Company No. 5285814

Alba Mineral Resources plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2019

Alba Mineral Resources plc

CONTENTS

Alba Mineral Resources plc

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Alba Mineral Resources plc

CHAIRMAN'S STATEMENT

The Board of Alba Mineral Resources plc is pleased to report the results for the financial year ended 30 November 2019.

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).

1. REVIEW OF ACTIVITIES

1.1 OVERVIEW

We made significant progress across our range of assets and investments during the 2019 financial year. This included the following achievements:

- At Clogau, our regional exploration resulted in the discovery of 10 new gold anomalies across the Dolgellau Gold Belt. We also successfully drilled the Llechfraith mine area, which confirmed that the known gold-bearing geological setting at Llechfraith continues for some 25 metres below the deepest historic workings.

- At Thule Black Sands, we published a maiden Mineral Resource Estimate from mineral sands experts IHC Robbins, which confirmed an Inferred Resource of 19 million tonnes at an in-situ ilmenite grade of 8.9%, translating to 1.7 million tonnes of contained ilmenite. This would be enough ore to sustain a 12-year mine life at a mining rate of 1.5 million tonnes per annum.

- At Amitsoq, we completed the latest phase of metallurgical testwork which confirmed that concentrate produced from Amitsoq graphite contains a significant proportion (36%) of larger-size, higher-value flake. This should assist us greatly in the development of a positive economic model for the project.

- At Horse Hill, a new well, HH-2z, was drilled during the year, and we also saw continuous test production at the original HH-1 well surpass 78,000 barrels by year end.

The only real reverse was encountered at Brockham, where the Operator failed in its bid to flow oil from the Kimmeridge limestones at that particular location in the Weald Basin. However, our investment in Brockham has never been a focus for the Group. It is true also that we did not intersect zinc-lead mineralisation in our drilling programme at Limerick during the year. However, the setbacks we encountered at both those projects are part and parcel of the risk-reward nature of mineral exploration and will not divert us from exploration activities, such as those which led to the above successes and which can add real value to the Company's net worth.

1.2 <u>CLOGAU GOLD PROJECT (WALES, 90% OWNED)</u>

We made significant progress at the Clogau Gold Project during 2019. Our regional exploration campaign identified 10 significant anomalies away from known major mines, with gold mineralisation confirmed so far over about a six mile section of the Dolgellau Gold Belt. The largest new anomaly identified is about two kilometres long, which is four times longer than the length of the anomaly over the historic Clogau-St David's Mine. Given Clogau-St David's was far and away the UK's largest source of historic gold production, that anomaly is clearly going to be a focus of future exploration activity.

We also identified potential extensions to the existing footprint of the mine area, with infill sampling confirming continuity of an anomaly (the "Lowri Target") lying parallel to the Llechfraith adit and a major anomaly (the "Eryn Target") lying above historic Llechfraith workings.

Late in 2019, we drilled a target within the historic Llechfraith mine area. This short drilling campaign successfully intersected the known geological setting for all historic gold mining at Clogau, being intrusive greenstones and shear zones dominated by intermixed Clogau shale and quartz veining. This setting was intersected up to 25 metres below the lowest known mined areas, thus confirming the continuity of the mined shear zone structure for at least that distance down-dip of the historic mine workings.

During 2019, we also completed an extensive underground rehabilitation programme at Clogau. Those safety works are an essential precursor to any decision to re-open the mine for commercial production.

The Board has determined that the Clogau Gold Project remains a key focus of the Company's business moving forward, for the following principal reasons:

- There is significant existing underground development in place across five connected mine areas at Clogau, which development would cost many millions of pounds to put in place at today's prices.

- The commercial potential of Clogau is significant, and is underpinned by a number of factors: the fact that historic production was from very high-grade pods, and that we believe there to be real potential to discover unexploited high-grade pods; the fact that Welsh gold typically attracts a significant premium over normal gold spot rates; and the rally in the price of gold in the second half of 2019 and into the start of 2020, which can only help with the economics for restarting mining for gold at Clogau.

- There is great potential to discover new economic gold resources within the wider Clogau licence area, as illustrated by the 10 new gold anomalies that we have so far discovered across the Dolgellau Gold Belt.

Exploration at the Clogau Gold Project will continue this year in order to refine the plan to reopen the Clogau-St David's Gold Mine for commercial production, including a trenching programme across a selection of our 10 new regional gold targets (see also Section 4 (Outlook) below, regarding the impact of COVID-19 on our planned field activities).

1.3 THULE BLACK SANDS PROJECT (GREENLAND, 100% OWNED)

In May 2019, we announced a maiden JORC-compliant inferred resource for our Thule Black Sands Ilmenite Project ("TBS"). We were delighted to be able to achieve this result after just one full field season at the Project.

The Mineral Resource Estimate prepared by mineral sands specialist IHC Robbins breaks down into three components:

(1) an Inferred Resource of 19.0 million tonnes at 43.6% Total Heavy Minerals;
(2) an in-situ ilmenite grade of 8.9%; and
(3) 1.7 million tonnes of contained ilmenite.

A 19 million tonne Inferred Resource represents a huge step forward for this high-grade ilmenite project. For a 1.5 million tonne per annum mining operation, this would already mean a mine life of more than 12 years.

Our work at TBS in 2020 will include pursuing off-take discussions with strategic investors and industrial groups.

1.4 AMITSOQ GRAPHITE PROJECT (GREENLAND, 90% OWNED)

With its exceptionally high grades and the fact that it incorporates a historic producing mine, Alba management and our technical team retain great belief in the potential of the Amitsoq Graphite Project.

During 2019 we completed a Phase 2 metallurgical testwork programme at Amitsoq which built on the preliminary testwork programme we carried out in 2018. That initial testwork had confirmed that a saleable (97.3% Total Graphitic Carbon) concentrate could be produced from Amitsoq graphite. Our 2019 programme was designed to build on that result by maximising the amount of high-value flake graphite in the concentrate. The programme was an unqualified success, as we were able to show that a significant proportion (36%) of the refined product consisted of large, jumbo and super-jumbo flakes, which attract a premium price in the graphite market. This will greatly assist in our development of a positive technical economic model for the Amitsoq Project.

In February 2020 we announced the appointment of leading graphite experts ProGraphite GmbH for the next testwork phase, which will be focused on developing an optimised method for the production of graphite that is suitable for lithium-ion batteries ("LIBs"). The electric vehicle ("EV") sector is a major growth market for graphite. LIBs use small to medium flake graphite, so if we are able to confirm the amenability of Amitsoq graphite for use in LIBs, it will mean we will have a ready market both for our large to super-jumbo flake (which is used in traditional industries such as steel manufacture and refractories) and for our small to medium flake (used in the EV sector).

In terms of field work at Amitsoq, as previously reported we are in the process of finalising a drilling programme for this summer, with the objective being to define a maiden JORC resource at Amitsoq. However, see also Section 4 (Outlook) below, regarding the impact of COVID-19 on our planned field activities.

1.5 INGLEFIELD MULTI-ELEMENT PROJECT (GREENLAND, 100% OWNED)

During the year, we commissioned a detailed technical review of our Inglefield Project from South Africa-based TECT Geological Consulting and XPotential Geoscientific Consulting, who are experts respectively in structural geology and geophysical data interpretation. Through the systematic assimilation of data from our maiden exploration campaign in 2018 and data sets from previous field programmes, they were able to identify a number of high-priority targets at Inglefield for both iron ore-copper-gold ("IOCG") and carbonate-hosted zinc-lead deposits.

As our focus in Greenland for the coming year has been on preparations for field activities at Amitsoq, we do not have plans currently to go into the field at TBS or Inglefield this season.

In terms of our overall strategy in Greenland, Alba's Board believes the Company's Greenland mining portfolio to comprise some of the best assets in the country. However, as it is not currently feasible to allocate significant funds to all of the Company's projects, we made it clear during the year that we will be seeking expressions of interest for external investment into our Greenland assets, with a view to substantially de-risking them while retaining a material stake in the upside.

1.6 **LIMERICK BASE METALS (IRELAND, 100% OWNED)**

In May 2019, we undertook a short exploration drilling campaign at our Limerick Zinc-Lead Base Metals Project which did not intersect mineralised zones. While there remain a number of other interesting targets at the Limerick Project which have never been drilled, the Group plans to target its spending elsewhere in the current period and therefore under IFRS 6 criteria the project should be impaired in value. See further Note 9.

1.7 **OIL & GAS INVESTMENTS**

(a) **Horse Hill Oil Project (England, 11.765% interest)**

Significant progress was made at Horse Hill during 2019 towards the goal of establishing permanent commercial oil production at the site. Extended well test operations continued at both the Portland Sandstone and the Kimmeridge Limestone intervals, and in August 2019 it was announced that aggregate oil production had reached a milestone of 60,000 barrels.

In September 2019 we announced that operations had commenced for the drilling of the new Horse Hill-2z ("HH-2z") Portland horizontal well. In mid-November we reported that the drilling had been successfully completed, with 2,500 ft of horizontal trajectory drilled wholly within the Portland reservoir's most oil productive zone.

