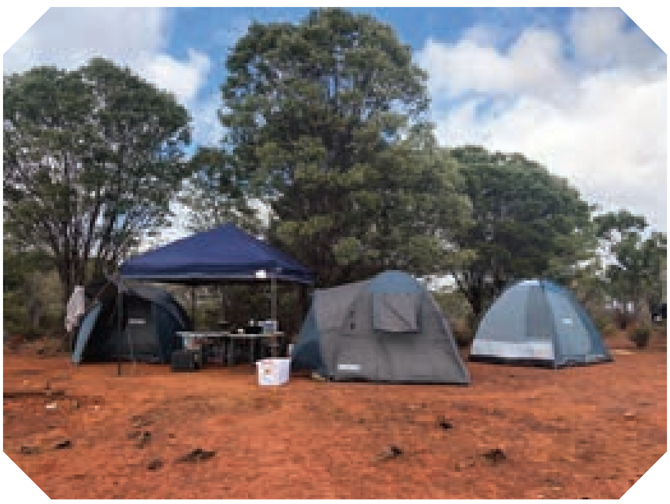
ROCKFIRE
RESOURCES PLC



Annual Report 2019

Contents

Throughout this Annual Report, "Rockfire", "Rockfire Resources" or "the Company" means Rockfire Resources plc and "the Group" means the Company and its subsidiaries.

Company Information

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David W Price
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Patrick Elliott
Nicholas Walley

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Stephen Ronaldson

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Chairman's Statement

I take great pleasure in presenting the Annual Report for Rockfire Resources for the financial year ended 31 December 2019.

The year 2019 has been an exciting growth period for the Company, on both geological and administrative fronts. An impressive gold strike at the Plateau gold deposit late in the year was a defining event for the Group, providing a clear resource expansion focus and insight to a potentially large gold development project.

Management changes

The Company appointed Patrick Elliott and Nicholas Walley to the Board as Non-executive Directors on 1 March and 1 May 2019, respectively. These appointments provide additional business strategy and M&A firepower for the Group.

Administration

The Company made changes to our stockbroking and nominated adviser service providers, as well as our accountants and auditors in our effort to streamline procedures and to establish protocols to more closely reflect our international operations. With our focus on Queensland, Australia, the Group's former projects in Papua New Guinea ("PNG") were relinquished during the year, following intense reappraisal. The Group has no further activity in PNG.

Financial review

The income statement for the year shows a loss of £635,542 (2018 – loss £2,018,827).

In January 2019, Rockfire raised £500,000 gross proceeds through a placement of ordinary shares. A further placement in September 2019, raised a further £350,000 gross proceeds. In December 2019. The Company announced the exercise of 76,854,901 warrants, raising a total of £768,549. These combined funds were used to complete numerous exploration campaigns at Double Event, Kookaburra and two highly successful drilling campaigns at Plateau.

Exploration

Highlights from the 2019 exploration field season include:

- The estimation of a maiden Inferred Resource at Lighthouse of 1,349,000 tonnes @ 1.18g/t Au for a total of 51,000 ounces of gold at the Plateau and Double Event prospects;
- Drilling of 14 reverse circulation holes at Plateau, one of which intersected the upper levels of a large mineralised system in late November 2019;
- Discovery of a new central breccia zone at Plateau, with high-grade, near-surface gold;
- The intersection of high-grade gold from drilling beneath the gold resource at Plateau;
- Finalisation of the acquisition of the Copper Dome porphyry copper prospect;
- Gold-in-soil results up to 0.23 g/t Au encountered at the Double Event prospect;
- Rock sampling at Copper Dome with grades up to 23.4 % Cu, 3.2 g/t Au and 952 g/t Ag;
- A second round of soil sampling at Double Event extended the strike by one kilometre, with gold-in-soil values up to 3.86 g/t Au and rock samples up to 58.5 g/t Au;
- Two broad gold-in-soil trends were detected at Cardigan Dam from soil sampling which returned values up to 205 ppb (0.2 ppm Au);
- The inclusion of molybdenum credits from historical drilling significantly increased Copperhead's average copper equivalent grade to 0.35% Cu Eq.;

Chairman's Statement (continued)

- An assessment of historical work identified a substantial alluvial gold deposit, the 'Brigalow Alluvial Goldfield' within the Company's 100% owned Kookaburra licence; and
- Geophysics identified multiple, deep-seated, chargeable and resistive anomalies at Plateau.

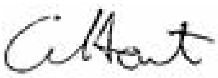
The Directors have reviewed all exploration costs for indications of impairment. They impair exploration costs where the exploration project is no longer considered economically viable or where the carrying amount exceeds the recoverable amount. An impairment charge of £87,475 was recognised by the Company in respect of the carrying value of investments during the year 2019.

Material events and reviews since the end of 2019

During these unprecedented times, where the COVID-19 pandemic is having an impact on so many aspects of our lives, the businesses we rely upon, the health of the global economy and the way we live our daily lives, the Board of Rockfire has continued its planned wet season program, but has instigated various measures as a response to the current economic, environmental and financial climate.

- A review of operational conditions was undertaken at the conclusion of the wet season,
- At the conclusion of the wet season, our field team has accessed site, as all of our technicians are based in Queensland and are not impacted by the Queensland State borders being closed,
- Exploration field work will focus initially on mapping and soil/rock sampling until the existing state lock-down on Queensland is lifted,
- Negotiations are underway with service providers on potential short-term cost reduction measures,
- The Board will continue to monitor conditions and make flexible changes to the operational parameters as required,
- The potential to access Australian and UK government grants and incentives is being investigated.

Finally, I would like to take this opportunity to thank the rest of the Board and our management team for their hard work and vision, and our shareholders for their continuing support.



Gordon Hart

18 May 2020

Directors' Biographies

Gordon Hart, Chairman

Gordon has over 35 years of experience in the equity capital and financial advisory markets. He has spent the last 12 years as managing director of Venture Group Equities Pty. Ltd, where he has advised on transactions involving over US$300 million of funding. He is a Graduate of the Australian Institute of Company Directors and has a Graduate Diploma in Corporate Governance. Gordon brings a wealth of corporate knowledge, equities and finance expertise and emerging company experience to the Group, having developed an expertise in emerging resource and technology companies which will be invaluable in assisting Rockfire's future development.

David W Price, Chief Executive Officer and Managing Director

David is an experienced geologist and senior executive with 30+ years of experience in the global mining industry and over 20 years' experience in securing funding for exploration projects. David holds the highest category of membership as a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and is a competent person for mineral exploration under the guidelines of the JORC Code. During his career, David has steered several resource projects through the often-convoluted path from exploration, through scoping/feasibility and into the construction funding stage. David has previously held senior roles in both listed and private resource companies including CEO of Golden Tiger Mining Limited, CEO of Convergent Minerals Limited and managing director of Millennium Mining Limited.

Ian Staunton, Non-executive Director

Ian has worked in the City of London for more than 40 years, in roles including audit partner, corporate finance partner and equity partner in various accounting firms. Ian is a qualified Chartered Accountant, a Fellow of the Institute of Chartered Accountants in England & Wales and has a Diploma in Corporate Finance. Having worked as equity partner and head of capital markets for Chantrey Vellacott DFK LLP and a senior equity partner for Moore Stephens during the last 25 years, Ian provides Rockfire with a strong level of accounting and audit experience. Such high-level accounting, audit and compliance capability fulfils Rockfire's ambition to broaden its corporate skill base and to bring relevant experience from London onto the Board.

