017: £227,699 loss).

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

**DIRECTORS**

George Frangeskides, Michael Nott and Manuel Lamboley served as Directors throughout the year.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the company's auditor was unaware; and
- that Director had taken all steps that the Director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

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

**FINANCIAL INSTRUMENTS AND RISKS**

The disclosure relating to financial instruments and risks have been included in the Notes to the financial statements (Note 21).

**EVENTS AFTER THE REPORTING PERIOD**

See Note 24 and the Review of Activities on pages 3-7.

**FUTURE DEVELOPMENTS**

See Chairman's Statement from page 2.

**AUDITOR**

A resolution to re-appoint the auditor, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

**Approved by the Board of Directors and signed on behalf of the Board**

**George Frangeskides**
**Director**
**2 May 2019**

## DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company/Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Alba Mineral Resources plc

## CORPORATE GOVERNANCE STATEMENT

## CHAIRMAN’S STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

The Board of Alba Mineral Resources plc (“Alba” or the “Company” and, together with its subsidiaries, the “Group”) is responsible for the direction and oversight of all of the Company’s activities. The Board seeks, through effective and efficient decision-making, to ensure that the Company is managed for the long-term benefit of all shareholders. Ensuring good standards of corporate governance is an important part of the Board’s role, with the twin objectives being to reduce risk and at the same time to add value to our business.

In September 2018 the Board adopted the Quoted Companies Alliance Corporate Governance Code (the “Code”) in line with the changes to the AIM Rules for Companies (“AIM Rules”) requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code. The Code is available at www.theqca.com. The Code sets out 10 principles that should be applied. How Alba complies with those principles currently is set out below. As required by the Code, we will provide annual updates on our compliance with the Code.

At this stage in the Company’s development, the Board does not comply with the principle of the Code which concerns the size and composition of the Board (see Principle 5). As projects and investments are advanced and as resources allow, the Board will actively seek to move towards full compliance with the Code.

**Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

Alba owns and operates mining projects in Greenland (graphite, ilmenite, base metals, gold and cobalt), Wales (gold), and Ireland (base metals), as well as having investments in the onshore UK oil and gas sector.

The Board believes that the Group’s diversified asset and investment portfolio provides access to a range of assets with potential to add significant value for the Company’s shareholders in the long-term. Our strategy, where possible, is to target assets that have a production history, in stable jurisdictions, and which thereby offer real potential to be brought into commercial production.

The key challenge for the Company is identifying the most effective, including the most cost-effective, methods for progressing mineral exploration activities at our projects, with the aim being to materially advance the level of knowledge and confidence in the potential of our projects and thereby justify the committing of further resources to progress those projects rapidly through exploration and into the development phase. The expertise of the current Board and management team, and the breadth of their contacts within the natural resources sector, will assist the Company in meeting this challenge.

**Principle 2: Seek to understand and meet shareholders’ needs and expectations**

The Board appreciates that it is accountable to shareholders for the performance and activities of the Company and, to this end, is committed to providing effective communication with Alba shareholders. We publish all regulatory news promptly through the London Stock Exchange’s Regulatory New Service (“RNS”) and on our website and we maintain a database of shareholders and other interested parties who have subscribed via our website to receive our newsletters and updates. We are also active on social media, using Twitter to publicise RNS announcements after their release via RNS.

In July 2018 Alba held a shareholder conference call where shareholders could submit questions to the Executive Chairman and listen live to his responses on a free-call number. In December 2018, the Company held a shareholder evening, an opportunity, in a less formal setting than the Annual General Meeting, for shareholders to meet Alba’s Board and management team and to listen to the Company’s latest presentation. The Company plans to hold one or two calls or events each year, also regularly takes booths at investor shows held in the UK and management attends key resources conferences both in the UK and overseas.

Shareholders can contact the Company via info@albamineralresources.com. The Board welcomes feedback from shareholders as this helps Alba to better communicate our activities and, where possible, to deal with any misconceptions in the investment market. We are constrained, however, when responding to shareholder enquiries, by the requirements of the AIM Rules, and in particular the need to avoid making selective disclosure of material information.

The Board maintains regular contact with the Company's advisers, notably our Nominated Adviser (or "Nomad"), Cairn Financial Advisers, and our retained broker, First Equity, which also assists the Company in understanding of the views of shareholders and the wider investment market.

**Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board acknowledges that the long-term success of the Company is reliant on the efforts of employees and contractors, suppliers and other stakeholders. As a natural resources company, we feel that we have a responsibility to engage openly, transparently and effectively with community stakeholders and local and national government agencies in the countries in which we conduct operations. The Board is keen to maintain an open dialogue and co-operation with key stakeholders as the Company seeks to advance its projects and investments.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board identifies, assesses and manages various risks in its decision-making and constantly evaluates the Company's risk tolerance as part of its strategy as an exploration company. These range from financial and legal risks, to environmental, exploration, regulatory and management risks. The Board will also seek consultation with experts in any area where a particular risk is identified.

The financial risks to the Company are addressed in Notes 1 and 21 to the accounts. This covers funding risk, credit risk, liquidity risk and market risk, all areas which are monitored closely by the Board with a focus on funding risk. Environmental and exploration risks are considered at project level and are constantly under review as project work is planned and undertaken. Some elements of regulatory risk are also project-specific and would be included within that review – local, regional and national regulations impacting on exploration activities.

Regulatory risk at a corporate level is addressed annually during production of the Company's Report and Accounts and also at other times such as when as notices are received from relevant regulatory bodies; for instance, during the preceding 12 months when the GDPR regulations came into effect. This point is addressed further in Principle 10.

Management risks are mitigated by attracting talent and providing stability and continuity through appropriate remuneration and the awarding of long-term share options, plus a culture of openness within the team, so that all members of the management team feel comfortable in raising any risk-related issues with the Board and Chairman.

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their adequacy and effectiveness. These internal controls are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal and external use and publication.

**Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair**

The Board comprises the Executive Chairman and two Non-Executive Directors. One of these Non-Executive Directors, Manuel Lamboley, is considered to be independent. The Board is aware that it is not currently compliant with the Code in respect of not having two independent Non-Executive Directors, and in having an

Executive Chairman fulfilling the role of Chief Executive. The Directors believe that this is appropriate at this stage of the Company's development but both aspects are kept under regular review with a view to moving to full compliance once the Company has achieved a significant increase in its market capitalisation.

The Board has a wide range of experience directly related to the Group and its activities and its structure ensures that no one individual dominates the decision-making process. The Board also regularly seeks third-party expert advice to support its decisions.

The Board meets on an ad-hoc basis as decisions are required, with update Board meetings also held periodically. In line with the new corporate governance guidelines, additional regular Board meetings will be scheduled. During the year 11 Board meetings were held. George Frangeskides and Michael Nott attended all of these, while Manuel Lamboley attended seven.

Each of the Directors has entered into a Service Contract or Letter of Appointment with the Company. Under the terms of these agreements, each Director has agreed to devote such time and attention as is necessary to carry out his responsibilities and duties as a director.

**Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Board currently consists of three Directors and, in addition, the Company employs Ben Harber of Shakespeare Martineau LLP to act as the Company Secretary. The Directors have a range of technical, commercial and professional skills and all have experience in the public markets. The Board has also engaged technical advisers whose specialism is in either mining or oil and gas and who are thereby able to assist the Board in making effective decisions in relation to the Company's projects and investments.

Further information about the Directors' experience, skills, capabilities and personal qualities is published on our website and on page 15 below. The Directors attend industry forums and conferences, in addition to maintaining strong links within the minerals and investment communities through regular networking. The Company subscribes to minerals and mining publications for internal use and Directors are encouraged to maintain individual continuing professional education programmes in their respective disciplines.

In addition to its mining and oil and gas technical advisers (about whom further details can be found on the Alba website), the Company retains the services of auditors in the UK and in Greenland, a Nomad, broker and solicitors.

**Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

Internal evaluation of the Board and individual Directors is undertaken on an ad-hoc basis in the form of peer appraisal and discussions. No formal evaluation has taken place in the 12 months preceding the date of this statement. A planned evaluation will take the form of a questionnaire-type assessment tool.

Individual appraisals will be used to identify key corporate targets relevant to each Director, as well as personal targets appropriate to their role within the Company. From these reviews, the Board will determine what changes may need to be implemented to current roles and processes.

Given the current size of the Company, Board and senior management appointments are infrequent and subject to the individual being the right "fit" for the Company. The Board seeks prospective candidates via its network of contacts in the industry in the first instance and then via professional search agencies if required.

**Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that it has a responsibility to set the corporate culture of the Company as a whole, and that sound and ethical behaviour will contribute to the success of Alba's projects and reputation. The Company operates internationally and as such is mindful of local cultures and practices when planning and carrying out activities. The Board also has in place an approved anti-bribery and whistle-blowing policy. Given the size of the Company, Alba's management remains close to the day-to-day operations and therefore better able to oversee the activities of the Company's representatives. As the Company grows, the Board will oversee the development of guidance on the Company's policies to be issued to new employees and contractors.