We also announced in September 2019 that Surrey County Council had granted full planning consent for long-term oil production at Horse Hill. The consent grants permission to produce oil over a period of 25 years at up to 3,500 barrels of oil per day from a total of six wells within the Portland and Kimmeridge oil pools, including the existing Horse Hill-1 ("HH-1") well and the HH-2z horizontal well.

As at the financial year end, we reported that total HH-1 test production stood at over 78,000 barrels stretching back to the start of test production in July 2018.

Post year end, we reported that during a scheduled shut-in for a long-duration pressure build-up test at HH-2z, evidence of formation water ingress was recorded. For that reason, an additional well intervention was planned to shut-off the water source. On 9 March 2020 it was announced that that intervention was successful and dry oil had flowed to surface. It was also announced that further clean-up activities would be carried out prior to a shut-in. We expect extended well test ("EWT") operations from HH-2z to commence directly thereafter. Production from the horizontal section of the Portland Sandstone reservoir has the potential to exceed production from a vertical Portland producer such as HH-1.

In January 2020 we reported that, subject to receipt of regulatory approvals, the Operator now planned to bring HH-1 into commercial production this spring, to be followed by HH-2z in the third quarter of this year, subject to the successful completion of the planned HH-2z EWT programme. Shortly before the publication of this report, the Operator confirmed that the Oil and Gas Authority ("OGA") had approved the Horse Hill Field Development Plan ("FDP") and consented to the start of long-term production ("Production") from the field. This should allow net recoverable reserves to be allocated to the field, which should assist with attracting debt finance to the project. The Operator has said that Portland oil pool Production will commence via HH-1, with Kimmeridge Production planned to be added in late spring 2020 by converting the well to a dual completion. Production from HH-2z is planned to follow upon completion of the current EWT campaign.

Turning to corporate matters in relation to Horse Hill, in June 2019 we announced our decision not to fund the latest cash call received from the Operator, Horse Hill Developments Limited ("HHDL" or the "Operator"). While we have not decided whether we will fund future cash requirements at Horse Hill, it is possible that we will decide not to fund, for a number of reasons including our desire to focus our efforts and expenditure on the mining projects which are under Alba's sole control. But regardless of whether Alba does or does not fund future cash calls, our investment in Horse Hill remains a near-term cash-generative opportunity for Alba. As such, and as we announced during the year, we are open to either retaining our stake in the Project through to permanent commercial production, when HHDL should generate material oil sales revenues, or to giving serious consideration to any third-party offer received prior to production which properly reflects the value of our stake.

(b) <u>Brockham Oil Project (England, 5% interest)</u>

During the year, the Operator at Brockham, Angus Energy, announced that it had successfully perforated the Brockham BRX4Z well ("BRX4Z") as the precursor to commencing commercial flow test operations from the Kimmeridge limestones at BRX4Z. However, the Operator subsequently announced that part of the perforated interval was producing water, which was believed to be inhibiting the flow of oil. Despite subsequently successfully isolating the water-producing zone, Angus was still unable to recover oil to surface, leading it to conclude that in its view it would not be likely for commercial hydrocarbon flow to be achieved from the Kimmeridge layer at Brockham by conventional means.

The Group's investment in the Brockham oil field has been fully impaired in value during the period, due to the unsuccessful flow testing of the Kimmeridge formation. While the Board is naturally disappointed by this outcome, Alba's investment in Brockham has always been a small part of Alba's asset portfolio at just 4.3% of the Group's total net assets of £8.75 million prior to the impairment charge.

2. CORPORATE AND FINANCIAL

In March 2019 we announced that my fellow Director Michael Nott and I had subscribed for shares in the Company (in Mike's case 6,666,667 shares, and in my case 8,333,333 shares), at a price of £0.003 per share, being 28% above the most recent mid-market closing price for Alba shares prior to the placement.

In June 2019 we announced that we had raised £500,000 (before expenses) through the issue of 250,000,000 new ordinary shares at a price of 0.2 pence per ordinary share.

The appointment in June 2019 of SVS Securities plc as Joint Broker to the Company was subsequently terminated in August 2019, when the Company was informed that SVS had been placed into Special Administration.

In November 2019 we announced that we had raised £350,000 (before expenses) through the issue of 218,750,000 new ordinary shares at a price of 0.16 pence per ordinary share. Share warrants were also issued to each subscriber in the placing, with one warrant being issued for each share subscribed for, for a total of

218,750,000 warrants. The warrants have an exercise price of 0.32 pence per share and an expiration date of 24 months from the date of issue. The warrants will be subject to an accelerator provision, such that if at any time during their 24 month duration the 10-day volume-weighted average price ("VWAP") of Alba ordinary shares exceeds 0.64 pence, Alba may give warrant holders notice to exercise their warrants, failing which they will automatically expire.

After the financial year end we announced that we had entered into an unsecured financing of up to £767,000 (which can be increased by mutual consent to up to £1,054,500) with US-based institutional investment fund, Bergen Global Opportunity Fund, LP (the "Investor") (the "Financing"). The Financing is structured by way of the issue by Alba to the Investor of up to five zero-coupon, unsecured convertible securities. Upon its issue, the Investor pays Alba a fixed purchase price for the convertible security, namely £192,000 for the first convertible security (which has a nominal value of £223,000), £192,000 for the second Convertible Security (nominal value £192,000), £153,000 for the third Convertible Security (nominal value £153,000) and £115,000 for each of the fourth and fifth Convertible Securities (nominal value £115,000 each). The Investor will then have the right to convert those convertible securities into Alba ordinary shares based on the VWAP of Alba shares during a specified period prior to conversion or, in respect of up to £192,000 of the Convertible Securities, at a fixed price of £0.001625.

The Financing is structured in such a way as to provide Alba with access to capital at regular intervals over the next 18 months, allowing us to fund key value-enhancing work activities across our mining portfolio. The issue of the second to fifth tranches of funding is subject to the fulfilment by Alba, at each funding stage, of certain specified conditions and warranties.

On 3 March 2020, we announced that we had closed the first tranche of funding under the Financing, with Alba issuing the first convertible security referred to above and receiving payment of £192,000 from the Investor. Subject to the fulfilment of the specified conditions and warranties, the second funding tranche will be issued four months after the Company's 2020 AGM (which will be held in April) with each of the third, fourth and fifth funding tranches being issued in further four monthly intervals thereafter.

As in prior years, our results for the year were impacted by significant accounting adjustments. As shown in our Consolidated Income Statement (see page 25), the Group's loss of £1.3m included £0.5m of impairment charges from providing against the value of our share of the Brockham Oil Project and our Limerick Base Metals Project. Underlying administrative expenditure remained relatively consistent year on year.

3. EVENTS AFTER THE REPORTING PERIOD

Key announcements after the reporting period are noted in Section 1 (Review of Activities) and Section 2 (Corporate and Financial) above, and in Note 24 to the accounts.

4. OUTLOOK

The past 12 months have been challenging ones for Alba. The markets have been capricious, and lately of course we have seen some of the biggest UK stock market falls in decades, the reasons for which I will return to later. Putting that aside, we did not see the bounce in our share price that we would have expected from the significant advances we were able to make across our projects during the year, such as when we confirmed a maiden JORC

Resource at Thule Black Sands, when we identified gold mineralisation across a six-mile stretch of the Dolgellau Gold Belt or when continued progress at Horse Hill saw that oil field obtain planning permission for 25 years of production and where continued test production is now approaching its two year anniversary.

To illustrate this point, contrast the market's reaction to the Horse Hill Consortium's drilling of the HH-1 well in 2014 with the market's reaction to the drilling of the HH-2z well in 2019. While HH-1 was being drilled, in around September 2014, we saw a fourfold increase in our share price, whereas during the drilling of the second well, in September 2019, we (and other Consortium members, for that matter) saw no appreciable improvement in share price performance.

While it is difficult to maintain the excitement felt by investors in the early stages of a new discovery, such as when we struck oil at Horse Hill in 2014, it is also bound up in the very nature of the resources sector, where it typically takes years to turn an initial exploration discovery into a development asset with the Resources and Reserves and economics to support a Bankable Feasibility Study, which in turn can attract the debt finance needed to build a mine. Even in onshore oil and gas projects, where the infrastructure requirements are typically more modest, it can still take several years to move into commercial production, not least as the regulatory hurdles, as we have seen in the Weald Basin, can be significant. These realities can be hard to square with the average AIM investor's desire to see a material return on his or her investment in fairly short order, probably within a 6 to 12 month timeline. As an investor myself, I can completely understand that perspective.

The bottom line, however, is that we retain a solid belief in our core projects at Alba and we will employ the technical skill and endeavour of our highly experienced team of mining professionals to keep pushing our projects forward until such time as our successes are properly reflected in our share price. Even then, as I alluded to earlier, those successes can be completely drowned out by the much more powerful macro-economic factors which loom from time to time and which can easily overwhelm any otherwise positive developments, such as we have seen in recent times with the US-China trade wars, the self-inflicted Brexit wound and now the coronavirus pandemic.