Patrick Elliott, Non-executive Director

Pat is an experienced resources and industrial company director. In a career spanning over 45 years, he has held senior executive positions with Consolidated Gold Fields (Australia) Limited and Morgan Grenfell Australia Limited. Pat has an MBA in Mineral Economics from Macquarie University, and a B Comm from the University of New South Wales. He has extensive management experience in a range of fields including manufacturing, mineral exploration and oil and gas exploration. Pat is currently executive chairman of Argonaut Resources NL (an ASX-listed copper explorer), Cap-XX Limited and Tamboran Resources Ltd (an unlisted Australian oil and gas explorer). He is also a non-executive director of Ioneer Limited (formerly Global Geoscience, an ASX-listed lithium/boron developer of the Rhyolite Ridge project in Nevada, USA) and Kirrama Resources Limited (an unlisted explorer and developer of chromite and manganese projects in Madagascar).

Nicholas Walley, Non-executive Director

Nicholas has a business background spanning multiple industries including agriculture, property, construction, plant hire, food and beverage packaging, leisure and charitable work. Importantly, Nicholas has critical skills in logistics, infrastructure, organisational management and sales. The Board believes Nicholas' personal success in business and his knowledge and experience with the UK legal requirements will benefit Rockfire in its growth plans.

Strategic report

ACTIVITY REVIEW

Throughout the year, the Board of Rockfire has delivered on its strategy to achieve growth of the Group, with highly successful exploration results at the Plateau gold deposit within the Lighthouse tenement. This success has not necessarily been reflected in the Company's share price, but the long intervals of gold, silver and zinc being encountered at Plateau are testimony to the size of the mineralising system which has been discovered by the Company.

BGM Investments Pty Ltd is a 100% owned subsidiary of Rockfire in Australia which holds seven exploration permits for minerals ("EPMs") in Queensland. These assets continue to display high potential for discovery and the Company is pleased with the exploration success at Lighthouse during the last year. In addition, management has continued its strategy of data assessment of new projects for potential acquisition to assist rapid growth of the Group.

During the year, Rockfire achieved the following milestones:

- ✓ The Group achieved a maiden JORC resource of over 50,000 ounces of near-surface gold at the Lighthouse tenement.
- ✓ Drilling at Plateau to test a geophysical target returned broad, consistent gold assays, indicative of a large-scale gold deposit. Gold mineralisation occurs almost continuously throughout a 215 m deep drill hole.
- ✓ High-grade gold was intersected in two drill holes to test beneath the gold resource at Plateau.
- ✓ Drilling of a new breccia zone ('*Central Breccia*') at Plateau discovered high-grade, near-surface gold.
- ✓ An induced polarisation (IP) geophysical survey at Plateau highlighted multiple chargeable and resistive anomalies at depth.
- ✓ Rockfire exercised an option to acquire Copper Dome, resulting in the Group owning 100% of the project.
- ✓ Multiple field surveys at Copper Dome returned rock sample results up to 23.4% Cu, 3.2 g/t Au and 952 g/t Ag and significantly elevated soil samples up to 779 ppm Cu.
- ✓ The copper anomaly at Copper Dome was extended towards the south by 500 m as a result of a second soil sampling program. Soil results up to 1,115ppm (0.11%) Cu and 145ppb (0.15ppm) Au were returned.
- ✓ Gold-in-soils at Double Event extended the gold target by 1km towards the west and extremely high gold-in-soil results are evident up to 3.86 g/t Au and rock samples up to 58.5 g/t Au.
- ✓ At Copperhead, a grade increase to an historical metal estimate resulted from including a second round of core sampling in 1988, and significant molybdenum assays, both of which were not included in the original 1972 estimate.
- ✓ Two gold-in-soil anomalous trends were detected at the Cardigan Dam prospect, part of the Lighthouse tenement.
- ✓ A substantial alluvial gold deposit, (Brigalow Alluvial Goldfield) was identified from
- ✓ historical exploration work on the Kookaburra tenement, including trenching and bulk sampling.

The Directors have reviewed all exploration costs for indications of impairment. They impair exploration costs where the exploration project is no longer considered economically viable or where the carrying amount exceeds the recoverable amount. An impairment charge of £87,475 was recognised by the Company in respect of the carrying value of investments during the year 2019.

More detailed information is provided below for each of the prospects owned 100% by Rockfire.

Strategic report (continued)

The Lighthouse tenement

Plateau

Rockfire announced a maiden JORC resource of over 50,000 ounces of near-surface gold on 4 July 2019. The inferred resource of 1,349,000 tonnes @ 1.18g/t Au results in a total of 51,000 ounces of gold. This amount includes drilling at both the Plateau and Double Event prospects, providing two outstanding targets for resource growth.

The deepest gold intersection at Double Event is only 25m vertical from surface, with the bulk of drilling at Plateau being within 50m vertical from surface. Both Double Event and Plateau remain open in all directions and both resources are within easy trucking distance from operational processing plants.

The maiden JORC resource at Lighthouse provides the Company with a solid resource base upon which to underpin the Company valuation. Rockfire is rapidly defining and expanding its asset base and the maiden resource at Lighthouse demonstrates and measures the Company's exploration success to date and provides a sound platform for continued growth of the Group.

The Company has maintained a prudent strategy of sound science, thorough evaluation and methodical exploration and is being rewarded with measurable asset valuation increase. Our ambition to define large-scale mineral resources is beginning to bear fruit and our recent maiden resource merely signals the start of our planned resource expansion.

On 26 November 2019, Rockfire announced that drilling to test a geophysical target had returned broad, consistent gold assays, which were deemed to be indicative of a large-scale gold deposit at Plateau. Gold mineralisation was encountered almost continuously throughout a 215 m deep drill hole, with an intercept of 177 m @ 0.5 g/t Au in hole BPL025. This intercept included 26 m @ 1.0 g/t Au (from 22 m), 42 m @ 1.0 g/t Au (from 95 m) and 7 m @ 1.0 g/t Au (from 195 m). The intersection also included zones of 1 m @ 7.5 g/t Au, 2 m @ 5.6 g/t Au and 3 m @ 6.6 g/t Au, The hole finished within a gold-mineralised rhyolite, which is considered by our geologists to be similar to the Mt Wright Gold Mine, (part of the Ravenswood operations hosting +10.0 M oz gold), lying 45km to the north east of Plateau.

Rockfire believes that hole BPL025 intersected the upper levels of a large mineralised system. Resolute Mining Limited intersected the main gold lode at Mt Wright in excess of 150 m from surface and our technical team is anticipating gold grades to increase with depth at Plateau, as they do at Mt Wright.

Hole BPL025 was designed to drill down a sub-vertical pipe structure into the centre of a geophysical chargeable anomaly. This is the first indication that Plateau has grade continuity extending at depth and supports our belief that this deposit is much larger than previously estimated. This hole has demonstrated that mineralisation can be followed over long intervals.