The Company has in place a share dealing policy for dealings in shares by Directors and senior employees in line with the framework set by the AIM Rules and the EU Market Abuse Regulation ("MAR") and also requires adherence to the same by key suppliers. In addition to abiding by the AIM Rules, as Alba operates in the natural resources sector, the AIM Note for Mining and Oil and Gas companies is applicable.

**Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

Ultimate authority for all aspects of the Company's activities rests with the Board. While the roles of Chairman and Chief Executive are not separated, the Board receives regular updates on activities both formally and informally and has unrestricted access to management and to the employees of the Company. Each Board member also has access to the Company's solicitors and any independent professional advice they might need to discharge their duties effectively.

The Executive Chairman is the leading representative of the Company, presenting the Company's strategy to external interested parties. His responsibilities also include taking the Chair at Board Meetings and at General Meetings, where he is responsible for ensuring the appropriate supply of information. The Executive Chairman is also responsible for the development and execution of the Company's long-term strategy, overseeing matters pertaining to the running of the Company and ensuring that the Company meets all legal requirements and corporate responsibilities. The two Non-Executive Directors do not have specific individual responsibilities or remits.

All three Directors sit on the Remuneration Committee, although a director whose performance, remuneration and employment terms are due to be discussed at such a meeting shall absent himself from the discussion and not vote on any proposed terms which relate to him. The Remuneration Committee reviews the performance of the Executive Director(s) 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 Company's share option plan and the award of shares in lieu of bonuses pursuant to the Company's remuneration policy.

Historically, Audit Committee matters have generally been dealt with as part of Board Meetings. Going forward the Board intends to convene separate Audit Committee meetings during the year to cover relevant matters, strengthening its Corporate Governance framework in line with the QCA guidelines recently adopted. The Executive Chairman takes responsibility for finance-related matters. As the Company has not had audit or remuneration committees in the year, no committee reports have been presented.

Given the size of the Board, there is no separate Nominations Committee and therefore recommendations for appointments to the Board are considered by the Board as a whole.

**Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

For details of the various channels Alba uses for communicating with shareholders, see Principle 2 above. Notices of AGMs and the results of voting on resolutions proposed at the Company's AGM are reported via RNS and recorded in the "Latest News" section on the Company's website. In the past five years, there has been no significant level of votes cast against any resolutions put to shareholders at the Company's AGM (where "significant" would mean at least 20 per cent of the votes cast being against a particular resolution).

Historical annual reports and interim results, corporate factsheets and presentations are can be accessed via the Company's website and are released via RNS and therefore reported in the "Latest News" section of the website.

**Board of Directors**

**George Frangeskides, Executive Chairman**
Mr Frangeskides has a broad range of experience gained from over 25 years in the legal and corporate advisory sectors in Australia and the United Kingdom. He is Executive Director at Berwick Capital, a corporate advisory firm which for the past 10 years has advised ASX, AIM-listed and private companies on projects and transactions in the mining and oil and gas sectors. Prior to establishing Berwick Capital, Mr Frangeskides practised as a lawyer in London and Sydney focusing on corporate finance, commercial and capital market transactions.

With his experience in mergers and acquisitions, Mr Frangeskides leads all corporate negotiations for the Company. He has an extensive network of contacts across the mineral exploration and investment sectors in the UK, Asia-Pacific, North America, Middle East and Far East regions, giving the Company wide exposure to both investors and potential investments.

A confident communicator, Mr Frangeskides regularly makes presentations about the Company and projects to the media and to shareholders.

**Michael Nott, Non-Executive Director**
Mr Nott is a geologist and mining engineer by profession and has 40 years' experience in the oil and gas, mining, minerals and quarrying industries. His early career was based in Zambia, including nine years with Roan Consolidated Mines Limited. He was a regional manager for Pioneer Aggregates (UK) Limited, then an Australian company, and later a director of Jay Minerals Services Limited and Hills Aggregates Limited, becoming trading director of ARC (Southern) Limited and production director of C. White Limited.

Mr Nott is currently a Non-Executive Director of Red Rock Resources plc (LON:RRR). Extremely knowledgeable, he draws on his extensive experience of both the mining industry and the corporate world to offer pragmatic advice to the Company.

**Manuel Lamboley, Non-Executive Director**
Mr Lamboley is a financier with over 30 years' experience in international broking and investment banking. Mr Lamboley previously served as Head of the Geneva office of Williams de Bröe, as well as holding senior positions at Bank Julius Bär, Kidder Peabody, Paine Webber International and Prudential-Bache Securities.

Mr Lamboley has previously been a Non-Executive Director of several listed companies in the mining and energy sectors, including International Mining & Infrastructure Corporation Plc, and was also previously an independent director of UK-based African Aura Resources Limited.
Mr Lamboley has extensive knowledge of the investment banking industry and long-standing relationships with major investors and financial advisers worldwide, with a particular focus on the natural resources sector. Mr Lamboley holds Swiss citizenship.

Nexia Smith & Williamson

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBA MINERAL RESOURCES PLC

**Opinion**

We have audited the financial statements of Alba Mineral Resources plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2018 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Material uncertainty related to going concern**

We draw attention to Note 1 of the financial statements which, under the heading "Going Concern", indicates that the current cash resources of the group and parent company are insufficient to meet the forecast expenditure for the coming year and that they are dependent upon the receipt of future funding to continue as going concerns. If such funding is not available, the group and parent company may be unable to meet their liabilities as they fall due within the foreseeable future.

As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

**Key audit matters**

In addition to the matter described in the *Material uncertainty related to going concern* paragraph above we identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current year. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit 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 (continued)**

Accounting for the acquisition of the Gold Mines of Wales Limited group

*Description of the risks*
As described further in note 9 Gold Mines of Wales Limited was acquired in two stages and the consideration for the latter acquisition comprising a number of different components, including a put and call option over the remaining 10% not legally owned by the Group. In accounting for the acquisition, the company has had to determine a number of issues including whether the acquisition is a business combination or an asset acquisition, the extent to which reliable valuations for certain elements of the consideration can be determined and the treatment of the put and call option. There is a risk that the judgements made could have been inappropriate, which could lead to a material error.

*Our response to the risks*
We undertook the following procedures:

- by reference to the requirements of IFRS 3 *Business combinations* critically assessed the directors' judgement that the acquisition was an asset acquisition rather than a business combination
- reviewed the nature of the various components of consideration and critically assessed the directors' judgements as to whether each component was required to be valued and, if applicable, whether there was sufficient information available for the directors to reliably undertake a valuation
- where relevant, reviewed the directors' valuations of the consideration, including assessing if the valuation approach adopted was appropriate and the reasonableness of the inputs
- assessed whether the directors' judgement that the put and call option meant that the group had effective control over 100% of the shares, notwithstanding that the vesting and exercise of the option is dependent on an uncertain future events and that the future payment under the put and call option represented deferred consideration
- reviewed management's allocation of the purchase price to the assets and liabilities acquired.

Carrying values and impairment of exploration and evaluation costs

*Description of the risks*
As described further in note 1 under the heading of "Impairment assessment of exploration and evaluation costs - £3,076,783" the exploration and evaluation costs form a significant part of the group's assets. The costs relate to projects which are at an early stage of exploration and there is no certainty as to whether commercially viable quantities of mineral resources will be discovered and whether the directors will carry on intending to continue each of the exploration activities.

*Our response to the risk*
In respect of each material license, our work included:

- by reference to the relevant Government databases of licenses we confirmed that the Group still retained its exploration licenses
- we agreed a sample of the costs making up the capitalised expenditure for the year to supporting documentation, assessing whether the capitalisation was appropriate
- we considered whether the outcome of the exploration activities to date indicated that the prospective mineral resources may be commercially unviable
- we considered if the directors intended to undertake further substantive exploration activities in each license and whether such expenditure was included within the financial forecasts

**Key audit matters (continued)**

Carrying values and impairment of the parent company's investment in its subsidiaries and loans due to the parent company from its subsidiaries

*Description of the risk*
Due to accumulated losses incurred by the subsidiaries of the parent company, the value of investments held by the parent company in those subsidiaries and the value of loans due to the parent company from those subsidiaries may not be recoverable. This could lead to impairment in these asset values on the parent company's statement of financial position.

As described in Note 1 under the heading "Impairment assessment of investment in and loans subsidiaries – company only" the directors of the parent company have assessed whether the investments and loans are recoverable by reference to their impairment assessments of the respective assets of the subsidiary companies.

*Our response to the risk*
We reviewed and challenged the directors' assessments in respect of the parent company's investment in and loans due from the subsidiary companies and, for each subsidiary company, considered whether the directors' assessment was consistent with their conclusions regarding the impairments of the subsidiaries' underlying exploration assets.