On 23 March 2020, the UK Prime Minister announced that UK residents will only be allowed to leave their home for certain very limited purposes. In respect of workers, this includes travelling to and from work, but only where absolutely necessary. He also announced the immediate closure of all shops selling non-essential goods and a prohibition on all gatherings of more than two people in public. We will need to consider the precise effect of these, and other, announced measures upon Alba's business and affairs. I know that the PM also committed to keep these restrictions under review, to look at them again after a period of three weeks and to relax them if the evidence shows this to be possible. However at Alba we are operating on a working assumption that our ability to work in the field at our mining projects will be severely compromised, if not rendered impossible, in the next three month period at least. More information in this regard is provided in Note 24 to the accounts, at pages 54-56 below.

At the time of writing, the number of confirmed cases of COVID-19 in the United Kingdom is in the thousands, and the number of deaths is now, tragically, over one thousand. This is an unprecedented situation for many of us, certainly for those of us not old enough to have lived through the Second World War or its aftermath. The impact of the COVID-19 pandemic upon Alba is one that we not only feel in the UK, where we are headquartered and where our Clogau Gold Project and oil and gas investments are located, but also in Ireland and Greenland where we also own and operate projects. At present, the Irish Government is advising that anyone coming into

Ireland will be required to either restrict their movements or to self-isolate on arrival for 14 days, with only essential supply chain services such as hauliers, pilots and maritime staff being exempt from these restrictions. In Greenland, the authorities have announced a cessation of all non-emergency domestic and international air traffic for an initial two-week period from 20 March 2020.

The COVID-19 pandemic, and the ongoing measures imposed by the Government agencies in those countries in which Alba operates, will have an inevitable impact upon our planned work activities. On 15 January 2020, we announced details of our planned work activities for 2020, including the following key field programmes:

- In relation to Clogau, we announced plans to undertake a trenching programme across a selection of the 10 new gold targets identified from the Company's regional exploration, as well as continued environmental baseline studies and ongoing discussions with the Mineral Planning Authority detailing the works required to re-open the Mine and the proposed operations once the Mine is re-opened; and

- In relation to Amitsoq, we announced that plans were being advanced to undertake a maiden drilling campaign with the objective of enabling a maiden JORC mineral resource estimate to be declared.

Subsequent to that announcement, the rapidly developing situation in relation to the COVID-19 pandemic has placed some considerable doubt upon our ability to execute these programmes in full this year. This is for a host of reasons, including the curtailment of international flights to and from the countries in which we operate our projects, the possibility that we will be unable to secure exploration personnel, equipment or materials necessary to undertake our planned work activities and the ongoing restrictions imposed by the authorities in the countries in which we operate (which restrictions may well be increased in the coming weeks and months).

Alba's management continues to monitor these developments on a daily basis. Our overriding concern during this time is to ensure the health and safety of our personnel and of all members of the public with whom they may come into contact. Our field teams have to work in close proximity with one another, undertaking manual labour and often operating in constrained settings, such as when working underground at Clogau. For these reasons, we will not send our personnel into the field unless we are satisfied that their welfare and that of the general public will not be compromised.

The COVID-19 pandemic has also, of course, had a massive impact on global stock markets in recent weeks, and Alba's share price has been caught up in the cross-winds of the sudden slump in investor confidence across the board. While these market conditions continue to hold, our ability to progress our planned joint venture or divestment programme across our asset portfolio will likely be affected, as potential joint venture partners and buyers will be far less likely to want to consider any new investments during this time. In relation to the funding of our work activities, our ability to raise capital through the equity markets must now be considered severely constrained, although we do have the benefit of the financing package arranged with Bergen Global Opportunity Fund, LP, as announced only last month. Shareholders' attention is also drawn to the wording in the Going Concern section of Note 1 to the accounts, at page 33 below.

Despite these conditions, we do continue to work across our project portfolio. At Clogau, for instance, prior to the most recent restrictions on non-essential travel, our contractors were able to complete water tests in and around the Clogau mine adits. Initial indications are that the water is fairly clean, which are promising signs as we investigate the dewatering of the lower Llechfraith mine area where we drilled in late 2019, in terms of the level of treatment of the water that will be required. We await the return of the assays from the laboratory before deciding on the next steps. In respect of our discussions with the Mineral Planning Authority ("MPA") regarding the re-opening of the Clogau mine for commercial production, we have now received detailed responses from the MPA to our formal Pre-Application Enquiries, and our planning consultants and technical team are working through those with a view to refining our overall plan for the re-opening of the mine, which will form the basis of a formal planning application. Last month we also announced a new testwork programme for Amitsoq.

In short, there is a lot of work we can usefully progress in relation to our projects even while we are constrained in our field activities.

Alba was first listed on the AIM stock market in 2005. As such, the Company has been through the last serious global financial crisis that occurred in 2007–08 and Alba's management has first-hand experience of the measures needed to protect the Company in a period of sustained economic downturn such we currently face. We will take all measures reasonably within our control to protect the Company's projects and finances so that we will emerge strong once the worst of the COVID-19 pandemic and the ensuing global financial crisis is over.

We firmly believe that the strategy we have implemented at Alba over the past 5 or 6 years, during which time we have identified and then moved to secure majority stakes in a range of undervalued assets with real production potential, has been the right one to pursue. With the current turmoil in the investment markets, our strategy may take a little longer to execute, however we remain confident that it will ultimately bear fruit for Alba and its shareholders.

On behalf of the Board, I would like to take this opportunity to thank Alba shareholders for their ongoing support.

George Frangeskides
Executive Chairman
30 March 2020

STRATEGIC REPORT

The Directors present the strategic report for Alba Mineral Resources plc for the year ended 30 November 2019.

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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 2-10.

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, i.e. the risk that exploration programmes are not successful.

Both funding risk and exploration risk can be materially increased by the impact of international geopolitical, financial and public health developments. Notably, the onset of the Coronavirus (COVID-19) pandemic has had a very serious effect on global stock markets in recent weeks. As a result, the ability of the Company to raise funds through equity capital raisings, joint ventures or divestments can be expected to remain constrained for so long as these market conditions prevail. Aside from these funding constraints, the pandemic may adversely affect the Company's ability to implement its planned exploration programmes for the coming year, whether due to the resulting logistical challenges, such as the curtailment of international flights, or because of the unavailability of exploration personnel, equipment or materials.

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.

STRATEGIC REPORT

In the prior year, the Board identified the following specific KPIs or milestones considered to 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 achieved the first KPI with the announcement of a maiden Mineral Resource Estimate for the Thule Black Sands Project in May 2019. No joint venture partnership has yet been announced but we continue to explore options with a variety of interested parties on a number of our projects.

For the coming year, the Board will again apply the same KPIs and will broaden the first KPI of declaring a maiden Resource to include increasing the level of declared Resources on any of our projects.

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

George Frangeskides
Executive Chairman
30 March 2020

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Alba Mineral Resources plc for the year ended 30 November 2019.

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 £1,311,172 (2018: £72,823 loss).

The Directors do not recommend the payment of a dividend (2018: £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 Chairman's Statement on pages 2-10.

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
30 March 2020

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 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 further in the coming year. Members of our executive management team also regularly attend and speak at key natural resources conferences, both in the UK and overseas, throughout the year.

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, 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. During the year five Board meetings were held and all Directors were in attendance.

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 19 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. One such evaluation has taken place in the 12 months preceding the date of this statement. A further evaluation, in the form of a questionnaire-type assessment tool will be undertaken this coming year.

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 technical advisers 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. However, the Board did convene a separate Audit Committee meeting in relation to the approval of these Report and Accounts. Going forward the Board intends to continue 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. All Board members will attend the Audit Committee meetings.

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 over 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 2019 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 2019 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. The ongoing impact of Covid-19, and the uncertainty over its duration, make the raising of additional funds more challenging than otherwise.

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)
Valuation of investment in Horse Hill Developments Limited

Description of the risks
As described further in note 1 under the heading "Accounting for Investment in Horse Hill Developments Limited - £5,430,000", the investment is stated at valuation; additionally the investment includes a loan element which the directors have designated as being held at fair value through profit and loss ("FVTPL"). As detailed in note 11, the valuation is based on recent share transactions and a licence sale, requires judgement and is inherently subjective. The investment forms a majority of both the group's and the company's assets.

Our response to the risk
In respect of the valuation we:
- obtained details of the referenced share transactions and compared those to the information used by the directors in their valuation
- obtained details of the directors' calculation of the imputed value of the shares from the licence transaction, the total value of the shares comprising the value of the underlying licence and the value of a free-carry arrangement, and:
  - agreed the basis of the calculation of the licence value
  - agreed the data used by the directors to the information relating to the licence transaction
  - agreed the existence of the free-carry to relevant agreements
  - reviewed the directors' inputs to the free-carry valuation model and agreed them to supporting documentation
  - considered the impact of reasonable variations in the directors' estimates
  - reperformed their calculations
- considered if there were other factors which ought to have been reflected in the director's valuation
- considered whether the 2019 valuation was level 2 or 3 in the IFRS 13 hierarchy and that disclosures were appropriately provided.

We reviewed the rationale for the directors' designation of the loan element of the investment as being held at FVTPL. We assessed if the designation was consistent with the requirements of the relevant accounting standard and also with the Group's / Company's business model.