The use of IP geophysics has proven to be an accurate and appropriate method of exploration at Plateau. Rockfire believes that the discovery of the main-zone gold mineralisation still lies beneath the current drilling levels. At the nearby Mt Wright Gold Mine, the 1 g/t Au mineralisation outline starts at approximately the same depths as we see at Plateau, however it is not until around +200 m from surface that the higher-grade +2 g/t Au outline starts at Mt Wright.

High-grade gold was also intersected in two drill holes designed to test beneath the gold resource at Plateau. Hole BPL012 intersected 1 m @ 18.4 g/t Au, 12 m @ 2.5 g/t Au, (including 5 m @ 4.8 g/t Au from 61 m) and BPL019 intersected 10 m @ 2.0 g/t Au, including 4 m @ 4.2 g/t Au from 65 m. These deeper intersections are still only 65m from surface and well within depths possible for open pit mining. There are operating gold processing plants nearby, so should any future toll treatment possibility eventuate, the costs of processing may be minimised.

Additionally, drilling of a new breccia zone ('Central Breccia') discovered high-grade, near-surface gold.

Strategic report (continued)

The Central Breccia was identified from mapping and sampling by Rockfire geologists and the Company believes the Central Breccia forms the near-surface expression of the large gold system encountered at depth in hole BPL025. Drilling results include 1 m @ 21.7 g/t Au, which is the highest gold grade ever encountered in drilling at Plateau. Hole BPL013 intercepted 6 m @ 4.1 g/t Au (from 27 m), within a broader interval of 16 m @ 1.7 g/t Au and BPL014 returned 12 m @ 1.2 g/t Au (from 12 m) within a broader zone of: 26 m @ 0.7 g/t Au. The Central Breccia is not currently included in Rockfire's maiden resource.

Subsequent drilling of two additional drill holes beneath the Central Breccia encountered 7 m @ 2.3 g/t Au, within a broader interval of 12 m @ 1.3 g/t Au and an even larger interval of 29 m @ 0.63 g/t Au (from surface) from hole BPL015. Hole BPL016 returned 5 m @ 1.3 g/t Au (from 14 m depth), within a broader zone of 18 m @ 0.7 g/t Au. These holes extended the total confirmed mineralised length of the new discovery at the Central Breccia to +150m.

During October 2019, Rockfire announced the results from reprocessing historical geophysical data at Plateau. The reprocessing involved modern computing methods, which were not used when the data was originally processed in 1985. Several large chargeable responses were identified, covering a length of over 500m in strike. The strongest chargeable response starts at around 70m below surface and one of the targets lies adjacent to a drill hole drilled by Rockfire in 2017, which intersected 22m @ 1.90g/t Au.

Double Event

Rockfire completed a soil and rock sampling program at Double Event, which falls within the Lighthouse tenement. This program returned strong gold anomalism, effectively extending the surface expression of the gold lode one kilometre further west from previous sampling completed by Rockfire in January 2019. This results in a total strike length of Double Event prospectivity of 4.5 km long. Extremely high gold-in-soil results up to 3.86 g/t Au and rock samples of up to 58.5 g/t Au were returned from this sampling program. In aggregate, 424 soil samples and 12 rock samples were collected during the program, where discrete zones of well-defined gold-in-soil anomalism have been identified.

The discrete, well-defined distribution of the anomalism demonstrates that the soil sampling is working well to define drill targets. Just as important as the higher results, are the areas of barren soils. This clear definition helps to minimise the potential for fruitless drill metres in areas identified as non-mineralised. Geophysics, and particularly IP will help to identify if areas of sulphide accumulation are present at depth.

Cardigan Dam

Soil sampling at Cardigan Dam, which lies within the Lighthouse tenement returned a promising gold-in-soil anomaly. Two broad gold-in-soil anomalous trends were detected, with each trend approximately 400m long x 100m wide in dimension. The soil anomaly remains open along strike length and hosts an area where historical rock samples identified gold up to 11.4 g/t Au at surface.

Rockfire has maintained a strategy of systematic, cost-effective and rapid appraisal of each of its prospects. This distinct gold-in-soil anomaly at Cardigan Dam represents strong anomalism and provides a clear target for further investigation. The gold-in-soil distribution outlines two linear zones and suggests an intersection of a north east and an east-west structure, with the intersection point being in the north eastern corner of the survey grid. Gold appears to strengthen towards the north of the strike area and extends beyond the limits of the survey.

Copper Dome

On 26 November 2018, Rockfire announced that it had agreed an option to acquire the Copper Dome porphyry copper project in Queensland. This project is an excellent fit for the Rockfire portfolio and is situated only 50km from the Copperhead Project. Under its historical name of "Mt Leslie", Copper Dome is listed in the "Global Mineral Resource Assessment", published in 2010 by the US Geological Survey and adds material value to Rockfire's porphyry copper portfolio.

Strategic report (continued)

The surface expression of copper mineralisation at Copper Dome is over 2km long and 1km wide and the prospect is vastly under-explored. In 1972, Australian Selection Pty Ltd drilled three percussion drill holes and six diamond drill holes, totalling 1,297 metres. All the drill holes were drilled vertical and all holes intersected geological/alteration features which the Directors of Rockfire believe could be indicative of a large-scale porphyry deposit. Previous diamond drilling intersected 15m @ 0.9 % Cu (including 4.6m @ 2.3 % Cu), 12m @ 0.6 % Cu (including 3m @ 1.2 % Cu), and 24m @ 0.3 % Cu (including 7m @ 0.4% Cu). Diamond hole QML004 also intersected 51.20m @ 0.20 g/t gold.

Many intervals of visible copper mineralisation in the core and chips remain un-assayed for copper and gold and only sporadic gold analysis has been done, with gold peaking at 1.86 g/t Au in drilling. All previous drilling is vertical, which provides opportunity that mineralisation hosted within vertical to sub-vertical fracture/vein networks may have been missed by previous explorers. Copper mineralisation outcrops at surface, providing low-cost, near-surface exploration, resulting in lower anticipated exploration costs.

The Company undertook initial soil sampling, rock sampling and geological mapping at Copper Dome. Malachite and azurite (copper carbonate minerals) were observed in several locations throughout the area tested and alteration of rocks, particularly by silica was recorded during mapping. A total of 176 soil samples and 34 rock samples were collected. High grade rock samples and significantly elevated copper-in-soil values were returned, with values up to 23.4% Cu, 3.2 g/t Au and 952 g/t Ag in rocks. 23% of all rock samples assayed above 0.5 g/t Au, above 5 g/t Ag and above 0.1% Cu. High-grade copper, gold and silver rock samples define ridges radiating from the mapped centre of the porphyry system, with potential for high-grade, vein-hosted mineralisation in addition to porphyry-hosted mineralisation. Elevated copper-in-soil occurred over a coherent area approximately 500m x 300m, suggesting potential for large tonnage. This initial program of work at Copper Dome provided our field crews with a good understanding of the specific issues relevant to a new project including access, terrain, geomorphology, outcrop distribution, geology and surface mineralisation.