**Materiality**
The materiality for the group financial statements as a whole was set at £270,000. This has been determined with reference to the benchmark of the group's total assets, which we consider to be one of the principal considerations for members of the parent company in assessing the performance of the group. Materiality represents 3% of the group's total assets as presented on the face of the consolidated statement of financial position.

The materiality for the parent company financial statements as a whole was set at £216,000. This has been determined with reference to the benchmark of the parent company's total assets as the parent company exists as a holding company for the Group and certain of the group's assets. Materiality represents 3% of net assets as presented on the face of the parent company's statement of financial position, capped at 80% of group materiality.

**An overview of the scope of our audit**
The Group has ten reporting components, of which the parent company was subject to a full scope audit and we directly audited certain assets, liabilities and expenses of six components in the context of the group materiality and without carrying out individual statutory audits. In total our audit work covered 99.8% of the consolidated assets, 94.0% of the consolidated liabilities, 93.3%% of the consolidated expenses and 100% of the gain on the revaluation of investment. The assets and liabilities of the components not subject to audit procedures are immaterial to the group.

All group entities have common management and centralised process and controls and all our audit work was all conducted in solely the UK.

**Other information**
The other information comprises the information included in the *Report and Consolidated Financial Statements*, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**Other information (continued)**
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

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

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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: 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 parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Bond
Senior Statutory Auditor, for and on behalf of
**Nexia Smith & Williamson**
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

2 May 2019

# Alba Mineral Resources plc

## CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 30 NOVEMBER 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | £ | £ |
| **Revenue** | | - | - |
| **Cost of sales** | | - | - |
| **Gross loss** | | - | - |
| Administrative expenses | | (885,314) | (649,125) |
| Impairment of deferred exploration expenditure | **9** | - | (569,218) |
| **Operating loss** | **3** | (885,314) | (1,218,343) |
| Revaluation of investment | **10** | 825,533 | 700,000 |
| Share of net loss of joint venture | | (15,325) | - |
| **Loss for the year before tax** | | (75,106) | (518,343) |
| Taxation | **5** | - | - |
| **Loss for the year** | | (75,106) | (518,343) |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | | (72,823) | (227,699) |
| Non-controlling interests | | (2,283) | (290,644) |
| | | (75,106) | (518,343) |
| | | | |
| **Profit / (loss) per ordinary share** | | | |
| Basic | 7 | (0.003) pence | (0.012) pence |

# Alba Mineral Resources plc

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 NOVEMBER 2018

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Loss after tax | (75,106) | (518,343) |
| Items that may subsequently be reclassified to profit or loss: | | |
| - Foreign exchange movements | (2,707) | 4,526 |
| **Total comprehensive profit / (loss)** | (77,813) | (513,817) |
| | | |
| **Total comprehensive profit / (loss) attributable to:** | | |
| Equity holders of the parent | (75,530) | (223,173) |
| Non-controlling interests | (2,283) | (290,644) |
| | (77,813) | (513,817) |

# Alba Mineral Resources plc

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 30 NOVEMBER 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | £ | £ |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 85,000 | - |
| Intangible fixed assets | 9 | 3,076,783 | 1,145,336 |
| Investments | 10 | 5,430,000 | 3,619,465 |
| Available for sale assets | | 7,161 | 14,335 |
| **Total non-current assets** | | 8,598,944 | 4,779,136 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | 12 | 61,894 | 35,276 |
| Cash and cash equivalents | 13 | 585,795 | 626,939 |
| **Total current assets** | | 647,689 | 662,215 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | (493,195) | (180,014) |
| Financial liabilities | 15 | (287,250) | (253,073) |
| **Total current liabilities** | | (780,445) | (433,087) |
| | | | |
| **Net current assets / (liabilities)** | | (132,756) | 229,128 |
| | | | |
| **Net assets** | | 8,466,188 | 5,008,264 |
| | | | |
| **Capital and reserves** | | | |
| Called up share capital | 16 | 4,099,233 | 3,086,246 |
| Share premium account | | 6,786,382 | 4,655,702 |
| Warrant reserve | | 624,039 | 231,969 |
| Retained losses | | (3,167,943) | (3,095,120) |
| Merger reserve | | 200,000 | 200,000 |
| Foreign currency reserve | | 190,978 | 193,685 |
| **Equity attributable to equity holders of the parent** | | 8,732,689 | 5,272,482 |
| Non-controlling interests | 17 | (266,501) | (264,218) |
| | | | |
| **Total equity** | | 8,466,188 | 5,008,264 |

These financial statements were approved and authorised for issue by the Board of Directors on 2 May 2019.

**Signed on behalf of the Board of Directors**
**George Frangeskides**
**Director, Company No. 5285814**

# Alba Mineral Resources plc

## COMPANY STATEMENT OF FINANCIAL POSITION

## 30 NOVEMBER 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | £ | £ |
| **Non-current assets** | | | |
| Intangible fixed assets | **9** | 346,904 | 208,030 |
| Investments | **10** | 5,430,000 | 3,619,465 |
| Available for sale assets | | 7,161 | 14,335 |
| Investments in subsidiaries | **11** | 530,828 | 530,729 |
| Loans to subsidiaries | **11** | 3,653,891 | 1,746,989 |
| **Total non-current assets** | | 9,968,784 | 6,119,548 |
| **Current assets** | | | |
| Trade and other receivables | **12** | 61,894 | 35,276 |
| Cash and cash equivalents | **13** | 574,185 | 626,793 |
| **Total current assets** | | 636,079 | 662,069 |
| **Current liabilities** | | | |
| Trade and other payables | **14** | (480,189) | (177,422) |
| **Total current liabilities** | | (480,189) | (177,422) |
| **Net current assets / (liabilities)** | | 155,890 | 484,647 |
| **Net assets** | | 10,124,674 | 6,604,195 |
| **Capital and reserves** | | | |
| Called up share capital | **16** | 4,099,233 | 3,086,246 |
| Share premium account | | 6,786,382 | 4,655,702 |
| Warrant reserve | | 624,039 | 231,969 |
| Retained losses | | (1,584,980) | (1,569,722) |
| Merger reserve | | 200,000 | 200,000 |
| **Equity shareholders' funds** | | 10,124,674 | 6,604,195 |

The loss of the parent company for the year was £15,258 (2017: a loss of £193,655).

These financial statements were approved and authorised for issue by the Board of Directors on 2 May 2019.

**Signed on behalf of the Board of Directors**
**George Frangeskides**
**Director, Company No. 5285814**

# Alba Mineral Resources plc

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 NOVEMBER 2018

| | Share capital | Share premium | Warrant reserve | Profit and loss | Merger reserve | Foreign currency reserve | Attributable to equity holders of parents | Non controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| At 1 December 2016 | 2,654,703 | 3,472,671 | 546,098 | (3,309,246) | 200,000 | 189,159 | 3,753,385 | 26,426 | 3,779,811 |
| Loss for the period | - | - | - | (227,699) | - | - | (227,699) | (290,644) | (518,343) |
| Translation differences | - | - | - | - | - | 4,526 | 4,526 | - | 4,526 |
| Comprehensive loss for the period | - | - | - | (227,699) | - | 4,526 | (223,173) | (290,644) | (513,817) |
| Shares issued | 431,543 | 1,245,931 | - | - | - | - | 1,677,474 | - | 1,677,474 |
| Share issue costs | - | (62,900) | - | - | - | - | (62,900) | - | (62,900) |
| Equity settled share-based payments | - | - | 127,696 | - | - | - | 127,696 | - | 127,696 |
| Transfer on expiry of warrants | - | - | (441,825) | 441,825 | - | - | - | - | - |
| At 30 November 2017 | 3,086,246 | 4,655,702 | 231,969 | (3,095,120) | 200,000 | 193,685 | 5,272,482 | (264,218) | 5,008,264 |
| Profit / (loss) for the period | - | - | - | (72,823) | - | - | (72,823) | (2,283) | (75,106) |
| Translation differences | - | - | - | - | - | (2,707) | (2,707) | - | (2,707) |
| Comprehensive loss for the period | - | - | - | (72,823) | - | (2,707) | (75,530) | (2,283) | (77,813) |
| Shares and warrants issued | 1,012,987 | 2,253,680 | 148,914 | - | - | - | 3,415,581 | - | 3,415,581 |
| Share issue costs | - | (123,000) | - | - | - | - | (123,000) | - | (123,000) |
| Equity settled share-based payments | - | - | 243,156 | - | - | - | 243,156 | - | 243,156 |
| At 30 November 2018 | 4,099,233 | 6,786,382 | 624,039 | (3,167,943) | 200,000 | 190,978 | 8,732,689 | (266,501) | 8,466,188 |