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 - £3,050,430" 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, whether the directors will carry on intending to continue each of the exploration activities, and whether the group will have sufficient funding to undertake the required exploration activities. In addition, as described in Note 24, if the impact of Covid-19 results in the suspension of the Group's exploration activities for an extended duration, the directors would need to re-assess their impairment considerations.

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

- by reference to the relevant Government databases of licences we confirmed that the Group still retained its exploration licences
- we agreed a sample of the costs making up the capitalised expenditure for the year to supporting documentation, assessing whether the capitalisation was appropriate

Key audit matters (continued)

Carrying values and impairment of exploration and evaluation costs (continued)

- we considered whether the outcome of the exploration activities to date indicated that the prospective mineral resources may be commercially unviable
- we reviewed the directors' assessment of future exploration commitments and assessed if they were consistent with the licence terms, including post year end changes to the licence terms
- we considered if the directors intended to undertake further substantive exploration activities in each licence and obtained a written representation of the directors' intentions
- we assessed whether the financial forecasts used by the directors in their going concern assessment included these future exploration activities.

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

As described in Note 1 under the heading "Impairment assessment of investment in and loans to subsidiaries (company only) – £2,446,230" the ability of the subsidiaries to repay the Parent Company loans and to provide a return on the Parent Company's investment, is dependent on the future success of the subsidiaries' exploration activities. If these activities are not successful, then it could lead to these assets on the Parent Company's statement of financial position becoming impaired. We refer to the uncertainties relating to the carrying value of these assets immediately above.

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.

We also reviewed in detail, the directors' expected credit loss provision in respect of the Parent Company loans, assessing if the impairment was made in accordance with the requirements of the relevant standard and if the directors' assumptions were reasonable, and checking the estimates used by the directors to historic information.

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 2.7% of total assets as presented on the face of the parent company's statement of financial position.

An overview of the scope of our audit

The Group has eleven 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, 96.8%% of the consolidated administrative expenses and 100% of the impairment of intangible assets. 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 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.

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 14, 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.

Sancho Simmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

30 March 2020

Alba Mineral Resources plc

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Note	2019	2018
		£	£
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(772,849)	(885,314)
Impairment of intangible assets	**9**	(539,554)	-
Operating loss	**3**	(1,312,403)	(885,314)
Revaluation of investment	**10**	-	825,533
Share of net loss of joint venture		-	(15,325)
Loss for the year before tax		(1,312,403)	(75,106)
Taxation	**5**	-	-
Loss for the year		(1,312,403)	(75,106)
Attributable to:			
Equity holders of the parent		(1,311,172)	(72,823)
Non-controlling interests		(1,231)	(2,283)
		(1,312,403)	(75,106)
Loss per ordinary share			
Basic	7	(0.039) pence	(0.003) pence

Alba Mineral Resources plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2019

	2019	2018
	£	**£**
Loss after tax	(1,312,403)	(75,106)
Items that may subsequently be reclassified to profit or loss:		
- Foreign exchange movements	39,040	2,707
Total comprehensive loss	(1,273,363)	(72,399)
Total comprehensive loss attributable to:		
Equity holders of the parent	(1,272,132)	(70,116)
Non-controlling interests	(1,231)	(2,283)
	(1,273,363)	(72,399)

Alba Mineral Resources plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 NOVEMBER 2019

	Note	2019	2018
		£	**£**
Non-current assets			
Property, plant and equipment	**8**	85,000	85,000
Intangible fixed assets	**9**	3,050,430	3,076,783
Investments – Horse Hill Developments Limited	**10**	5,430,000	5,430,000
Investments - other		11,125	7,161
Total non-current assets		8,576,555	8,598,944
Current assets			
Trade and other receivables	**12**	81,460	61,894
Cash and cash equivalents	**13**	211,333	585,795
Total current assets		292,793	647,689
Current liabilities			
Trade and other payables	**14**	(356,232)	(493,195)
Financial liabilities	**15**	(137,312)	(287,250)
Total current liabilities		(493,544)	(780,445)
Net current (liabilities) / assets		(200,751)	(132,756)
Net assets		8,375,804	8,466,188
Capital and reserves			
Called up share capital	**16**	4,582,983	4,099,233
Share premium account		7,128,257	6,786,382
Warrant reserve		722,998	624,039
Retained losses		(4,273,794)	(3,167,943)
Merger reserve		-	200,000
Foreign currency reserve		230,018	190,978
Equity attributable to equity holders of the parent		8,390,462	8,732,689
Non-controlling interests	**17**	(14,658)	(266,501)
Total equity		8,375,804	8,466,188

These financial statements were approved and authorised for issue by the Board of Directors on 30 March 2020.

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 2019

	Note	2019	2018
		£	£
Non-current assets			
Intangible fixed assets	**9**	-	346,904
Investments – Horse Hill Developments Limited	**10**	5,430,000	5,430,000
Investments - other		11,125	7,161
Investments in and loans to subsidiaries	**11**	2,446,230	4,184,719
Total non-current assets		7,887,355	9,968,784
Current assets			
Trade and other receivables	**12**	28,603	61,894
Cash and cash equivalents	**13**	211,240	574,185
Total current assets		239,843	636,079
Current liabilities			
Trade and other payables	**14**	(353,702)	(480,189)
Financial liabilities		(96,178)	-
Total current liabilities		(449,880)	(480,189)
Net current (liabilities) / assets		(210,037)	155,890
Net assets		7,677,318	10,124,674
Capital and reserves			
Called up share capital	**16**	4,582,983	4,099,233
Share premium account		7,128,257	6,786,382
Warrant reserve		722,998	624,039
Retained losses		(4,756,920)	(1,584,980)
Merger reserve	**11**	-	200,000
Equity shareholders' funds		7,677,318	10,124,674

The loss of the parent company for the year was £2,206,194 (2018: a loss of £15,258). For more details see Note 6 to the accounts.

These financial statements were approved and authorised for issue by the Board of Directors on 30 March 2020.

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 2019

	Share capital	Share premium	Warrant reserve	Profit and loss	Merger reserve	Foreign currency reserve	Attributable to equity holders of parent	Non controlling interest	Total
	£	£	£	£	£	£	£	£	£
At 1 December 2017	3,086,246	4,655,702	231,969	(3,095,120)	200,000	193,685	5,272,482	(264,218)	5,008,264
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 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**
Loss for the period	-	-	-	(1,311,172)	-	-	(1,311,172)	(1,231)	(1,312,403)
Translation differences	-	-	-	-	-	39,040	39,040	-	39,040
Comprehensive loss for the period	-	-	-	(1,311,172)	-	39,040	(1,272,132)	(1,231)	(1,273,363)
Shares and warrants issued	483,750	389,375	21,875	-	-	-	895,000	-	895,000
Share issue costs	-	(47,500)	-	-	-	-	(47,500)	-	(47,500)
Transfer on write-down of investment	-	-	-	200,000	(200,000)	-	-	-	-
Equity settled share-based payments	-	-	82,405	-	-	-	82,405	-	82,405
Transfer on expiry of warrants	-	-	(5,321)	5,321	-	-	-	-	-
Owner's contribution	-	-	-	-	-	-	-	253,074	253,074
At 30 November 2019	**4,582,983**	**7,128,257**	**722,998**	**(4,273,794)**	**-**	**230,018**	**8,390,462**	**(14,658)**	**8,375,804**

Alba Mineral Resources plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	Share capital	Share premium	Warrant reserve	Profit and loss	Merger reserve	Attributable to equity holders of parent
		£	£	£	£	£	£
At 1 December 2017		3,086,246	4,655,702	231,969	(1,569,722)	200,000	6,604,195
Loss for the period		-	-	-	(15,258)	-	(15,258)
Comprehensive loss for the period		-	-	-	(15,258)	-	(15,258)
Shares 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**
Change in accounting policy	**11**				(1,171,068)		(1,171,068)
At 1 December 2018 as restated		**4,099,233**	**6,786,382**	**624,039**	**(2,756,048)**	**200,000**	**8,953,606**
Loss for the period		-	-	-	(2,206,193)	-	(2,206,193)
Comprehensive loss for the period		-	-	-	(2,203,193)	-	(2,206,193)
Shares and warrants issued		483,750	389,375	21,875	-	-	895,000
Share issue costs		-	(47,500)	-	-	-	(47,500)
Transfer on write-down of investment		-	-	-	200,000	(200,000)	-
Equity settled share-based payments		-	-	82,405	-	-	82,405
Transfer on expiry of warrants		-	-	(5,321)	5,321	-	-
At 30 November 2019		**4,582,983**	**7,128,257**	**722,998**	**(4,756,920)**	**-**	**7,677,318**

Alba Mineral Resources plc

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Note	2019	2018
		£	£
Cash flows from operating activities			
Operating loss		(1,312,403)	(885,314)
Share based payment charge		82,405	243,156
Impairments of intangible assets		539,554	-
Change in fair value of other investments		(3,964)	7,174
Foreign exchange revaluation adjustment		45,614	(2,707)
Increase/(decrease) in creditors		44,474	120,032
Decrease/(increase) in debtors		(19,566)	(26,619)
Net cash used in operating activities		(623,886)	(544,278)
Cash flows from investing activities			
Payments for deferred exploration expenditure		(522,179)	(733,527)
Payments for intangible fixed assets		(165,897)	-
Cash on acquisition of subsidiary		-	44,661
Investments	**10**	-	(985,002)
Net cash used in investing activities		(688,076)	(1,673,868)
Cash flows from financing activities			
Proceeds from the issue of shares and warrants		895,000	2,300,000
Proceeds from short term borrowings		90,000	-
Costs of issue		(47,500)	(123,000)
Net cash generated from financing activities		937,500	2,177,000
Net decrease in cash and cash equivalents		(374,462)	(41,144)
Cash and cash equivalents at beginning of period		585,795	626,939
Cash and cash equivalents at end of year	**13**	211,333	585,795

Non-cash transactions

Significant non-cash transactions were the impairment charge against intangible assets shown above.