In May 2019, Rockfire completed a second round of field assessment at Copper Dome, including extension soil sampling. Strongly anomalous results up to 0.1% Cu was found in the soils, with the copper anomaly being extended south from the previous Rockfire survey by 500m. Copper-in-soil is strongest at the margins of the mapped porphyries, whilst gold-in-soil occurs in a confined east-west band between the two largest mapped porphyries. The anomaly remains open towards the east and west. Our exploration to date at Copper Dome has included preliminary geological mapping, prospect-scale rock sampling and comprehensive soil sampling over the known outcrops of the intrusions. This exploration has returned very high-grade copper-in-rock samples, medium level copper-in-soil values and low-level gold-in-soil assays. Importantly, this work has resulted in the delineation of clear geochemical targets.

Based on these two field campaigns and the success of the exploration work, the Company elected to exercise the option to acquire Copper Dome. The decision to proceed was announced on 23 May 2019 and Rockfire now owns 100% of Copper Dome with the ownership being transferred. With coherent copper occurring around the rim of a mapped porphyry, as well as gold occupying the boundaries of two close-spaced porphyries, the geological setting shows excellent signs for gold and copper mineralisation. Rockfire is in a unique position of controlling two potentially large-scale porphyry copper projects in its portfolio, both of which are considered worthy of inclusion in the Porphyry Copper Assessment published by the US Geological Survey. The Company’s objective is to grow and expand the mineralisation at Copper Dome in conjunction with Copperhead (50km to the north east) and to develop both porphyry projects simultaneously, with the aim of outlining very large tonnage copper resources.

Strategic report (continued)

Details of the exercise

- Rockfire exercised the option, and paid Symbolic Resources Pty Ltd AUD30,000 (approx. £16,300) cash; and
- Rockfire issued Symbolic Resources Pty Ltd 3,720,454 ordinary shares in the Company, being the equivalent of AUD50,000 (approx. £27,200) worth of Rockfire fully paid ordinary shares at an issue price of £0.00731, being the volume weighted average closing price of Rockfire ordinary shares for the five days prior to the decision to exercise.

Copperhead

Copperhead is an undeveloped, large-scale porphyry copper target located close to the central Queensland coast and lies within a belt of porphyry copper deposits.

Five diamond drill holes have been drilled at Copperhead by previous explorers, with all five holes encountering visible chalcopyrite and pyrite throughout each hole. Two of these holes are 300m deep, indicating a potentially large mineralised target.

Under its historical name of "Julivon Creek", Copperhead is included in the Global Mineral Resource Assessment by the United States Geological Society (USGS) in its "Porphyry Copper Assessment of Eastern Australia" Technical Paper dated 2014. Copper mineralisation remains open in all directions.

Auger sampling at Copperhead has delineated a 3km x 2km copper anomaly. This zone contains a 2,800m x 800m core, high-grade anomaly, which has a peak result of 0.22% Cu. Subsequent drilling was focused at the western section of the auger anomaly.

Copperhead was discovered in January 1970, when Cyclone Ada caused severe flooding in the region and the heavy rains washed out dense undergrowth from the tributaries of the Andromache River.

Subsequent work showed that Julivon Creek (the stream draining Copperhead) had a large number of mineralised (chalcopyrite, pyrite, molybdenum) shears for at least half its length. Five diamond drill holes were completed at Copperhead in 1972 by Carpentaria Exploration Company Limited. Each hole recorded visible chalcopyrite, molybdenite, pyrite and occasional bornite throughout their lengths, with two of these holes being 300m long. The geology and assay results indicate a potentially large copper, molybdenum and silver mineralised system. From this drilling, Carpentaria calculated a mineral estimate of 35 million tonnes @ 0.16% Cu. In 1988, Costain Australia located the original Carpentaria core and sampled the core over different intervals throughout the holes. This second round of sampling increased the average grade of copper to 0.25% Cu for the deposit.

On 10 June 2019, Rockfire announced a grade increase to the 1972 historical metal estimate at Copperhead. This upgrade results from including a second round of core sampling in 1988 by Costain Australia and significant molybdenum, both of which were not included in the original estimate. The inclusion of molybdenum significantly increases Copperhead's average copper equivalent (Cu Eq.) grade to 0.35%, from 0.25% as established by Costain in 1988. Using the original tonnage and the new Cu Eq. grade of 0.35%, the amount of in-situ copper increases from 56,000 tonnes of copper to 122,500 tonnes of copper equivalent value. This assumes a current copper price of £4,535 per tonne. The estimated tonnage only includes a small drilled portion (approximately 5%) of a large surface geochemical anomaly which is 3km x 2km in area and mineralisation remains open in all directions.

Strategic report (continued)

KEY PERFORMANCE INDICATORS (KPIs)

The Board monitors KPIs which it considers appropriate for a group at Rockfire's stage of development.

The KPIs for the Group are as follows:

Financial KPIs

During the year the Board monitored the following KPIs:

- Cash flow and working capital,
- Short-term and long-term cash flow models which include variance analysis from original budgets.

RISK MANAGEMENT

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development are:

COVID-19 risk

In the current business climate, the Board acknowledges the COVID-19 pandemic risk and has implemented logistical and organisational changes to underpin the Group's resilience to COVID-19, with the key focus being on protecting all personnel, minimising the impact on critical work streams and ensuring business continuity.

Exploration risk

The Group's business has been primarily mineral exploration and evaluation which are speculative activities and, whilst the Directors are satisfied that good progress is being made, there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some successful historical drilling or geological data available.

Resource risk

All mineral projects have risk associated with defined grade and continuity. Mineral reserves and resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions.

The Group reports mineral resources and reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code'). The JORC Code is a professional code of practice that sets minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves. Further information on the JORC Code can be found at www.jorc.org.

Environmental and native title risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production, unforeseen events can give rise to environmental liabilities.

Strategic report (continued)

The Group is currently in the exploration stage. Any disturbance to the environment during this phase is minimal and is rehabilitated in accordance with the prevailing regulations of the countries in which we operate.

Financing and liquidity risk

The Group has an ongoing requirement to fund its activities through the equity markets and in the future to obtain finance for project development. There is no certainty such funds will be available when needed. To date, Rockfire has managed to raise funds primarily through equity placements despite the very difficult markets that currently exist for raising funding in the junior mining industry.

Political risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries can have in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

Bribery risk

The Group has adopted an anti-corruption policy and whistle blowing policy under the Bribery Act 2010. Notwithstanding this, the Group may be held liable for offences under that Act committed by its employees or subcontractors, whether or not the Group or the Directors had knowledge of the committing of such offences.

Insurance coverage

The Group maintains a suite of insurance coverage that is appropriate for the Group and Company. This is arranged via a specialist mining insurance broker and coverage includes public and products liability, corporate and professional, travel, property and medical coverage and assistance while Group employees and consultants are travelling on Group business. This is reviewed at least annually and adapted as the Group’s scale and nature of activities changes.

Internal controls and risk management

The Directors are responsible for the Group’s system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group’s system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible. The Directors review the effectiveness of internal financial control at least annually.

The audit committee has delegated responsibility for the oversight of the Company’s risk management and internal controls and procedures and for determining the adequacy and efficiency of internal control and risk management systems. The Board continuously monitors and upgrades its internal control procedures and risk management mechanisms and conducts and assesses both for effectiveness during the annual review. This process enables the Board to determine if the risk exposure has changed during the year. In order to assist the risk management function of the audit committee, the Company has a risk management policy, which is reviewed annually. The Executive Directors report regularly to the Board on the management of material business risks.