# Alba Mineral Resources plc

## COMPANY STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 NOVEMBER 2018

| | Share capital | Share premium | Warrant reserve | Profit and loss | Merger reserve | Attributable to equity holders of parents |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| At 30 November 2016 | 2,654,703 | 3,472,671 | 546,098 | (1,817,892) | 200,000 | 5,055,580 |
| Loss for the period | - | - | - | (193,655) | - | (193,655) |
| Comprehensive loss for the period | - | - | - | (193,655) | - | (193,655) |
| Shares issued | 431,543 | 1,245,931 | - | - | - | 1,677,474 |
| Share issue costs | - | (62,900) | - | - | - | (62,900) |
| Equity settled share-based payments | - | - | 127,696 | - | - | 127,696 |
| Transfer on expiry of warrants | - | - | (441,825) | 441,825 | - | - |
| At 30 November 2017 | 3,086,246 | 4,655,702 | 231,969 | (1,569,722) | 200,000 | 6,604,195 |
| Profit / (loss) for the period | - | - | - | (15,258) | - | (15,258) |
| Comprehensive loss for the period | - | - | - | (15,258) | - | (15,258) |
| Shares and warrants issued | 1,012,987 | 2,253,680 | 148,914 | - | - | 3,415,581 |
| Share issue costs | - | (123,000) | - | - | - | (123,000) |
| Equity settled share-based payments | - | - | 243,156 | - | - | 243,156 |
| At 30 November 2018 | 4,099,233 | 6,786,382 | 624,039 | (1,584,980) | 200,000 | 10,124,674 |

# Alba Mineral Resources plc

## CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 NOVEMBER 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities** | | | |
| Operating loss | | (885,314) | (1,218,343) |
| Consulting fees settled in shares | | - | 65,000 |
| Share option charge | | 243,156 | 127,695 |
| Provision for impairment | | 7,174 | 611,168 |
| Foreign exchange revaluation adjustment | | (2,707) | 4,526 |
| Increase/(decrease) in creditors | | 120,032 | 23,702 |
| Decrease/(increase) in debtors | | (26,619) | (20,015) |
| **Net cash used in operating activities** | | (544,278) | (406,267) |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for deferred exploration expenditure | **10** | (733,527) | (356,616) |
| Cash on acquisition of subsidiary | | 44,661 | - |
| Investments | **10** | (985,002) | (449,049) |
| **Net cash used in investing activities** | | (1,673,868) | (805,665) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares and warrants | | 2,300,000 | 1,233,431 |
| Costs of issue | | (123,000) | (62,900) |
| **Net cash generated from financing activities** | | 2,177,000 | 1,170,531 |
| | | | |
| **Net increase in cash and cash equivalents** | | (41,144) | (41,401) |
| Cash and cash equivalents at beginning of period | | 626,939 | 668,340 |
| **Cash and cash equivalents at end of year** | **13** | 585,795 | 626,939 |

**Non-cash transactions**

Significant non cash transactions related to the purchase of the Clogau gold project. See Note 9 to the accounts.

Accruals includes capital items of £227,326 (2017: £35,461).

# Alba Mineral Resources plc

## COMPANY CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 NOVEMBER 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities** | | | |
| Operating loss | | (840,792) | (893,655) |
| Consulting fees settled in shares | | - | 65,000 |
| Share option charge | | 243,156 | 127,695 |
| Provision for impairment | | 7,174 | 361,484 |
| Foreign exchange revaluation adjustment | | (14,827) | (27,452) |
| Increase/(decrease) in creditors | | 75,443 | 25,771 |
| Decrease/(increase) in debtors | | (26,619) | (20,015) |
| **Net cash used in operating activities** | | (556,465) | (361,172) |
| **Cash flows from investing activities** | | | |
| Investments in and loans to subsidiaries | **11** | (668,141) | (380,324) |
| Payments for deferred exploration activities | **9** | - | - |
| Payments for available for sale assets | | - | - |
| Payments for intangible fixed assets | | - | (20,905) |
| Investments | **10** | (985,002) | (449,049) |
| **Net cash used in investing activities** | | (1,673,143) | (850,278) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares and warrants | | 2,300,000 | 1,233,431 |
| Costs of issue | | (123,000) | (62,900) |
| **Net cash generated from financing activities** | | 2,177,000 | 1,170,531 |
| **Net increase in cash and cash equivalents** | | (52,608) | (40,919) |
| Cash and cash equivalents at beginning of period | | 626,793 | 667,712 |
| **Cash and cash equivalents at end of year** | **13** | 574,185 | 626,793 |

**Non-cash transactions**
Significant non cash transactions related to investments in and loans to subsidiaries of £1,115,581 (2017: £64,043). (In the prior period, other significant non cash transactions included the purchase of investments £315,000) and consulting fees of £65,000).

Accruals includes capital items of £227,326 (2017: £35,461).

**NOTES TO THE FINANCIAL STATEMENTS**

## 1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Alba Mineral Resources plc is a public limited company incorporated and domiciled in England & Wales, whose shares are publicly traded on the AIM market of the London Stock Exchange plc. The registered office address is 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR. The consolidated financial statements have been prepared on the historical cost basis, save for the revaluation of certain financial assets. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, except as explained below.

**Going concern**

Based on financial projections prepared by the directors, the Group's current cash resources are insufficient to enable the Group to meet its recurring outgoings and projected exploration expenditure for the entirety of the next twelve months. However, the directors have a reasonable expectation that the Group will continue to be able to meet its commitments for the foreseeable future by raising funds when required from the equity capital markets. The Company may also consider future joint venture funding arrangements in order to share the costs of the development of its exploration assets, or to consider divesting of certain of its assets and realising cash proceeds in that way in order to support the balance of its exploration and investment portfolio, though that is not currently the Company's preferred route.

In addition, these financial projections take no account of any revenues to be directly received by the Company as a result of oil production at the Brockham oil field.

The directors continue to adopt the going concern basis of accounting in preparing the financial statements, but note that there is a material uncertainty over the ability of the Company to fund the recurring and projected expenditure, including development of the Group's exploration assets. If the Company is unable to raise necessary funds, the ability of the Company to continue as a going concern would be in significant doubt and it may be unable to realise its assets and discharge its liabilities in the normal course of business. In particular, the inability to fund the continued development of the Group's exploration assets may result in them becoming impaired and any failure to contribute its share of future exploration and development activities in respect of the oil and gas investments would result in the dilution of the Group's interests in those assets.

**Basis of accounting**

The consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and IFRS Interpretations Committee ("IFRIC") interpretations as adopted by the European Union and, as regards the parent company financial statements, in accordance with the provisions of the Companies Act 2006.

**Critical accounting estimates and judgements**

The preparation of the financial statements in conformity with generally accepted accounting practice requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

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. The areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) JUDGEMENTS

Capitalisation of exploration and evaluation costs - £3,076,783
The capitalisation of exploration costs relating to the exploration and evaluation phase requires management to make judgements as to the future events and circumstances of a project, especially in relation to whether an economically viable extraction operation can be established. In making such judgements, the directors take comfort from the findings from exploration activities undertaken, the fact the Group intends to continue these activities and that the Company expects to be able to raise additional funding to enable it to continue the exploration activities.

During the period £1,027,236 was capitalised on the acquisition of 90% of the Clogau gold project in Wales (see Note 9), being 100% of the licence valuation with a liability recognised for the put and call option over the 10% of the license interest not owned. The balance of the Group's deferred exploration costs relate to the additions to the Clogau gold project post-acquisition, to the projects in Greenland (ilmenite, graphite, iron ore) and the Limerick base metals project.

Impairment assessment of exploration and evaluation costs - £3,076,783
At each reporting date, management make a judgment as to whether circumstances have changed following the initial capitalisation and whether there are indicators of impairment. If there are such indicators, an impairment review will be performed which could result in the relevant capitalised amount being written off to the income statement.

Accounting for Investment - £5,430,000
The Group and Company's investment in Horse Hill Developments Limited ("HHDL") is in the form of equity and a shareholder loan. However, the Directors judge that the loan is in substance part of the equity investment as governed by the HHDL investment agreement.

The Group and Company's shareholding in HHDL is 18.1%. A director of the Company is also a director of HHDL, but does not act in an executive capacity. At the balance sheet date HHDL had a majority 71.9% shareholder. The Directors judge that the Company does not have significant influence over HHDL and that it should not be accounted for as an associate.

Control over Mauritania Ventures Limited
The Directors have to use judgement to assess whether they have control over Mauritania Ventures Limited, where the Group owns a 50% economic interest. The Directors have assessed that they have control over that company and therefore it is accounted for as a subsidiary. (See also Note 11).