Accruals includes capital items of £59,025 (2018: £227,326).

Alba Mineral Resources plc

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Note	2019	2018
		£	£
Cash flows from operating activities			
Operating loss		(2,206,194)	(840,792)
Share based payment charge		82,405	243,156
Impairment of intangible assets		373,927	-
Change in fair value of other investments		(3,964)	7,174
Impairment of investments		232,484	-
Increase in expected credit losses on intercompany balances		274,688	-
Impairment of intercompany loan		640,084	-
Foreign exchange revaluation adjustment		45,281	(14,827)
Increase/(decrease) in creditors		18,566	75,443
Decrease/(increase) in debtors		33,292	(26,619)
Net cash used in operating activities		(509,431)	(556,465)
Cash flows from investing activities			
Loans to subsidiaries	**11**	(625,018)	(688,141)
Payments for intangible fixed assets		(165,897)	-
Investments in subsidiaries	**11**	(99)	(985,002)
Net cash used in investing activities		(791,014)	(1,673,143)
Cash flows from financing activities			
Proceeds from the issue of shares and warrants		895,000	2,300,000
Proceeds from borrowings		90,000	-
Costs of issue		(47,500)	(123,000)
Net cash generated from financing activities		937,500	2,177,000
Net decrease in cash and cash equivalents		(362,945)	(52,608)
Cash and cash equivalents at beginning of period		574,185	626,793
Cash and cash equivalents at end of year	**13**	211,240	574,185

Non-cash transactions

Significant non-cash transactions were impairment charges against intangible assets and investments, a specific provision against an intercompany receivable and a general expected credit loss provision against the intercompany receivables portfolio. In the prior period, significant non cash transactions related to investments in subsidiaries settled by the issue of shares.

Accruals includes capital items of £nil (2018: £138,874).

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 for the adoption of IFRS 9 as explained below under the heading *New standards and interpretations*.

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 Group and 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.

Given the current share price of the Company trades below its par value of £0.001, the ability of the Company to raise funds by the issuance of shares is currently constrained since, under the Companies Act 2006, the Company may not allot shares for an issue price less than their par or nominal value. However, it is noted that the Company intends to put forward a resolution to reduce the par value of its ordinary shares to £0.0001 at its forthcoming Annual General Meeting to be held in April 2020. Assuming that resolution is passed, the Company will thereafter be able to issue ordinary shares at or above that new par value.

COVID-19, and the uncertainty over its duration, is creating volatility in equity markets and will make raising additional funds from any source significantly more challenging. Further details are included in Note 24.

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 and the Group to fund the recurring and projected expenditure, including development of the Group's exploration assets. If the Company and the Group are unable to raise necessary funds, the ability of the Company and the Group to continue as going concerns would be in significant doubt and they may be unable to realise their assets and discharge their 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.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

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

<u>Capitalisation of exploration and evaluation costs - £3,050,430</u>
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.

<u>Impairment assessment of exploration and evaluation costs – £3,050,430</u>
<u>Impairment charge for the year - (£165,627)</u>
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. The impairment in the reporting period relates to the Limerick Base Metals Project.

<u>Impairment assessment of development and production assets – £nil</u>
<u>Impairment charge for the year (£373,927)</u>
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. In the current period the failure of the well test programme at the Brockham Oil Project is regarded as an indicator of impairment, and the asset has been fully impaired.

<u>Accounting for investment in Horse Hill Developments Limited - £5,430,000</u>
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. As such the loan element of the investment is accounted for at fair value with movements in fair value being taken to the profit and loss (FVTPL).

The Group and Company's shareholding in HHDL is less than 20%. 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 shareholder with a 77.9% shareholding. The Directors judge that the Company does not have significant influence over HHDL and that it should not be accounted for as an associate.

<u>Control over Mauritania Ventures Limited</u>
The Directors have to use judgement to assess whether they have control over Mauritania Ventures Limited, in which the Group owns a 50% economic interest. The Directors have assessed that they have control over that company through control of the board and therefore it is accounted for as a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Company only - Impairment assessment of investment in and loans to subsidiaries – £2,446,230
Impairment charges for the year (£232,484) and (£914,772)
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. 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. During the period the investment in Aurum Mineral Resources has been fully impaired and the related merger reserve released to reserves. The loan to that company was also fully impaired.

Additionally, in the current period, IFRS 9 has been applied for the first time and accordingly the Directors have used the Expected Credit Loss model to make a general provision against intercompany loans receivable based on historic credit losses and current data. In applying the expected credit loss model, the directors have judged that the loans to the subsidiaries were credit impaired on inception. See Note 11 for further details.

ii) ESTIMATES

Carrying value of investment in Horse Hill Developments Limited - £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 and transfers of licence interests, 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 with the exception of IFRS 9 which has been adopted and applied for the first time in these accounts. This standard has had no impact on the financial position, financial results, disclosures or stated accounting policies of the Group. Disclosures of the impact of this standard on the parent company accounts are included in Note 11. The Directors have used the transition provisions not to adjust the comparative figures.

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 16: Leases (effective 1 January 2019);
- 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); and
- Amendments to IFRS 3: Business Combinations (effective 1 January 2020).

In addition, there are further amendments and standards which have been issued but not yet endorsed by the EU, including:
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The Directors do not anticipate that the adoption of these amendments will have a material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Other amendments, standards and interpretations are in issue, both endorsed and not yet endorsed, but they are not relevant to the Group and as such they are not commented on. The Directors note that IFRS 15 became effective during the financial year but that this has had no impact on the preparation of the accounts as the Group has no revenues at this stage.

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.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Share based payments

Share-based compensation benefits are made on an ad-hoc basis on the recommendations of the Remuneration Committee or via the Enterprise Management Incentive Scheme where the employee meets the qualifying conditions. The fair value of warrants or options granted is recognised as an employee benefits expense, with a corresponding increase in the warrant reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the warrant reserve.

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. When all licences comprising a project are 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 recognises all expenditure which it incurs under that agreement, with the expenditure being either capitalised or expensed in accordance with the policy detailed above.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

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

Financial assets are classified as either:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification is dependent on the business model adopted for managing the financial assets and the contractual terms of the cash flows expected to be derived from the assets.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group's financial assets comprise equity instruments and debt instruments as described below.

Investment in subsidiaries: Investment in subsidiaries, comprising equity instruments and capital contributions, are recognised initially at cost less any provision for impairment.

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. The Group has not designated any equity instruments as being at fair value through other comprehensive income, and thus all equity instruments are held at fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Loans to subsidiaries: Loans to subsidiaries, other than capital contributions, are held for the collection of contractual cash flows and are classified as being measured at amortised cost, net of provision for impairment. Impairment is initially based on the expected life time credit loss as applied to the portfolio of loans. The loans are interest free and have no fixed repayment terms. As such the loans are assessed as being credit impaired on inception and lifetime expected credit losses are recognised with the amount of provision being recognised in the profit or loss.

A loan is fully impaired when the relevant subsidiary recognises an impairment of its deferred exploration expenditure, such that the subsidiary is not expected to be able to repay the loan from its existing assets.

Trade and other receivables: Trade and other receivables are held for the collection of contractual cash flows and are classified as being measured at amortised cost. They 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: Most 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 where they are not issued as part of a cash transaction.

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.

NOTES TO THE FINANCIAL STATEMENTS

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:

	2019	2018
Total assets	**£**	**£**
Mining	3,135,430	2,814,878
Oil and gas	5,430,000	5,776,904
Investments – other	11,125	7,161
Current assets	292,793	647,689
	8,869,348	9,246,632
Capital expenditure		
Mining	492,752	763,738
Oil and gas	27,023	1,123,876
	519,775	1,887,614

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:

	2019	2018
Total assets	**£**	**£**
Republic of Ireland	-	104,273
Greenland	1,634,994	1,521,154
Australia	11,125	7,161
England & Wales	7,223,229	7,614,044
	8,869,348	9,246,632

	2019	2018
	£	**£**
Capital expenditure		
Republic of Ireland	67,928	7,692
Greenland	113,840	678,831
England & Wales	338,007	1,201,091
	519,775	1,887,615

The administrative expenditure in the income statement primarily relates to central costs. Impairment charges in the current period related to the mining project in the Republic of Ireland (£165,627) and oil and gas assets in the United Kingdom (£373,927).