Strategic report (continued)

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

The Board takes account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on corporate social responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of Rockfire's stakeholders through individual policies and through ethical and transparent actions.

SHAREHOLDERS

The Directors are always prepared, where practicable, to enter into dialogue with shareholders to promote a mutual understanding of objectives and outcomes. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

ENVIRONMENT

The Board recognises that the Group's principal activity, mineral exploration, has the potential to impact on the local environment. To date, activities at the various projects have been limited to surveying and drilling activities and the Group does comply with local regulatory requirements with regard to environmental compliance and rehabilitation. The impact on the environment of the Group's activities has the potential to increase should our projects move into a development or production phase. This is currently assessed through baseline environmental studies that are being undertaken and identifying resources needed to manage environmental compliance in the future.

Given the Group's size and scale it is not considered practical or cost effective to collect and report data on carbon emissions.

EMPLOYEES

The Group engages its employees to understand all aspects of the Group's business and seeks to remunerate its employees fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Group takes account of employees' interests when making decisions and welcomes suggestions from employees aimed at improving the Group's performance.

The Group now operates solely in Queensland, Australia where it recruits locally as many of its employees and contractors as practicable.

SUPPLIERS AND CONTRACTORS

The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers.

HEALTH AND SAFETY

The Board recognises that it has a responsibility to provide strategic leadership and direction in the development of the Group's health and safety strategy in order to protect all of its stakeholders. The Group does not have a formal health and safety policy at this time. This is re-evaluated as and when the Group's nature and scale of activities change.

Strategic report (continued)

BREXIT

The United Kingdom ceased to be a member of the EU on 31 January 2020 with an agreed exit transition period. The impact of foreign exchange fluctuations has been evident, and the threats and opportunities of 'Brexit' are still largely unknown. Despite no immediately foreseeable impact on the Group, the Directors are monitoring developments.

ENGAGEMENT WITH STAKEHOLDERS

The Board of Rockfire is proud of the high standard of corporate governance it has established and maintains. The Board makes a conscious effort to understand the interests and expectations of the Company's stakeholders, and to reflect these in the choices it makes in its effort to create long-term sustainable success for our business.

Engagement with our shareholders and wider stakeholder groups, including employees, landowners, suppliers, contractors and government agencies, plays a central role throughout Rockfire's business. The Board is aware that each stakeholder group requires a specific and unique engagement approach in order to create and maintain effective, sustainable and mutually beneficial relationships.

The Board's understanding of various stakeholder interests is factored into program planning, boardroom discussions, strategy and budgets to assess potential long-term impacts of our business on each group, and how we might best address stakeholder expectations from our business.

Throughout this Annual Report, we provide examples of how we:

– Take into account the likely consequences of long-term decisions;

– Foster relationships with stakeholders;

– Understand our impact on our local communities and the environment; and

– Demonstrate the importance of behaving responsibly.

This section serves as our section 172 statement and should be read in conjunction with other information included in this Annual Report. Section 172 of the Companies Act 2006 requires the Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172.

The Directors continue to observe, plan for, and communicate the interests of the Company's stakeholders, including the impact of its exploration activities on local communities and the environment. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Board regularly reviews its principal stakeholders and how it engages with each. Stakeholder expectations are brought into the boardroom throughout the annual cycle through information provided by management and by direct engagement with stakeholders themselves. The priority of each stakeholder group may increase or decrease, depending on the degree of impact any decision may have on any particular stakeholder group. The Board therefore seeks to consider the impact and priorities of each stakeholder group during its discussions and as part of its decision making.

Strategic report (continued)

The table below sets out the key stakeholder groups, their interests and how Rockfire has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Stakeholder	**Their interests**	**How we engage**
Our investors	• Comprehensive review of financial performance of the business • Business sustainability • High standard of governance • Success of the business • Ethical behaviour • Director experience • Awareness of long-term strategy and direction • Project prospectivity • Improving market perception of the business	• Annual Report • Company website • Shareholder circulars • Podcasts and interviews • Corporate information including Company announcements and presentations • AGM results • Conference presentations • Stock exchange announcements • Press releases • Appointment of a public relations advisor • Frequent communication through briefings with management • Shareholder communication policy, which is renewed annually • Specific shareholder liaison officer on the Board (Chief Executive Officer) • Social media • One- to- one meetings with large existing or potential new shareholders
Regulatory bodies	• Compliance with regulations • Worker pay and conditions • Health and safety • Brand reputation • Waste and environment • Insurance • Environmental protection	• Company website • Stock Exchange announcements • Annual Report • Regular contact with QCA, share registrar, LSE and Companies House • Compliance updates at Board meetings • Risk management policy, updated annually • Compliance with local regulatory requirements and industry standard principles for environmental and social risk management • Appointment of a nominated adviser in accordance with the AIM Rules • Appointment of a competent person in accordance with the AIM Rules • Adhere to Australian laws and regulations • Adoption of best practice policies recommended by the World Bank and The International Council on Mining and Metals

Strategic report (continued)

Stakeholder	Their interests	How we engage
Community	• Sustainability • Human rights • Community outreach	• Philanthropy. Drilling of a water bore is offered to the landowner during each drill program • Corporate responsibility is overseen by a dedicated exploration manager • Employment of local contractors wherever possible • Prompt rehabilitation of drill sites • Providing opportunity for local businesses to cater for our exploration programs • Local landowners are paid promptly • Landowner access and compensation agreements • Active communication with landowners and communities where field work is taking place • Adhere to Queensland Government guidelines for approaching landowner and native title holder discussion
Environment	• Energy usage • Recycling • Waste management	• All operational waste is completely removed from site and taken to a waste and/or recycling facility • Detailed field operation guidelines to minimise any negative environmental impact of exploration activities • Obtaining environmental permits for exploration works in Australia, granted by the Queensland Government • Ensuring operational protocols are in place and monitoring the adherence to these protocols
Suppliers	• Terms and conditions of contract • Procurement opportunities • Workers' rights • Supplier engagement • Sustainability • Long-term partnerships • Fair trading and payment terms	• All supplies are sourced locally where possible • Our suppliers and contractors have received repeat business from Rockfire, which is testimony to the fine working relationship established • Supplier performance is continually monitored by a dedicated exploration manager • All field programs, including supplier quotes are authorised by the Executive Directors prior to implementation • Local suppliers are paid promptly • Contact and feedback to suppliers is regular and personal via a dedicated exploration manager

Strategic report (continued)

Stakeholder	Their interests	How we engage
Contractors	• Terms and conditions of contract • Health and safety • Human rights and modern slavery • Working conditions • Diversity and inclusion	• All contractors are sourced locally where possible • Contractors are trained in senior first aid, paid for by Rockfire • On-the-job training is provided • Local contractors are paid promptly • Rockfire pays contractors standard industry rates, which are well in excess of minimum average wages • Communication with contractors is frequent through a dedicated exploration manager • Induction for health and safety is mandatory for contractors visiting site • Daily safety meetings have been implemented during all field operations • Rockfire has a whistle-blower policy and procedure in place to ensure compliance, safety and governance • Code of conduct providing a framework for ethical decision making • Contact and feedback to contractors is regular and personal via a dedicated exploration manager • Anti-corruption and bribery policy

On behalf of the Board

David W Price
Chief Executive Officer

18 May 2020

Directors' Report

Principal activities

The principal activities of the Group are currently exploration for gold and copper resources in Queensland, Australia. The Group's strategy is to explore for and, where the Directors believe that it is commercially feasible, develop deposits of gold and/or copper. The Company strategy includes considering opportunities for project sale or joint venture at a point when any of the Group's projects become appropriately advanced enough to consider such options.