Impairment assessment of investment in and loans subsidiaries – company only
In preparing the parent company financial statements, the Directors apply judgement to decide if any, or all of the company's investments in and loans to each of Aurum Mineral Resources Limited, Obsidian Mining Limited, White Eagle Resources Limited, White Fox Resources Limited and Dragonfire Mining Limited are impaired or not. See Note 11. These companies have no source of funds other than their shareholders and the ability of the companies to repay their inter-company debt and for the Company to gain value from its investments in the companies is dependent on the future success of the companies' exploration activities. In undertaking their review, the Directors consider the outcome of their impairment assessment of the relevant licences as detailed above.

Acquisition of the Clogau Gold project (Gold Mines of Wales group of companies)
The acquisition of the Gold Mines of Wales group of companies during the period was completed in stages. A 49% holding was acquired as a joint venture on 4 December 2017 by Dragonfire Mining Limited ("DML"), a wholly owned subsidiary of Alba Mineral Resources plc, with the acquisition of an additional 41% shareholding being made on 24 August 2018 resulting in DML holding 90% of Gold Mines of Wales Limited.

As at the date of acquisition of the second tranche of shares, the Gold Mines of Wales group had no employees and its sole assets were a parcel of land in North Wales, a cash balance and the exploration licence over a large area of land, including a disused gold mine. This licence is classified as a prospective licence requiring further exploration and appraisal and there is no certainty that the licence will result in commercial operations. For these reasons, the Directors consider that the Gold Mines of Wales group is not a business (as defined by IFRS 3 Business Combinations) and as such the acquisition of the group is treated as the purchase of a licence interest, rather than a business combination. (For more information see Note 9 to the accounts).

ii) ESTIMATES

Carrying value of investment - £5,430,000

The Company's investment in Horse Hill Developments Limited is carried at fair value, as, in the judgement of the directors, it has been possible to estimate a reliable fair value for the investment by reference to recent share transactions, where there has been no substantial variation in the range of values.

**New standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year. There are no new and amended standards and interpretations that impact either the financial position, financial results, disclosures or stated accounting policies of the Group.

At the date of authorisation of these financial statements the following amendments which have not been applied in these financial statements were in issue and endorsed by the EU but not yet effective:

IFRS 9: Financial Instruments (effective 1 January 2018)
IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018)
IFRS 16: Leases (effective 1 January 2019)
Amendments to IFRS 2: Classification and measurement of share-based payments (effective 1 January 2018)
Amendments to IAS 28: Investments in Associates and Joint Ventures (effective 1 January 2019)
Amendments to IFRS 3 and IFRS 11 as part of Annual Improvement Cycle amendments 2015 – 2017 (effective 1 January 2019)

In addition, there are further amendments and standards which have been issued but not yet endorsed by the EU, including:

Amendments to IFRS 3: Business Combinations

The directors do not anticipate the adoption of these amendments will have a material impact on the financial statements in the period of initial application. Other amendments, standards and interpretations are in issue but they are not relevant to the Group and as such they are not commented on.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and companies controlled by the Company, the Subsidiary Companies, drawn up to 30 November each year.

Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests consist of the amounts of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

**Foreign currency**

For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in pounds sterling, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences arising are included in the profit or loss for the period.

For the purposes of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Gains and losses from exchange differences so arising are shown through the Consolidated Statement of Changes in Equity.

**Intangible assets: Deferred exploration and evaluation costs**

Pre-licence costs are expensed in the period in which they are incurred. Expenditure on licence renewals and new licence applications covering an area previously under licence are capitalised in accordance with the policy set out below.

Once the legal right to explore has been acquired, exploration costs and evaluation costs arising are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs include appropriate technical and administrative expenses. If a project is successful, the related expenditures will be reclassified as development and production assets and amortised over the estimated life of the commercial reserves. Prior to this, no amortisation is recognised in respect of such costs. Where a licence is relinquished, a project abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off to administrative expense within profit or loss. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

Where the Group has entered into a farm out agreement, the Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for as a gain on disposal.
Where the Group enters into a farm in agreement the Group recognised all expenditure which it incurs under that agreement, with the expenditure being either capitalised or expensed in accordance with the policy detailed above.

**Intangible assets: Development and production assets**

Development and production assets are accumulated into cost centres and represent the cost of developing the commercial reserves and bringing them into production together with any previously deferred exploration and evaluation.

On acquisition of development and production assets from a third party, the asset will be recognised in the financial statements on signature of the sale and purchase agreement, subject to satisfaction of any substantive conditions within the agreement.

Costs relating to each cost centre are depreciated on a unit of production method based on the commercial proven reserves for that cost centre. Changes in reserve quantities and cost estimates are recognised prospectively. On disposal of any part of a development and production asset, proceeds are credited to the Statement of Comprehensive Income, less the percentage cost relating to the disposal.

A review is performed for any indication that the value of the development and production assets may be impaired. Where there are such indications, an impairment test is carried out on the relevant cost centre. Additional depletion is included within cost of sales within the Statement of Comprehensive Income if the capitalised costs of the cost centre exceed the associated estimated future discounted cash flows of the related commercial oil and gas reserves.

**Financial instruments**

**Investment in subsidiaries:** Investment in subsidiaries are recognised initially at cost less any provision for impairment.

**Investment in associates and joint ventures:** Investments in associates and joint ventures are recognised initially at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in the Company's profit and loss account.

**Investments:** Investments in unlisted equity instruments whose fair value cannot be reliably measured are recognised initially at fair value and subsequently measured at cost. Investments in unlisted equity instruments where a value can be reliably measured are recognised at fair value. Investments in listed equity instruments are recognised initially and subsequently at fair value and are classed as available for sale assets.

**Trade and other receivables:** Trade and other receivables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

**Cash and cash equivalents:** Cash and cash equivalents include cash on hand and deposits held at call with banks.

**Trade and other payables:** Trade and other payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost.

**Financial liabilities:** All financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. There are no financial liabilities classified as being at fair value through profit or loss. The liability recognised for the 10% call option over the remaining shares in the Clogau gold project not owned by the Company is reassessed at each reporting date and any change in the liability will be recognised against the intangible asset value on the balance sheet.

**Share capital:** The Company's ordinary and deferred shares are classified as equity.

**Warrants:** Warrants are stated at their value, which is estimated using a Black Scholes model (2017: a binomial model).

**Taxation**

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the liability method.

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

## 2. ANALYSIS OF SEGMENTAL INFORMATION

The Group currently only has one primary reporting business segment, exploration and development. The Board of the Company evaluates the business on a sector basis, the two sectors being mining and oil and gas. The group exploration assets and investments along with capital expenditures are presented on this basis below:

| | 2018 | 2017 |
|---|---|---|
| **Total assets** | **£** | **£** |
| Mining | 2,814,878 | 937,306 |
| Oil and gas | 5,776,904 | 3,827,495 |
| AFS assets | 7,161 | 14,335 |
| Net current assets | 647,689 | 662,215 |
| | 9,246,632 | 5,441,351 |
| **Capital expenditure** | | |
| Mining | 763,738 | 309,748 |
| Oil and gas | 1,123,876 | 654,055 |
| | 1,887,614 | 963,803 |

The Group's primary business activities operate in three different geographical areas (and the Group has an investment in a fourth area) and the group exploration assets and investments along with capital expenditures are presented on the basis of geographical segments below:

| | 2018 | 2017 |
|---|---|---|
| **Total assets** | **£** | **£** |
| Republic of Ireland | 104,273 | 94,984 |
| Greenland | 1,521,154 | 842,322 |
| Australia | 7,161 | 14,335 |
| England & Wales | 7,614,044 | 4,489,710 |
| | 9,246,632 | 5,441,351 |
| **Capital expenditure** | | |
| Republic of Ireland | 7,692 | 7,102 |
| Greenland | 678,831 | 302,651 |
| England & Wales | 1,201,091 | 654,055 |
| | 1,887,615 | 963,808 |

## 2. ANALYSIS OF SEGMENTAL INFORMATION (continued)

The administrative expenditure in the income statement primarily relates to central costs.

In the current period the revaluation of investment related to the oil and gas assets. The profit on revaluation of investment in a joint venture related to a mining asset in England & Wales (see Note 9). In 2017, the impairment charge related to a full write down of a mining asset in Mauritania and the revaluation of investment related to an oil and gas asset in England & Wales.