3. OPERATING LOSS

	2019	2018
	£	£
This is stated after charging/(crediting):		
Impairment of intangible assets	539,554	-
Share-based payments charge (see note 16)	82,405	243,156
Auditor's remuneration		
- audit services	33,330	40,335
- other services	-	-

4. DIRECTORS' EMOLUMENTS

During the period there were 3 (2018: 3) permanent employees, being the Directors who are the key management personnel. In addition there were 2 (2018: none) temporary employees who were employed for 2-3 months each. The Directors accrue benefits under the government's money purchase auto-enrolment scheme, NEST.

Group and Company	2019	2018
	£	£
Directors' Remuneration		
Fees	9,339	42,140
Salaries	130,000	130,000
	139,339	172,140
Share based payment charge	71,526	177,522
Social security costs	13,901	13,959
Defined contribution pension scheme	1,463	868
Key management personnel remuneration	226,229	364,489
Average number of employees	3.4	3

	Fees	Salaries	Pension	Total	Fees	Salaries	Pension	Total
	2019	2019	2019	2019	2018	2018	2018	2018
	£	£	£	£	£	£	£	£
Directors								
George Frangeskides	9,339	100,000	1,146	**110,485**	17,890	100,000	668	**118,558**
Michael Nott	-	18,000	317	**18,317**	24,250	18,000	200	**42,450**
Manuel Lamboley	-	12,000	-	**12,000**	-	12,000	-	**12,000**
Total	9,339	130,000	1,463	**140,802**	42,140	130,000	868	**173,008**

Note 23 gives details of other transactions with the Directors.

4. DIRECTORS' EMOLUMENTS (continued)

During the year the Company did not grant any warrants or options to the Directors. Warrants were granted in the prior year:

	2019 No	2018 No
George Frangeskides	-	60,000,000
Michael Nott	-	12,000,000
Manuel Lamboley	-	-

The warrants issued to Mr Nott during the prior year have an exercise price of 0.42 pence per share. The warrants vested on 31 December 2018 and can be exercised until 27 March 2021.

The options awarded to Mr Frangeskides during the prior year were under the Company's Enterprise Management Incentive plan ("EMI scheme") comprising 15 million share options vesting on 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 was £71,526 (2018: £177,522). These values were derived from a Black Scholes model as described in Note 16. 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 was high as a proportion of the market price due to the historic share price volatility.

5. INCOME TAXES

a) Analysis of charge in the period

	2019 £	2018 £
United Kingdom corporation tax at 19% (2018: 19%)	-	-
Deferred taxation	-	-
	-	-

5. INCOME TAXES (continued)

b) Factors affecting tax charge for the period

The tax assessed on the loss for the year before tax differs from the standard rate of corporation tax in the UK which is 19% (2018: 19%). The differences are explained below:

	2019	2018
	£	£
Loss before tax	(1,312,403)	(75,106)
Loss multiplied by standard rate of tax	(249,357)	(14,525)
Effects of:		
Credits to income not taxable	-	(156,851)
Deferred tax assets not recognised	249,357	171,376
	-	-

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 £4,273,795 before adjustments required by local tax rules and excluding losses on intra-group transactions (2018: £3,170,226).

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 £2,206,194 (2018: £15,258 loss). While the prior year results were improved by a revaluation gain, in the current year a number of one-off charges have been incurred. The adoption of new accounting standard IFRS 9 during the year has required the Company to establish an expected credit loss provision against intercompany loans. Further, the provision for impairment of the Limerick zinc project has required provisions to be made against the Company's investment in Aurum Mineral Resources Limited, the subsidiary company which holds the Limerick exploration licence, and against the balance of its intercompany loan to that entity. These provisions are eliminated for the purposes of the group accounts.

7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £1,311,172 (2018: £72,823 loss) by the weighted average number of shares of 3,403,506,056 (2018: 2,717,353,000) in issue during the year. The diluted loss per share calculation is identical to that used for basic loss per share as warrants are not dilutive due to the losses incurred.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Land
Cost	**£**
At 1 December 2017	-
Acquisitions	85,000
At 30 November 2018	85,000
At 30 November 2019	85,000

The land was acquired during the prior year as part of the Clogau gold project. At the year end the land is held at cost. No depreciation is charged as it is not a wasting asset.

9. INTANGIBLE FIXED ASSETS

Group	Exploration and evaluation	Development and production	Total
Cost	**£**	**£**	**£**
At 1 December 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
At 30 November 2018	3,299,097	346,904	3,646,001
Exchange differences	(6,574)	-	(6,574)
Additions	492,752	27,023	519,775
As 30 November 2019	3,785,275	373,927	4,159,202
Amortisation			
As at 1 December 2017 and 30 November 2018	(569,218)	-	(569,218)
Impairment charge for the year	(165,627)	(373,927)	(539,554)
As 30 November 2019	(734,845)	(373,927)	(1,108,772)
Net book value			
At 30 November 2019	3,050,430	-	3,050,430
At 30 November 2018	2,729,879	346,904	3,076,783

The Group's intangible fixed assets relate to Amitsoq, the Greenland graphite project (£769,618), Thule, the Greenland mineral sands project (£584,710), Inglefield Land, the Greenland polymetallic project (£198,588), Melville Bay, the Greenland iron ore project (£82,078) and the Clogau gold project (£1,415,435).

The impairment charges during the period relate to the Brockham Oil Project and the Limerick Base Metals Project asset, both of which have been fully impaired.

9. INTANGIBLE FIXED ASSETS (continued)

The Group holds a 5% interest in the Brockham oil field production licence which was producing at low volumes historically from the Portland layer. Works undertaken in June 2019 to test flow the Kimmeridge layer were unsuccessful, and it is considered by the Operator "unlikely that commercial hydrocarbon flow can be established from the Kimmeridge layer" although other options for the field are being actively pursued by the Operator.

The Group was not successful in intersecting significant mineralisation in its 2019 drill campaign on the Limerick zinc project. Although other potential drill targets have been identified, the Group plans to target its spending elsewhere in the current period and therefore under IFRS 6 criteria the project should be impaired in value. Further, if the Group wishes to renew the Limerick exploration licence (PL 3824) for a further two-year period, the renewal application must be submitted by 26 March 2020. However, the Group has recently requested that the Irish authorities consider granting an extension of time for the Group to confirm whether or not it wishes to renew the licence, given the extenuating circumstances of COVID-19. In the event that a significant extension of time is not confirmed by that date, not least given that a renewal will require a further exploration expenditure commitment on the part of the Group, the Board has decided that it will give notice that it does not intend to renew the licence. At the time of writing, the Board is awaiting guidance from the Irish authorities on this matter.

The Company intangible fixed assets, comprising development and production assets, relate solely to the Brockham oil field, which was fully impaired in value during the period due to unsuccessful flow testing of the Kimmeridge layer.

10. INVESTMENTS

Group and company	**£**
At 30 November 2017	3,619,465
Additions	985,002
Revaluation	825,533
At 30 November 2018 and at 30 November 2019	5,430,000

The above investment represents an investment in 18.1% (2018: 18.1%) of the issued share capital of Horse Hill Developments Limited ("HHDL") and an associated loan to that company. That loan is treated as part of the overall investment and as such is classified as fair value through the profit and loss. During the year the Company elected not to contribute its share of a cash call. As a result the Company's shareholding could be diluted but the impact would be minimal, the reduction being less than 0.1% of the total issued share capital of HHDL.

HHDL is an early stage private company with no stock quote. In prior periods share transactions have been without substantial variation in the range of prices which allowed the Directors to reliably estimate the fair value of the investment, being a level 2 valuation under IFRS 13 with observable inputs being the share prices. During the reporting period, the Directors' valuation of the investment moved from a level 2 valuation to a level 3 valuation. The Directors' policy is to use the latest available data for valuation purposes. The sale of a licence interest for £12 million in September 2019 has given an additional level 2 observable input as a reference point for the Directors to use to value of the Group's investment. The valuation was made by imputing a value of shares in HHDL using this observable input plus an estimate of the additional value attributable due to free-carry arrangements. Because an element of the valuation calculation is an unobservable input, the valuation moves from level 2 to level 3 under IFRS 13's valuation hierarchy. A 10% change in the estimated value of that unobservable input would result in a change in the overall value of the investment of 2.4% or £130,000.

The registered office of HHDL is: The Broadgate Tower, 8th Floor, 20 Primrose Street, London, EC2A 2EW.

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company	Investments £	Capital Contributions £	Loans £	Total £
At 30 November 2017	530,729	-	1,746,989	2,277,718
Additions	99	-	1,892,075	1,892,174
Foreign exchange movements	-	-	14,827	14,827
At 30 November 2018	**530,828**	**-**	**3,653,891**	**4,184,719**
Presentation change under IFRS 9	-	1,115,831	(1,115,831)	-
Provision for expected credit losses under IFRS 9	-	-	(1,171,068)	(1,171,068)
At 1 December 2018 (restated)	**530,828**	**1,115,831**	**1,366,992**	**3,013,651**
Additions	99	-	625,018	625,117
Foreign exchange movements	-	-	(45,282)	(45,282)
Provision for expected credit losses	-	-	(274,688)	(274,688)
Impairment of intercompany loan	-	-	(640,084)	(640,084)
Impairment of investment	(232,484)	-	-	(232,484)
At 30 November 2019	**298,443**	**1,115,831**	**1,031,956**	**2,446,230**

IFRS 9 has been adopted during the period. The Company has used the standard's transitional provisions not to adjust the comparatives, but to simply restate the opening position.