The Group currently holds seven exploration permits for minerals (EPMs) in Queensland, Australia.

Financial overview

The loss for the year is in line with the Directors' expectations. With funding being raised in January and September 2019, the Directors are confident that they will be able to secure additional funding when required to do so. The Directors are also of the view that the investment sentiment in the resource sector is improving, to the extent that the exploration success the Company has achieved to date should enable it to raise sufficient additional exploration funding to continue its exploration programmes. The Board acknowledges the COVID-19 pandemic and has implemented logistical and organisational changes to underpin the Group's resilience to COVID-19.

Further details of the Group's business, including its targets and strategies is given in the Chairman's Statement and the Strategic Report.

Major events after the reporting period

The outbreak of COVID-19 created a new and highly unpredictable challenge. The Board does not consider it possible to quantify the true impact of COVID-19 on the business at this time but remains confident that the business can adjust to the challenges this event presents.

Dividends

The Directors are unable to recommend the payment of a dividend (2018: nil).

Going concern

In the current business climate, the Board acknowledges the COVID-19 pandemic and has implemented logistical and organisational changes to underpin the Group's resilience to COVID-19, with the key focus being on protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. COVID-19 may have a direct bearing on the Group's ability to generate sufficient cash for working capital purposes. The Board is closely monitoring commercial and technical aspects of the Group's operations to mitigate the impact of the COVID-19 pandemic. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons, the generation of sufficient operating cash remains a risk. The Board believes the Group will generate sufficient working capital to continue in operational existence and will have the ongoing support of its shareholders, as required, for the foreseeable future. The auditors have made reference to a material uncertainty within their audit report.

Directors' Report (continued)

Directors

The Directors in office during the year are listed below. The interests of the Directors in the shares of the Company at the relevant dates were as follows:

	As at 31 December 2019 Ordinary shares	As at 31 December 2018 Ordinary shares	As at 31 December 2019 Warrants	As at 31 December 2019 Options	As at 31 December 2018 Options
Gordon Hart	8,823,530	–	8,823,530	–	–
Patrick Elliott *(appointed 1 March 2019)*	2,941,176	–	2,941,176		
Ian Staunton	–	–	–	–	–
Nicholas Walley *(appointed 1 May 2019)*	51,465,800	–	4,117,647	–	–
David W Price	13,600,000	13,600,000	–	6,000,000	6,000,000

Patrick Elliot and Nicholas Walley were appointed to the Board as Non-executive Directors on 1 March 2019 and 1 May 2019, respectively.

There were no warrants held by directors at 31 December 2018.

Significant shareholdings

As at 30 April 2020, being the latest practical date prior to publication of this document, the Company was aware of the following holdings of 3% or more of the issued share capital of the Company:

	Ordinary shares	% of the Company's issued share capital
Nicholas Walley*	51,465,800	8.18
Michael Somerset-Leeke	51,151,102	8.13

**Director of the Company*

Directors' remuneration

Full details of Directors' emoluments are set out in note 5 to the financial statements.

Environmental policy

The Group's projects are subject to the relevant Australian laws and regulations relating to environmental matters.

The Group's strategy is to explore for and, where the relevant studies indicate that it is economically viable to do so, to develop mineral deposits. It is the Group's intention to conduct its exploration and investigation activities in a professional and responsible manner, for the benefit of the Company's shareholders, its employees and the national and local communities within which it operates.

Directors' Report (continued)

The Group aims, at all times to conduct its operations in an environmentally responsible manner and in accordance with relevant legislation. The Group aims to adopt best practice policies as recommended by the World Bank, the International Council on Mining & Metals ("ICMM") and others where the Group deems that local legislation to be inadequate in terms of environmental protection. The Group has in place a detailed field operations guidelines manual which covers in considerable detail the measures to be taken by field personnel to minimise any negative environmental impact of current exploration activities on the environment.

The Group also recognises the enormous potential of its activities for positive impact on the communities in which it operates and strives to optimise these positive impacts as far as is possible.

Directors' indemnities

The Group has directors and officers indemnity insurance to cover its Directors and officers against the costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings.

Political contributions

No political contributions have been made.

Auditor

Grant Thornton Ireland resigned as auditor with effect from 17 October 2019 and PKF Littlejohn LLP has been appointed by the Directors in their place. A resolution proposing that PKF Littlejohn LLP be re-appointed will be put to the forthcoming Annual General Meeting.

Statement of disclosure to auditor

The Directors who held office at the date of approval of this Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and have elected to prepare the Company financial statements in accordance with IFRS.

The Group financial statements are required by law and IFRS to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

Directors' Report (continued)

In preparing the Group and Company 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 they have been prepared in accordance with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Group's Annual Report will be published on the Group's website and in this regard the Directors accept responsibility for the maintenance and integrity of the website.

Annual General Meeting and recommendation

The year ahead is looking particularly challenging. During these unprecedented times, where the COVID-19 pandemic is having an impact on so many aspects of our lives, the businesses we rely upon, the health of the global economy and the way we live our daily lives, the Board of Rockfire will continue to monitor and respond to the current economic, environmental and financial climate.

We welcome you to take the journey with us as we build Rockfire through exploration success and quality asset acquisition.

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the Group as a whole and its unanimous recommendation is that shareholders support these proposals as the Directors intend to do in respect of their own holdings. Further details regarding the location and timing of the Company's forthcoming Annual General Meeting will be provided shortly.

On behalf of the Board

David W Price
Chief Executive Officer

18 May 2020

Corporate Governance Statement

As Chairman of Rockfire Resources, it is my responsibility to ensure that Rockfire has both sound corporate governance and an effective Board. I do that by ensuring that the Company and the Board are acting in the best interests of shareholders, and by making sure that the Board discharges its responsibilities. This includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

My responsibilities include leading the Board effectively, overseeing the Group's corporate governance model, communicating with shareholders and ensuring that good information flows freely between the Executive and Non-executive Directors in a timely manner.

To the extent applicable, and to the extent able (given the current size and structure of the Company and the Board), the Company has adopted the Quoted Companies Alliance Corporate Governance Code (the Code). Details of how the Company complies with the Code are set out below, together with the principles contained in the Code.

The Company has, for a number of years, operated in compliance with recommendations of the QCA, insofar as the size of the Company and its Board permitted. For that reason, the Board did not adopt any new governance processes when the Code was formally adopted, which was for the year ended 31 December 2018. Key governance matters that have arisen since the publication of the last Annual Report are the appointment of two additional Non-executive Directors, one of whom is considered independent, and changes in the composition of both the audit and the remuneration committees.

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. Further disclosures under the Code are included on the Company's website.