## 3. OPERATING PROFIT/(LOSS)

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **This is stated after charging/(crediting):** | | |
| Impairment of intangible exploration asset | - | 569,218 |
| Share-based payments expense | 243,156 | 127,695 |
| Auditor's remuneration | | |
| - audit services | 40,335 | 20,420 |
| - other services | - | - |

## 4. DIRECTORS' EMOLUMENTS

There were no employees during the period apart from the directors, who are the key management personnel. No directors had benefits accruing under money purchase pension schemes.

| **Group and Company** | **2018** | **2017** |
|---|---|---|
| | £ | £ |
| **Directors' Remuneration** | | |
| Fees | 42,140 | 16,800 |
| Salaries | 130,000 | 156,000 |
| | 172,140 | 172,800 |
| Share option charge | 177,522 | 120,614 |
| Social security costs | 13,959 | 17,343 |
| Key management personnel remuneration | 363,621 | 310,757 |
| | | |
| Average number of employees | 3 | 3 |

**4. DIRECTORS' EMOLUMENTS (continued)**

| | Fees 2018 £ | Salaries 2018 £ | Total 2018 £ | Fees 2017 £ | Salaries 2017 £ | Total 2017 £ |
|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | |
| George Frangeskides | 17,890 | 100,000 | 117,890 | 16,800 | 100,000 | 116,800 |
| Michael Nott | 24,250 | 18,000 | 42,250 | - | 42,000 | 42,000 |
| Manuel Lamboley | - | 12,000 | 12,000 | - | 14,000 | 14,000 |
| Total | 42,140 | 130,000 | 172,140 | 16,800 | 156,000 | 172,800 |

In 2017, Mr Frangeskides agreed to settle fees of £14,000 by way of the issue of fully paid ordinary shares.

Note 23 gives details of other transactions with the directors.

During the year the Company granted warrants and options to each of the directors as follows:

| | 2018 No | 2017 No |
|---|---|---|
| George Frangeskides | 60,000,000 | 60,000,000 |
| Michael Nott | 12,000,000 | 15,000,000 |
| Manuel Lamboley | - | - |

The warrants issued to Mr Nott during the year ended 30 November 2018 have an exercise price of 0.42 pence per share. Subject to the terms of the warrants, the warrants vest on 31 December 2018 and can be exercised until 27 March 2021.

The options awarded to Mr Frangeskides during the year ended 30 November 2018 were under the Company's Enterprise Management Incentive plan ("EMI scheme") comprising 15 million share options vesting 31 December 2018, with a further 15 million share options vesting on each of the dates falling 6, 12 and 18 months following that initial vesting date. These options have an exercise price of 0.42p and expire on the tenth anniversary of grant, being 2 May 2028, if not exercised. They are subject to accelerated vesting in certain circumstances, including pursuant to a change of control of the Company following a completed takeover offer.

The estimated value of the share-based remuneration provided to directors in the year ended 30 November 2018 was £177,522 (2017: £120,614). This value is derived from a Black Scholes model as described in Note 16 (2017: binomial model). The warrants were granted when the share price was 0.37 pence per share and the warrants were valued at between 0.18 pence and 0.27 pence per share depending on their vesting date. The warrant value is high as a proportion of the market price due to the share price volatility.

The warrants issued during the prior year have an exercise price of 0.4 pence per share and can be exercised at any time until 27 March 2021. Warrants issued under the EMI scheme in prior year have the same exercise prise but can be exercised at any time until 13 Jan 2027.

## 5. INCOME TAXES

**a) Analysis of charge in the period**

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| United Kingdom corporation tax at 19% (2017: 19.34%) | - | - |
| Deferred taxation | - | - |
| | - | - |

**b) Factors affecting tax charge for the period**

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK 19% (2017: 19.34%). The differences are explained below:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Loss on ordinary activities before tax | (75,106) | (518,343) |
| Profit/(loss) multiplied by standard rate of tax | (14,525) | (100,236) |
| Effects of: | | |
| Income not taxable | (156,851) | (135,380) |
| Losses carried forward not recognised as deferred tax assets | 171,376 | 235,616 |
| | - | - |

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses and accelerated capital allowances, as there is insufficient evidence that the potential asset will be recovered. Given the lack of funds available to the Group and the non-recognition of any asset, no full analysis of deferred tax asset has been prepared. However, the aggregated losses in each of the Group companies, Alba Mineral Resources plc, Aurum Mineral Resources Ltd, Mauritania Ventures Limited, Obsidian Mining Limited, White Eagle Resources Limited, White Fox Resources Limited, Dragonfire Mining Limited, Gold Mines of Wales Limited, GMOW (Holdings) Limited and GMOW (Operations) Limited amounted to £3,170,226 before adjustments required by local tax rules and excluding losses on intra-group transactions (2017: £3,095,120 incorrectly stated as £3,795,120 in the prior year).

## 6. COMPANY LOSS FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not included its own income statement and statement of comprehensive income in these financial statements. The Company's loss for the year amounted to £15,258 (2017: £193,655 loss).

## 7. PROFIT PER SHARE

Basic profit per share is calculated by dividing the loss attributed to ordinary shareholders of £72,823 (2017: £227,699 loss) by the weighted average number of shares of 2,717,353,000 (2017: 1,949,148,404) in issue during the year. The diluted profit per share calculation is identical to that used for basic profit per share as warrants are not dilutive due to the losses incurred.

## 8. PROPERTY, PLANT AND EQUIPMENT

| Group | Land and buildings |
|---|---|
| **Cost** | **£** |
| At 1 December 2017 | - |
| Additions | 85,000 |
| At 30 November 2018 | 85,000 |

The land and buildings were acquired during the year as part of the Clogau gold project. At the year end they were held at cost.

## 9. INTANGIBLE FIXED ASSETS

| Group | Exploration and evaluation | Development and production | Total |
|---|---|---|---|
| **Cost** | **£** | **£** | **£** |
| At 1 December 2016 | 1,196,770 | 187,125 | 1,383,895 |
| Exchange differences | 6 | - | 6 |
| Additions | 309,748 | 20,905 | 330,653 |
| At 30 November 2017 | 1,506,524 | 208,030 | 1,714,554 |
| Exchange differences | 1,598 | - | 1,598 |
| Acquisitions | 1,027,236 | - | 1,027,236 |
| Additions | 763,739 | 138,874 | 902,613 |
| As 30 November 2018 | 3,299,097 | 346,904 | 3,646,001 |
| **Amortisation** | | | |
| As at 1 December 2016 | | | |
| Impairment charge for the year | (569,218) | - | (569,218) |
| As 30 November 2017 | (569,218) | - | (569,218) |
| As 30 November 2018 | (569,218) | - | (569,218) |
| **Net book value** | | | |
| At 30 November 2018 | 2,729,879 | 346,904 | 3,076,783 |
| At 30 November 2017 | 937,306 | 208,030 | 1,145,336 |

The Group's intangible fixed assets relate to Amitsoq, the Greenland graphite project (£747,087), Thule, the Greenland mineral sands project (£540,895), Inglefield Land, the Greenland polymetallic project (£175,562), Melville Bay, the Greenland iron ore project (£57,609), the Limerick base metals project (£104,273), the Brockham oil field project (£346,904) and the Clogau gold project (£1,104,451), acquired during the period (see below).

Acquisitions: On 24 August 2018 the Group announced the completion of the acquisition of a further 41% of the Gold Mines of Wales group, reported as the Clogau gold project. It had previously completed its acquisition of 49% of the group on 4 December 2018. Both transactions fall into this reporting period so that the Clogau gold

## 9. INTANGIBLE FIXED ASSETS (continued)

project is accounted for as a joint venture between 4 December 2018 and 24 August 2018. Thereafter it is fully consolidated. The transaction is treated as an asset acquisition (see Note 1).

**Purchase consideration**

| | £ |
|---|---|
| Shares as consideration for 49% on 4 December 2017 | 316,667 |
| Share of loss of joint venture between acquisition dates | (15,325) |
| Book value of joint venture at 24 August 2018 | 301,342 |
| Shares and warrants as consideration for 41% on 24 August 2018 | 798,914 |
| Valuation of contingent consideration for remaining 10% | 34,176 |
| | 1,134,432 |

Additional consideration in the form of a royalty agreement was included agreed as part of the purchase agreement. This is contingent on uncertain future events and the directors consider that this cannot reliably be measured at acquisition date or at balance sheet date.

The purchase agreement also included a put and call option over the 10% of shares not held by Dragonfire Mining Limited. The directors have applied a valuation to this option as shown above and have recognised a liability for that amount in the accounts. This valuation will be reviewed at the next reporting date. Any change in value will be applied to the intangible asset for the project.

The book values of the assets (£158,127) and liabilities (£22,465) acquired are considered equate to their fair value and the excess of the consideration of £1,134,432 over the net book value has been allocated to the intangible license interest.

The provision for impairment during the prior period was against the intangible fixed assets relating to the Mauritania uranium project. The Mauritania Uranium project is held by Mauritania Ventures Limited, a company which is 50% owned by the Group. The consent of the holder of the other 50% of the shares must be obtained before the project asset can be sold or otherwise transferred.

| **Company** | **Exploration and evaluation** | **Development and production** | **Total** |
|---|---|---|---|
| **Cost** | **£** | **£** | **£** |
| At 1 December 2016 | - | 187,125 | 187,125 |
| Additions | - | 20,905 | 20,905 |
| At 30 November 2017 | - | 208,030 | 208,030 |
| Additions | - | 138,874 | 138,874 |
| At 30 November 2018 | - | 346,904 | 346,904 |

The company development and production costs relate solely to the Brockham oil field.