For clarity, further detail has been provided on the split of loans and capital contribution in the prior and current periods.

Upon adoption of IFRS 9 the company has recognised a provision for expected credit loss against the loans due from subsidiaries. These loans are interest-free and have no agreed terms. For the purposes of IFRS 9 the loans are assumed to be repayable on demand. Historically no provisions were made unless the specific balance was found to be impaired. The loans are assessed as being credit impaired on inception and as such lifetime expected credit losses have been recognised. Historic and current data has been used to derive a probability of default and this has been applied across the portfolio of loans. This has resulted in a provision of £1,171,068 at the date of adoption being 1 December 2018 and a charge of £274,688 for the current year, which arises solely from new credit impaired loans made in the year. Also in the current year a specific provision of £640,084 (20918: £nil) has been made.

The loans are assessed as being credit impaired on inception as the subsidiaries have no income other than the receipt of inter-company funding and as the loans are primarily used to fund the subsidiaries deferred exploration expenditure. The subsidiaries would only be able to repay the loans if they can either sell their exploration assets or develop them to the point at which the assets generate cash flows, both of which would take time to achieve. Therefore, at inception, it is known that the loans will not be able to be repaid in accordance with the loan terms (that is, on demand) and therefore they are assessed as being credit impaired.

The impairment relates to the investment in Aurum Mineral Resources, a wholly-owned subsidiary registered in the Republic of Ireland and the holder of the exploration licence for the Limerick zinc project. The project asset was impaired in the year and so it was considered appropriate to impair the historic investment value. A merger reserve of £200,000 relating to this investment has been released to the P&L reserve at the same time (see the parent company Statement of Changes in Equity).

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

At 30 November 2019 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	Non-trading
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
White Deer Resources Limited	England & Wales	100%	Direct	Non-trading

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.

Dragonfire Mining Limited owns 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 in Gold Mines of Wales Limited that it does not own and therefore consolidates these entities as though they are 100% owned.

12. TRADE AND OTHER RECEIVABLES

	Group 2019	Group 2018	Company 2019	Company 2018
Current	**£**	**£**	**£**	**£**
Other debtors	60,616	38,172	7,758	38,172
Prepayments and accrued income	20,844	23,722	20,845	23,722
	81,460	61,894	28,603	61,894

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

13. CASH AND CASH EQUIVALENTS

	Group 2019	Group 2018	Company 2019	Company 2018
	£	£	£	£
Cash at bank and in hand	211,333	585,795	211,240	574,185

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

14. TRADE AND OTHER PAYABLES

	Group 2019	Group 2018	Company 2019	Company 2018
Current	£	£	£	£
Trade creditors	157,401	140,428	156,444	139,435
Other creditors	12,329	12,278	12,329	12,277
Accruals and deferred income	186,502	340,489	184,929	328,477
	356,232	493,195	353,702	480,189

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

15. FINANCIAL LIABILITIES

	Group 2019	Group 2018	Company 2019	Company 2018
Financial Liabilities	£	£	£	£
Borrowings	96,178	-	96,178	-
Other borrowings	6,958	253,074	-	-
Contingent consideration	34,176	34,176	-	-
	137,312	287,250	96,178	-

The other borrowings in prior year was a joint venture partner loan to a subsidiary. The assets of the subsidiary were impaired in a prior period and the joint venture partner has now waived the loan. See Note 17 Non-controlling Interests.
The borrowings are a short term loan, repayable within 12 months from the date of these financial statements. The loan accrues interest at 3% above UK base rate and a 5% arrangement fee is due on repayment, both included in the amount presented above.
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

	2019 Number of shares	2019 £	2018 Number of shares	2018 £
Allotted, called up and fully paid				
Ordinary shares of 0.1 pence	3,745,351,946	3,745,352	3,261,601,946	3,261,602
Deferred shares of 0.9 pence	93,070,100	837,631	93,070,100	837,631
Total	3,838,422,046	4,582,983	3,354,672,046	4,099,233

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 £
22 March 2019 – Directors subscription for shares	15,000,000	45,000
12 June 2019 – placing for cash	250,000,000	500,000
6 November 2019 – placing for cash	218,750,000	350,000
Total	483,750,000	895,000

Given the current share price of the Company trades below its par value of £0.001, the Company intends to put forward a resolution to reduce the par value of its ordinary shares to £0.0001 at its forthcoming Annual General Meeting to be held in April 2020. Assuming that resolution is passed, the Company will thereafter be able to issue ordinary shares at or above that new par value.

As at 30 November 2019 Alba had 555,654,761 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.
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. Vested except 15,000,000 vesting 31 Dec 2019
146,562,500	0.32 pence	13 November 2021	Vested
72,187,500	0.32 pence	21 November 2021	Vested
555,654,761			

16. CALLED UP SHARE CAPITAL (continued)

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			

[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. 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% 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 2017	(264,218)
Loss after taxation	(2,283)
At 30 November 2018	(266,501)
Loss after taxation	(1,231)
Contribution from joint venture partner	253,074
At 30 November 2019	(14,658)

In 2017 the Group fully impaired the value of the exploration asset held by Mauritania Ventures Limited ("MVL"), a fully consolidated 50% joint venture company. The parent company wrote down the full value of its loan to that company. The joint venture partner has waived its loan during the current period which is accounted for as a contribution from an owner and as such is a movement on reserves.

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. The merger reserve arose on the acquisition of Aurum Mineral Resources Limited. As detailed in note 11, the investment in that company has been impaired in the year and accordingly the merger reserve has been released.

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 2019, the Group / Company had commitments to spend at least approximately £935,000 in calendar year 2020 on its Greenland licences (2018: £675,000), being in approximate terms the aggregate minimum expenditure commitments required under the licences. Subsequent to the year end, reductions in the areas under licence reduced the aggregate minimum commitment for calendar year 2020 to approximately £248,000.

20. CONTINGENT LIABILITIES

A royalty agreement was agreed as part of the acquisition of the Clogau gold project in 2018. The Group has no obligations under this agreement until such time as gold is produced and sold.

The Company / Group will be liable for 5% of the abandonment and reinstatement costs relating to the Brockham Production licence. The expected liability is in the region of £22,000 and accordingly this amount has been accrued during the period.

21. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise investments, cash at bank and various items such as investments, 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. As at 30 November 2019, other debtors included £8,100 that was past due but not impaired (2018: £14,400).

The Company's credit risk primarily arises from intercompany debtors and this has been reviewed in the course of applying IFRS 9 for the first time. See Note 11 for more details.

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.

21. FINANCIAL INSTRUMENTS (continued)

Interest rate risk profile of financial assets

Excluding the investment in HHDL, 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.

The investment in HHDL includes a loan element. Under an investment agreement those loans attract interest which becomes payable once HHDL has surplus cash. As the Group / Company treats the loan as held at fair value through profit and loss, any interest credit is subsumed within the fair value movement.

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 (2018: £nil).

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.

Since January 2020 the price of Brent crude oil has dropped from a high of $70 per barrel to the low $30s per barrel at the time of writing. The price fall was triggered by the failure of talks between the Organization of the Petroleum Exporting Countries ("OPEC") and producers outside of OPEC, notably Russia, to curtail oil production in reaction to a slowdown in global demand caused by the Coronavirus (COVID-19) pandemic, with Saudi Arabia subsequently announcing price discounts to customers in Europe, Asia, and the United States, and earlier this month announcing that it would increase its production from 9.7 million to 12.3 million barrels per day. Russia has also announced plans to increase oil production by 300,000 barrels per day.

A sustained downturn in the price of oil may have a materially adverse effect on the revenues generated from the Horse Hill Oil Field. A material reduction in the market value of HHDL shares can be expected to result in a proportionate reduction in the carrying value of the Group's investment in HHDL.

21. FINANCIAL INSTRUMENTS (continued)

Categories of financial instrument

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Investments at fair value through the profit and loss account - Horse Hill Developments Limited	5,430,000	5,430,000	5,430,000	5,430,000
Investments at fair value through the profit and loss account - other	11,125	7,161	11,125	7,161
Held at amortised cost:				
Trade and other receivables	60,616	38,172	7,758	38,172
Intercompany receivables net of expected credit losses	-	-	1,031,956	1,366,991
	5,501,741	5,475,333	6,480,839	6,842,324
Financial liabilities				
Financial liabilities held at amortised cost	486,585	780,445	449,880	480,190
	486,585	780,445	449,880	480,190

Contractual liabilities of £nil (2018: £253,073; Company 2019: £nil, 2018: £nil) have no fixed terms for repayment. Liabilities not yet due relate to a valuation of a call option over 10% of the Clogau gold project (£34,176; 2018: £34,176; Company – £nil both years) and borrowings (Group and Company - £96,178; 2018: £nil). Other contractual liabilities are either contractually overdue or due within one month.