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

Rockfire is an AIM-quoted gold and copper exploration junior with projects located in northern Queensland, Australia. Drilling over the past two years on the most advanced gold project, Lighthouse, is pointing to the potential for a sizeable gold discovery. The Company's strategy is to identify mineral deposits which can be developed into mines to create value and income for shareholders.

The Company was incorporated as Papua Mining plc and was admitted to AIM in March 2012. It was established to explore for copper porphyries in Papua New Guinea. A change of strategy in 2017 saw the purchase of Australian exploration company BGM Investments Pty Ltd. The new strategy emphasised projects with high levels of prospectivity located in more easily accessible terrains and lower-risk jurisdictions. The Company was renamed Rockfire Resources plc (ROCK: AIM) in June 2018.

Throughout 2019, the Board has delivered on its strategy to achieve growth of the Group, with highly successful exploration results at the Plateau gold deposit within the Lighthouse tenement.

The Company continues to seek other resource projects, primarily, but not exclusively, in Australia.

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

The risks facing the Company are detailed in the risk management section of the Strategic Report. The Board seeks to mitigate such risks so far as it is able to do, but certain important risks cannot be controlled by the Board.

In setting and implementing the Company's strategies, the Board, having identified the risks, seeks to limit the extent of the Company's exposure to them having regard to both its risk tolerance and risk appetite.

Corporate Governance Statement (continued)

Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair

Ian Staunton and Patrick Elliot are considered to be independent. Nicholas Walley, as a significant shareholder, is not considered to be independent.

The Company is aware that having an Executive Chairman is not in line with the recommendations made by the QCA. The role of Executive Chairman has been primarily to ensure that best practice policies and procedures are implemented through identifying and appointing the appropriate Directors, ensuring the Board is run in an effective manner, and assisting the Chief Executive Officer with legacy matters. There is a clear split of responsibilities between the Executive Chairman and the Chief Executive Officer. The Board believes that the skillsets of the Chairman and the non-independent Non-executive Director are appropriate and beneficial for all shareholders and stakeholders.

All Directors are expected to devote the necessary time commitments required by their position and are expected to attend all Board meetings. The Board convenes outside these meetings on an ad hoc basis as and when it deems necessary.

The Chief Executive Officer works full time for the Company. The Executive Chairman is expected to devote sufficient time as to fulfil the needs of the Company, The Non-executive Directors are expected to dedicate up to 3 days per month to the Company's affairs. The Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The number of meetings of the Board and attendance for the year ended 31 December 2019 are set out below:

	Meetings held	**Meetings attended**
D Price	16	14
G Hart	16	16
P Elliott	10*	5
N Walley	9**	9
I Staunton	16	10

* *since appointment on 1 March 2019*
** *since appointment on 1 May 2019*

During the period, there were 4 intentionally quorate only meetings relating to the exercise of Warrants.

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board comprises the Executive Chairman, Gordon Hart; the Chief Executive Officer, David W Price; and three Non-executive Directors, Ian Staunton, Patrick Elliott and Nicholas Walley. Further details on the Board can be found on page 5 of this Annual Report.

The Board is therefore satisfied that it has a suitable balance between independence on the one hand, and direct managerial and operational knowledge of the Company on the other, which ensures that no individual or group may dominate the Board's decisions. The Board is also satisfied that the Board has sufficient knowledge of the Group and its operations to enable it to discharge its duties and responsibilities effectively. All Directors use their independent judgement to challenge all matters, whether strategic or operational.

The Directors endeavour to ensure that their knowledge of best practices and regulatory developments is up to date by technical reading and attending relevant seminars and conferences as considered necessary. All Directors receive regular updates on legal and governance issues. Nicholas Walley has been attending various QCA seminars on remuneration. David Price has attended various technical seminars. Gordon Hart has

Corporate Governance Statement (continued)

attended numerous webinars and conferences held by the Australian Institute of Company Directors. All Directors are encouraged to attend presentations, conferences and webinars which improve their skill base.

Rockfire has a Company Secretary whose role is to work closely with the Chairman to maintain high standards of corporate governance, ensuring that the necessary information is supplied to the Directors on a timely basis and that the Company complies with all applicable rules, regulations and obligations governing its operation.

The Board has regular contact with its advisors to ensure that it is aware of changes to generally accepted corporate governance procedures and requirements and that the Group remains compliant with applicable rules and regulations. The Company's nominated advisor supports the Board's development, specifically providing guidance on corporate governance and other regulatory matters, as required.

Each Director can take independent professional advice in the furtherance of his duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Neither the Board nor its committees have sought external advice on a significant matter.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Given the current stage of the Company's development the Directors believe that the Board operates efficiently and cost effectively and that the cost of an external review process is not justified. Nevertheless, it is intended that the Board will be strengthened in due course to reflect the Group's progress with exploration and growth.

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

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group and the way that employees and other stakeholders behave. The Corporate Governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views in a manner that encourages open dialogue with the Board. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

A large part of the Company's activities is centred upon an open and respectful dialogue with employees, contractors, clients and other stakeholders. The Board places great importance on this aspect of corporate life and seeks to ensure that transparency and openness are evident in all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Board has adopted a code of conduct which provides a framework for ethical decision-making and actions across the Group. The code of conduct reiterates the Group's commitment to integrity and fair dealing in its business affairs and its duty of care to all employees, contractors and stakeholders.

Each Board member's adherence to the Group's code of conduct is assessed annually. Employees are assessed on their performance and their adherence to the code of conduct through their annual performance review.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Company's activities, strategy and financial position.

Corporate Governance Statement (continued)

The Company communicates with shareholders through the Annual Report, full-year and half-year announcements, the Annual General Meeting and one-to-one meetings with large existing or potential new shareholders.

The Company announces significant developments which are disseminated via various outlets including the London Stock Exchange's Regulatory News Service (RNS).

The audit committee is chaired by Ian Staunton and includes Patrick Elliott and Gordon Hart, and their biographies can be found on page 5. The role of the committee is to consider and approve the interim results, and with the auditors to consider the annual report and matters raised by the auditors based on their audit. So far as possible recommendations by the auditors are immediately implemented. To date, audit committee matters have been discussed in full Board meetings. As such no formal audit committee reports have been required.

The remuneration committee is chaired by Nicholas Walley and includes Patrick Elliott, and their biographies can be found on page 5. The remuneration committee meets on an ad hoc basis, when required. Fees payable to the Non-executive Directors are determined by the Executive Directors.

Additional information supplied by the remuneration committee has been disseminated across this Annual Report, rather than included as a separate committee report.

Gordon Hart

18 May 2020

Independent auditor's report
to the members of Rockfire Resources plc

Opinion

We have audited the financial statements of Rockfire Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise: 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 Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the 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 31 December 2019 and of the group's and parent company'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 3d to the financial statements which indicates that the group will require additional funding within 12 months from the date on which the financial statements are authorised for issue in order to finance planned exploration expenditure, including committed spend requirements on exploration licenses, and for working capital purposes. The ability of the group to develop its projects is therefore dependent on successfully raising the additional funds. The total comprehensive loss for the Group during 2019 was £636,000 and the year-end cash position was £763,000.

As stated in Note 3d these events and conditions, along with other matters set forth in this Note and in the Annual Report in relation to COVID-19, indicate that a material uncertainty exists that may cast significant doubt on the ability of the group and parent company to continue as a going concern.