## 10. INVESTMENTS

| | £ |
|---|---|
| At 30 November 2016 | 2,286,315 |
| Additions | 633,150 |
| Revaluation | 700,000 |
| At 30 November 2017 | 3,619,465 |
| Additions | 985,002 |
| Revaluation | 825,533 |
| At 30 November 2018 | 5,430,000 |

The above investment represents an investment in 18.1% (2017: 18.1%) of the issued share capital of Horse Hill Developments Limited ("HHDL") and an associated loan to that company. HHDL is an early stage private company with no stock quote, but recent share transactions have been without substantial variation in the range of prices and have allowed the directors to reliably estimate the fair value of the investment. Under the IFRS 13 valuation hierarchy this is a level 2 valuation technique, with the observable inputs being the share prices arising on recent purchase of HHDL shares.

The directors' current intention is to retain this investment for the foreseeable future. The registered office of HHDL is: The Broadgate Tower, 8th Floor, 20 Primrose Street, London, EC2A 2EW.

## 11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

| | Investments | Loans | Total |
|---|---|---|---|
| **Company** | **£** | **£** | **£** |
| At 30 November 2016 | 581,633 | 1,633,800 | 2,215,433 |
| Additions | (904) | 355,271 | 354,367 |
| Foreign exchange movements | - | 27,452 | 27,452 |
| Provision for impairment | (50,000) | (269,534) | (319,534) |
| At 30 November 2017 | 530,729 | 1,746,989 | 2,277,718 |
| Additions | 99 | 1,892,075 | 1,892,174 |
| Foreign exchange movements | - | 14,833 | 14,833 |
| Provision for impairment | - | - | - |
| At 30 November 2018 | 530,828 | 3,653,897 | 4,184,725 |

During the prior period the Company made a provision for impairment of its investment in Mauritania Ventures Limited and the associated intercompany loan.

## 11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

At 30 November 2018 the Company held the following interests in subsidiary undertakings, which are included in the consolidated financial statements and are unlisted.

| Name of company | Country of incorporation | Proportion held | Nature of holding | Business |
|---|---|---|---|---|
| Aurum Mineral Resources Ltd | Ireland | 100% | Direct | Exploration |
| Mauritania Ventures Limited | England & Wales | 50% | Direct | Exploration |
| Obsidian Mining Limited | England & Wales | 90% | Direct | Exploration |
| White Eagle Resources Limited | England & Wales | 100% | Direct | Exploration |
| White Fox Resources Limited | England & Wales | 51% | Direct | Exploration |
| Dragonfire Mining Limited | England & Wales | 100% | Direct | Exploration |
| Gold Mines of Wales Limited | Jersey | 90% | Indirect | Holding Co. |
| GMOW (Holdings) Limited | England & Wales | 90% | Indirect | Holding Co. |
| GMOW (Operations) Limited | England & Wales | 90% | Indirect | Exploration |

The address of the registered office of Aurum Mineral Resources Ltd is c/o Hugh Lennon Associates, Unit 8&10 Church View, Cavan, Ireland.
The address of the registered office of Gold Mines of Wales Limited is 2 Mark Clos, La Rue de la Croix, St Clement, Jersey.
All the other companies have their registered office at 6th Floor, 60 Gracechurch Street, London EC3V 0HR.

Mauritania Ventures Limited has been treated as a subsidiary undertaking because the Company exercises dominant influence over the investment by virtue of having the casting vote at Board meetings.

During the period, Dragonfire Mining Limited acquired a 90% holding in Gold Mines of Wales Limited, which company wholly owns GMOW (Holdings) Limited and its wholly owned subsidiary GMOW (Operations) Limited. Dragonfire Mining Limited holds a put and call option over the 10% of shares it does not own and therefore consolidates these entities as though they are 100% owned.

## 12. TRADE AND OTHER RECEIVABLES

| | Group 2018 | Group 2017 | Company 2018 | Company 2017 |
|---|---|---|---|---|
| **Current** | **£** | **£** | **£** | **£** |
| Other debtors | 38,172 | 22,796 | 38,172 | 22,796 |
| Prepayments and accrued income | 23,722 | 12,480 | 23,722 | 12,480 |
| | 61,894 | 35,276 | 61,894 | 35,276 |

The fair value of trade and other receivables approximates to their book value.

## 13. CASH AND CASH EQUIVALENTS

| | Group 2018 | Group 2017 | Company 2018 | Company 2017 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 585,795 | 626,939 | 574,185 | 626,793 |

The fair value of cash at bank is the same as its carrying value.

## 14. TRADE AND OTHER PAYABLES

| | Group 2018 | Group 2017 | Company 2018 | Company 2017 |
|---|---|---|---|---|
| **Current** | £ | £ | £ | £ |
| Trade creditors | 140,428 | 58,807 | 139,435 | 57,826 |
| Other creditors | 12,278 | 22,978 | 12,277 | 22,978 |
| Accruals and deferred income | 340,489 | 98,229 | 328,477 | 96,618 |
| | 493,195 | 180,014 | 480,189 | 177,422 |

The fair value of trade and other payables approximates to their book value.

## 15. FINANCIAL LIABILITIES

| | Group 2018 | Group 2017 | Company 2018 | Company 2017 |
|---|---|---|---|---|
| **Financial Liabilities** | £ | £ | £ | £ |
| Other borrowings | 253,074 | 253,073 | - | - |
| Contingent consideration | 34,176 | - | | |
| | 287,250 | 253,073 | - | - |

The loans outstanding are non-interest bearing with no fixed repayment term and are unsecured. The contingent consideration is recognition of a liability in respect of the put and call option over the remaining 10% shareholding in the Clogau gold project which the Company does not own.

## 16. CALLED UP SHARE CAPITAL

| | 2018 Number of shares | 2018 £ | 2017 Number of shares | 2017 £ |
|---|---|---|---|---|
| **Allotted, called up and fully paid** | | | | |
| Ordinary shares of 0.1 pence | 3,261,601,946 | 3,261,602 | 2,248,614,935 | 2,248,615 |
| Deferred shares of 0.9 pence | 93,070,100 | 837,631 | 93,070,100 | 837,631 |
| Total | 3,354,672,046 | 4,099,233 | 2,341,685,035 | 3,086,246 |

## 16. CALLED UP SHARE CAPITAL (continued)

On 27 May 2016 the Company adopted new Articles which do not specify authorised share capital. All issued ordinary shares carry equal rights. The deferred shares do not carry any rights to vote or dividend rights. In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of the ordinary shares have received a payment of £1,000,000 on each such share.

During the year the Company issued ordinary shares as follows:

| | Number of shares | Proceeds of issue £ |
|---|---|---|
| 4 December 2017 – consideration for 49% share in Gold Mines of Wales | 83,333,333 | 316,667 |
| 29 March 2018 – placing for cash | 250,000,000 | 750,000 |
| 2 May 2018 – placing for cash | 266,666,666 | 800,000 |
| 24 August 2018 – consideration for additional 41% in Gold Mines of Wales (share price based on date of conditional acquisition agreement 16 July 2018) | 185,714,285 | 650,000 |
| 9 November 2018 – placing for cash | 227,272,727 | 750,000 |
| Total | 1,012,987,011 | 3,266,667 |

Details of the shares issued (and warrants exercise) after the period end are given in Note 24.

As at 30 November 2018 Alba had 341,904,761 warrants and options outstanding.

| No. of warrants | Exercise price (pence) | Final exercise date | Vested |
|---|---|---|---|
| 15,000,000[1] | 0.3 pence | 18 September 2020 | Vested |
| 20,000,000[1] | 0.3 pence | 27 March 2021 | Vested |
| 2,000,000 | 0.3 pence | 28 May 2021 | Vested |
| 51,000,000[2] | 0.3 pence | 27 March 2021 | Vested |
| 15,000,000[3] | 0.4 pence | 27 March 2021 | Vested |
| 60,000,000[3] | 0.4 pence | 13 January 2027 | Awarded under the EMI scheme. Vested. |
| 5,000,000[3] | 0.7 pence | 1 Nov 2019 | Vested |
| 113,904,761[4] | 0.42 pence | 27 March 2021 | Partially vested. 24,500,000 vesting in 2019 and 2020 |
| 60,000,000[4] | 0.42 pence | 2 May 2028 | Awarded under the EMI scheme. Not yet vested. 30,000,000 vesting 2019, 30,000,000 vesting 2020 |
| **341,904,761** | | | |

## 16. CALLED UP SHARE CAPITAL (continued)

As at 30 November 2017 Alba had 173,000,000 warrants and options outstanding.