Included in the investments held at fair value through profit and loss are loans of £2,097,768 (2018 - £2,097,768). These were designated as fair value through the profit and loss on recognition as they form part of the Company's investment in Horse Hill Developments Limited. The maximum exposure to credit risk of this financial asset at the end of the reporting period is the carrying amounts of the loans. The loans are not valued separately from the investment and changes in the fair value of the investment are based on observable prices paid for HHDL shares (traded with such shareholder loans attached). No change in fair value to date has been attributable to a change in credit risk.

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 Limited, a company which George Frangeskides, a director of the Company, controls, charged the Group £39,191 (2018: £30,319) for the provision of financial and administrative services. As at the year end £17,185 (2018: £21,395) was owed to Stirling Corporate Limited and £8,702 was accrued for invoices expected. The independent Directors, having consulted with the Company's Nomad, consider that the terms of this transaction are fair and reasonable insofar as the Company's shareholders are concerned.

Aetos Consulting Limited, a company which George Frangeskides, a director of the Company, jointly controls, charged the Group fees for consultancy services of £37,853 (2018: £36,225). Of these fees, £28,514 are not reported as director's fees in note 4 as they represent work carried out specifically on the advancement of the Group's project portfolio and have therefore been capitalised. As at the year end £18,710 (2018: £36,225) was owed to Aetos Consulting Limited and £37,853 was accrued for invoices expected.

Woodridge Associates, a business which Michael Nott, a director of the Company, controls, charged the Group fees for consultancy services of £nil (2018: £58,750). As at the year end, £50,500 (2018: £58,750) was due to Woodridge Associates.

24. EVENTS AFTER THE REPORTING PERIOD

Corporate

After the financial year end, in February 2020 we announced that we had entered into an unsecured financing for £767,000 (which can be increased by mutual consent to up to £1,054,500) with US-based institutional fund, Bergen Global Opportunity Fund, LP (the "Financing"). In March 2020 we announced that we had closed the first tranche of funding under the Financing, with Alba issuing the first convertible security and receiving payment of £192,000 from the Investor. 48 million ordinary shares were issued in accordance with the terms of the agreement. Subject to the fulfilment of the specified conditions and warranties, the second funding tranche will be issued four months after the Company's 2020 AGM (which will be held in April) with each of the third, fourth and fifth funding tranches being issued in further four monthly intervals thereafter.

Horse Hill Developments Limited

Since January 2020 we have seen the price of Brent crude oil drop from a high of $70 per barrel to a low of $27 per barrel earlier this month. See further Note 21, at pages 51-53, in this regard.

Post year end, we reported in relation to Horse Hill that a well intervention to shut-off a water ingress at HH-2z had been successful and that dry oil had flowed to surface. It was also announced by the Operator, HHDL, that further clean-up activities would be carried out prior to a shut-in.

Shortly before the publication of this report, HHDL confirmed that the Oil and Gas Authority ("OGA") had approved the Horse Hill Field Development Plan ("FDP") and consented to the start of long-term production ("Production") from the field which should allow net recoverable reserves to be allocated to the field. The Operator further stated that Portland oil pool Production will commence via HH-1, with Kimmeridge Production planned to be added in late spring 2020 by converting the well to a dual completion. Production from HH-2z is planned to follow upon completion of the current EWT campaign.

24. EVENTS AFTER THE REPORTING PERIOD (continued)

Exploration licences

In March 2020 the Group confirmed the reduction of certain of its Greenlandic licence areas with effect from 31 December 2019, as follows:

- Amitsoq Graphite Project (Mineral Exploration Licence ("MEL") 2013-06): licence area reduced from 146 km² to ~48 km².
- Inglefield Multi-Element Project (MEL 2017-40 and MEL 2018-25): MEL 2018-25 reduced from 466 km² to ~88 km². Application has been made for MEL 2017-40 to be relinquished in full. The Company is in discussions with the Mineral Licence and Safety Authority of Greenland to formalise this.
- Melville Bay Iron Ore Project (MEL 2017-41): licence area reduced from 53 km² to ~17km².

These reductions have not affected the key deposits and targets held within the Group's Greenlandic licence portfolio, which have all been retained.

In respect of the Group's Limerick Base Metals Project, held by subsidiary Aurum Mineral Resources Limited ("AMR") under exploration licence PL3824, this licence was due for renewal by 26 March 2020. Given that renewal would have involved a commitment by AMR to expend further sums on exploration, and given the current COVID-19 global pandemic makes it uncertain when the Group will be able to resume field operations, in March 2020 AMR wrote to the Exploration and Mining Division ("EMD") of the Department of Communications, Climate Action and Environment of The Republic of Ireland, to request an extension of time for AMR to make a decision on whether to apply for renewal. At the time of writing, the EMD's advice is awaited.

Amitsoq (the Greenland graphite project)

In February 2020 we announced the appointment of leading graphite experts ProGraphite GmbH for the next testwork phase in respect of our high-grade Amitsoq graphite project. The testwork programme will be focused on developing an optimised method for the production of graphite suitable for lithium-ion batteries.

COVID-19

The potential impact of the COVID-19 pandemic is discussed in the Chairman's statement on pages 8 and 9 and in the Risks section of the Strategic Report on page 11.

The ability of the Company to raise funds through equity capital raisings, joint ventures or divestments can be expected to remain constrained for so long as current market conditions prevail. However the Company does have the benefit of the financing package arranged with Bergen Global Opportunity Fund, LP, as described above.

Aside from these funding constraints, the COVID-19 pandemic may adversely affect the Group's ability to implement its planned exploration programmes for the coming year, whether due to logistical challenges, such as the curtailment of international flights, because of the unavailability of exploration personnel, equipment or materials or because of Governmental restrictions which are imposed from time to time in any of the jurisdictions in which the Group or its personnel or contractors operate.

On 23 March 2020, the UK Prime Minister announced that UK residents will only be allowed to leave their home for certain very limited purposes. In respect of workers, this includes travelling to and from work, but only where this is absolutely necessary and cannot be done from home. The Prime Minister also announced the immediate closure of all shops selling non-essential goods and a prohibition on all gatherings of more than two people in public. The Company will need to consider the precise effect of these, and other, announced measures upon its business and affairs for so long as these measures remain in place, including by reviewing in detail the final provisions of the COVID-19 emergency response legislation which is currently passing through the Houses of Parliament.

24. EVENTS AFTER THE REPORTING PERIOD (continued)

In his announcement of 23 March 2020, the Prime Minister committed to keep the announced restrictions under constant review, to look at them again after a period of three weeks and to relax them if the evidence shows this to be possible.

In terms of the Company's forward planning, the Company has adopted a working assumption that these restrictions will remain in place for a period of at least three months and that work on site at the Group's UK operations, namely at the Clogau Gold Project, will not be possible during that time. As the Group does not operate the oil and gas projects in which the Group has investments, namely the Horse Hill and Brockham Projects in the Weald Basin in England, the Company is not able to comment upon what impact the Government's restrictions will have on ongoing operations at those sites. The Company awaits the advice of the Operators of those projects in that regard.

The Directors' view is that being unable to undertake field work in the next three months should not have a material impact on the valuation of the Group's assets. In this regard, the following considerations apply:

In respect of the Clogau Gold Project in Wales, there is a significant amount of technical and geological work and studies that can be undertaken which does not involve field work, building on the significant technical database that has been generated by the Group. Also, given the weather conditions in north Wales allow for field activities all year round, if the Government restrictions are lifted within three months, the Group would then expect to be able to resume its field activities for the remainder of the year.

In respect of the Group's Greenlandic exploration licences, restrictions on travel and field activities for a period of three months would, in the Company's opinion, likely mean that work on site will not be possible this calendar year, not least due to the amount of time needed to prepare for a significant field programme in Greenland, which typically requires months of forward-planning. It is possible, however, that the Greenlandic authorities will grant a waiver to all licensees in respect of the requirement to fulfil expenditure commitments in the current calendar year, as it has done in previous years when global financial markets were impacted by serious adverse conditions. But even if this is not the case and the Group is unable to undertake field work during the 2020 field season, there is a significant amount of other technical, geological and economic work and studies which can be undertaken and which would constitute qualifying expenditure on those licences. Further, if there remains any shortfall on expenditure commitments at the end of this calendar year, the Group may elect (on certain conditions) to carry forward any under-expenditure to 2021, to reduce the size of the licence area such that the expenditure commitment is met or to pay a fine of 50% of any underspend.

Should the COVID-19 pandemic result in the Group's field work activities being suspended for a considerably longer period than the Group's current working assumption of up to three months, the Group will revisit its assessment of whether this is likely to have a material impact on the valuation of the Group's assets. If an impairment is recognised in respect of any of the Groups' assets, it is probable that impairments may be required in respect of the Company's investments in and loans to subsidiaries.

Both the Covid-19 pandemic and significant reduction in the oil price are considered to be non-adjusting post balance sheet events and therefore have not been taken into account in preparing the statement of financial position as at 30 November 2019.