| No. of warrants | Exercise price (pence) | Final exercise date | Vested |
|---|---|---|---|
| 15,000,000[1] | 0.3 pence | 18 September 2020 | Vested |
| 20,000,000[1] | 0.3 pence | 27 March 2021 | Vested |
| 2,000,000 | 0.3 pence | 28 May 2021 | Vested |
| 51,000,000[2] | 0.3 pence | 27 March 2021 | Vested |
| 15,000,000[3] | 0.4 pence | 27 March 2021 | Vested |
| 60,000,000[3] | 0.4 pence | 13 January 2027 | Awarded under the EMI scheme – see Note 4. 30,000,000 vested in 2017, 30,000,000 vesting in 2018 |
| 5,000,000[3] | 0.6 pence | 22 Oct 2020 | Vesting 2018 |
| 5,000,000[3] | 0.7 pence | 1 Nov 2019 | 2,500,000 vested Dec 2017, 2,500,000 vesting 2018 |
| **173,000,000** | | | |

[1,2,3,4] These warrants fall within the scope of IFRS 2 "Share-based Payments" and were issued in 2015, 2016, 2017 and 2018 respectively. The fair value of the warrants issued in 2018 calculated using a Black Scholes model was £392,070 (In the prior year a binomial model was used with a fair value of warrants issued of £120,614). Within the meaning of the IFRS 13 fair value hierarchies, this is a Level 2 valuation. It is based on the Company's share price volatility over the period to the date of issue of the warrants, a risk free rate of 1.25% (2017: 0.5%) per annum, a dividend yield of nil, the life of the options, the share price at the date of issue of the warrants and the strike prices of the warrants. The volatility was derived from the quoted prices for the Company's shares in the 12-month period prior to the issue of the respective warrants.

## 17. NON-CONTROLLING INTERESTS

| | £ |
|---|---|
| At 30 November 2016 | 26,426 |
| Loss on ordinary activities after taxation | (290,644) |
| At 30 November 2017 | (264,218) |
| Loss on ordinary activities after taxation | (2,283) |
| At 30 November 2018 | (266,501) |

## 18. RESERVES

The following describes the nature and purpose of certain reserves within owners' equity:

**Share premium:** Amounts subscribed for share capital in excess of nominal value less costs of issue.

**Merger reserve:** Amount in excess of nominal value on issue of shares in relation to business combinations.

**Foreign currency reserve:** Gains/losses arising on retranslating the net assets of the Group into pounds sterling.

**Warrant reserve:** Proceeds from the issue of extant warrants.

## 19. CAPITAL COMMITMENTS

As at 30 November 2018, the Group / Company had committed to spend at least approximately £675,000 in the coming year on its Greenland licences, being in approximate terms the minimum commitment required under the licences. At the date of publication of these financial statements, due to changes to the areas under licence, that commitment had reduced to approximately £388,000.

## 20. CONTINGENT LIABILITIES

A royalty agreement was agreed as part of the acquisition of the Clogau gold project (see Note 9).

The Company / Group will be liable for 5% of the abandonment and reinstatement costs relating to the Brockham Production licence. The liability which is expected will arise is not material to the Group or Company.

## 21. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise investments, cash at bank and various items such as available for sale assets, other debtors, loans and creditors. The Group has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

**Credit Risk**
The Group's credit risk arises primarily from cash at bank, other debtors and the risk the counterparty fails to discharge its obligations. In 2018, other debtors included £14,400 that was past due but not impaired (2017: £9,900).

The Company's credit risk primarily arises from intercompany debtors, which are considered to form part of the Company's investment in the subsidiaries (see Note 11) and cash at bank and other debtors, as per the Group. Should the subsidiaries' exploration activities not be successful, it is possible that these debtors may become irrecoverable.

**Liquidity Risk**
Liquidity risk arises from the management of cash funds and working capital. The risk is that the Group will fail to meet its financial obligations as they fall due. The Group operates within the constraints of available funds and cash flow projections are produced and regularly reviewed by management.

**Interest rate risk profile of financial assets**
The only financial assets (other than short term debtors) are cash at bank and in hand, which comprises money at call. The interest earned in the year was negligible. The directors believe the fair value of the financial instruments is not materially different to the book value.

**Foreign currency risk**
The Group has an Irish subsidiary, which can affect the Group's sterling denominated reported results as a consequence of movements in the sterling/euro exchange rates. The Group also incurs costs denominated in foreign currencies (primarily Danish Krone) which gives rise to short term exchange risk. The Group does not currently hedge against these exposures as they are deemed immaterial and there is no material exposure as at the year-end (2017: £nil).

## 21. FINANCIAL INSTRUMENTS (continued)

**Market risk**
Following the acquisition of the investment in Horse Hill Developments Limited ("HHDL"), the Group is exposed to market risk in that the value of the investment would be expected to vary depending on the price of oil and the future cash calls will, to an extent, depend on the revenue generated from oil produced from well testing activities. A 10% variation in the price of HHDL shares would result in a change in market value of the Group's investment in HHDL of £493,000.

The Group is also exposed to market risk arising from listed investments which are stated at their fair value.

**Categories of financial instruments**

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments – at fair value through the profit and loss account | 5,430,000 | 3,619,465 | 5,430,000 | 3,619,465 |
| Available for sale financial assets – at fair value | 7,161 | 14,335 | 7,161 | 14,335 |
| Loans and receivables | 38,172 | 22,796 | 38,172 | 22,796 |
| | 5,475,333 | 3,656,596 | 5,475,333 | 3,656,596 |
| **Financial liabilities** | | | | |
| Financial liabilities held at amortised cost | 780,445 | 433,086 | 480,190 | 177,422 |
| | 780,445 | 433,086 | 480,190 | 177,422 |

Contractual liabilities of £253,073 (2017: £253,073; Company 2018: £nil, 2017: £nil) have no fixed terms for repayment. Liabilities of £34,176 are not yet due and relate to a valuation of a call option over 10% of the Clogau gold project. Other contractual liabilities are either contractually overdue or due within one month.

## 22. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its mining and exploration activities to provide returns for shareholders. The Group's funding comprises equity and debt. The directors consider the Company's capital and reserves to be capital. When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the directors consider the risk characteristics of all the underlying assets in assessing the optimal capital structure.

## 23. RELATED PARTY TRANSACTIONS

Company

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. The loan balances and transactions in the year with the subsidiaries are disclosed in Note 11. Details of transactions between the Company and other related parties are disclosed below.

Group

Stirling Corporate Services Limited, a company which George Frangeskides, a director of the Company, controls, charged the Group £30,319 (2017: £14,652) for the provision of financial and administrative services. As at the year end, £21,395 (2017: £nil) was owed to Stirling Corporate Services Limited.

Aetos Consulting Limited, a company which George Frangeskides, a director of the Company, jointly controls, charged the Group fees for consultancy services of £36,225 (2017: £35,700). Of these fees, £18,335 are not reported as director's fees in Note 4 as they represent work carried out specifically on the advancement of the Company's Greenland licences and have therefore been capitalised. As at the year end £36,225 (2017: £240) was owed to Aetos Consulting Limited.

Berwick Capital Limited, a company which George Frangeskides, a director of the Company, controls, loaned the Company a total of £83,000 during the period. The loan was non-interest bearing and was repaid in full 2 months later.

Woodridge Associates, a business which Michael Nott, a director of the Company, controls, charged the Group fees for consultancy services of £58,750 (2017: £16,800). Of these fees, £34,500 are not reported as director's fees in Note 4 as they represent work carried out specifically on the advancement of the Company's Greenlandic licences and have therefore been capitalised. As at the year end, £58,750 (2017: £13,920) was due to Woodridge Associates.

## 24. EVENTS AFTER THE REPORTING PERIOD

Alba has announced a number of updates on the Brockham oil project since the year end. Flow testing commenced in December. In February it was announced that water was inhibiting oil flow and that testing was on hold until the Operator had revised its engineering programme to isolate the water zone. In April it was announced that work on site commenced again in April with plans to recommence flow testing in May.

On 11 February 2019 the Company released a Mining projects update, giving details of a soil sampling campaign at the Clogau gold project, an update on the Limerick drill programme plus details of the changes made to areas under licence in Greenland.

On 23rd March 2019 Alba announced assay results from its Thule Black Sands project.

Since the balance sheet date Alba has announced various oil production milestones from the Horse Hill EWT, the most recent one being on 11 April 2019 announcing that 15,000 barrels of oil had been produced from the Portland, and cumulatively 40,000 barrels from the Portland and the Kimmeridge.

On 22 March 2019 the Company announced that George Frangeskides and Michael Nott had both subscribed for shares in the Company.

## 24. EVENTS AFTER THE REPORTING PERIOD (continued)

On 29 April 2019, the Company announced the results of the first part of the 2019 soil sampling campaign across the Clogau gold project licence area, reporting the identification of new areas of gold mineralisation away from the existing gold mine area, with higher than average gold-in-soil grades. The Company also announced that planned mine rehabilitation work was about to commence.