Our opinion is not modified in respect of this matter.

Independent auditor’s report
to the members of Rockfire Resources plc (continued)

Our application of materiality

Materiality 2019	Basis for materiality
Group £52,000	*2% of gross assets*
Company £30,000	*Combination of 2% of gross assets and 5% of loss before tax*

We consider gross assets to be the most significant determinant of the group’s financial position and performance used by shareholders, with the key financial statement balances being intangible exploration and evaluation assets and cash and cash equivalents. The going concern of the group is dependent on its ability to fund operations going forward, as well as on the valuation of its assets, which represent the underlying value of the group.

Whilst materiality for the group financial statements as a whole was set at £52,000, materiality for the significant components was set at a level between £25,000 – £30,000 with performance materiality set at 70%. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

We agreed with the audit committee that we would report to the committee all audit differences identified during the course of our audit in excess of £2,600.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of assessing the recoverability of exploration, evaluation and development expenditure, the valuation of share-based payments, the carrying value and recoverability of investments in subsidiaries at parent company level, and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the group’s significant operating components which, for the year ended 31 December 2019, were located in the United Kingdom and Australia.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditor's report
to the members of Rockfire Resources plc (continued)

Key Audit Matter	How the scope of our audit responded to the key audit matter
Carrying value and appropriate capitalisation of Intangible Assets (refer note 10) (GROUP)	
The group carrying value of intangible assets in relation to capitalised exploration costs for its Australian projects is material. There is the risk that these assets have been incorrectly capitalised in accordance with IFRS 6 and that there are indicators of impairment as at 31 December 2019. Particularly for early stage exploration projects, where the calculation of recoverable amount via value in use calculations is not possible, management's assessment of impairment under IFRS 6 requires estimation and judgement.	Our work in this area included: • Confirmation that the group has good title to the applicable exploration licences, and has fulfilled any specific conditions therein particularly having regard to minimum expenditure requirements; • Review and substantive testing of capitalised costs including consideration of appropriateness for capitalisation under IFRS 6; • Assessment of progress at the individual projects during the year and post year-end; and • Consideration of management's impairment reviews in light of impairment indicators identified in accordance with IFRS 6, including corroboration and challenge thereof.
Recoverability of investments and intragroup balances (refer notes 11 and 12) (COMPANY)	
Investments in subsidiaries and intra group loans are significant assets in the Parent Company's financial statements. Their recoverability is directly linked to the recoverability of intangible assets in those entities, and hence may not be fully recoverable.	Our work in this area included: • Confirmation of ownership of investments; • Review of management's calculations of expected credit losses on the intragroup balances to ensure the rationale and accounting treatment is in accordance with IFRS 9; and • Considerations of recoverability of investments and intra group loans by reference to underlying net asset values and exploration projects.

Independent auditor's report

to the members of Rockfire Resources plc (continued)

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Independent auditor's report
to the members of Rockfire Resources plc (continued)

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

David Thompson

David Thompson
(Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 18 May 2020

Consolidated statement of comprehensive income
for the year ended 31 December 2019

	Note	2019 £	2018 £
Impairment of intangible assets		(87,475)	(1,437,449)
Administrative expenses		(548,067)	(581,378)
Operating loss	6	(635,542)	(2,018,827)
Loss before taxation		(635,542)	(2,018,827)
Taxation	7	–	–
Loss for the year attributable to shareholders of the Company		(635,542)	(2,018,827)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation movement		(57,471)	(245,363)
Total comprehensive loss attributable to shareholders of the Company		(693,013)	(2,264,190)
Earnings per share attributable to shareholders of the Company			
Basic and diluted	8	(0.14)p	(0.01)p

The notes on pages 38 to 56 form part of these financial statements.

Consolidated statement of financial position
for the year ended 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Intangible assets	10	1,731,760	1,441,666
Property, plant and equipment	11	10,371	–
		1,742,131	1,441,666
Current assets			
Cash and cash equivalents		763,060	294,596
Trade and other receivables	13	55,973	22,676
		819,033	317,272
Total assets		2,561,164	1,758,938
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	14	6,625,077	6,369,011
Share premium	15	14,736,107	13,458,124
Other reserves	15	2,295,035	2,295,035
Foreign exchange reserve	15	(77,767)	(20,296)
Retained deficit		(21,163,812)	(20,529,205)
Total equity		2,414,640	1,572,669
Current liabilities			
Trade and other payables	17	146,524	186,269
		146,524	186,269
Total equity and liabilities		2,561,164	1,758,938

The financial statements were approved and authorised for issue by the Board on 18 May 2020 and signed on its behalf by:

David W Price
Chief Executive Officer

The notes on pages 38 to 56 form part of these financial statements.

Company statement of financial position
as at 31 December 2019

	Note	2019 £	2018 (restated) £
Assets			
Non-current assets			
Investments	12	648,000	648,000
		648,000	648,000
Current assets			
Cash and cash equivalents		762,480	281,801
Trade and other receivables	13	1,563,596	966,333
		2,326,076	1,248,134
Total assets		2,974,076	1,896,134
Equity and liabilities			
Equity attributable to shareholders			
Share capital	14	6,625,077	6,369,011
Share premium	15	14,736,107	13,458,124
Other reserves	15	1,801,872	1,801,872
Retained deficit		(20,312,605)	(19,888,559)
Total equity		2,850,451	1,740,448
Current liabilities			
Trade and other payables	17	123,625	155,686
		123,625	155,686
Total equity and liabilities		2,974,076	1,896,134

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement. The Company's loss for the period was £424,981 (2018: £1,762,055 restated).

The financial statements were approved and authorised for issue by the Board on 18 May 2020 and signed on its behalf by:

David W Price
Chief Executive Officer

The notes on pages 38 to 56 form part of these financial statements.

Consolidated statement of changes in equity
as at 31 December 2019

	Share capital £	Share premium £	Other reserves £	Foreign exchange reserve £	Retained deficit £	Total equity £
At 1 January 2018	6,339,011	13,114,312	2,295,035	–	(18,515,917)	3,232,441
Loss for the financial year	–	–	–	–	(2,018,827)	(2,018,827)
Foreign exchange translation movement	–	–	–	(20,296)	–	(20,296)
Total comprehensive loss	–	–	–	(20,296)	(2,018,827)	(2,039,123)
Share issued during the year	30,000	369,461	–	–	–	399,461
Share issuance costs	–	(25,649)	–	–	–	(25,649)
Share-based expense	–	–	–	–	5,539	5,539
Total transactions with shareholders	30,000	343,812	–	–	5,539	379,351
As at 31 December 2018	**6,369,011**	**13,458,124**	**2,295,035**	**(20,296)**	**(20,529,205)**	**1,572,669**
As at 1 January 2019	6,369,011	13,458,124	2,295,035	(20,296)	(20,529,205)	1,572,669
Loss for the financial year	–	–	–	–	(635,542)	(635,542)
Foreign exchange translation movement	–	–	–	(57,471)	–	(57,471)
Total comprehensive loss	–	–	–	(57,471)	(635,542)	(693,013)
Share issued during the year	256,066	1,392,621	–	–	–	1,648,687
Share issuance costs	–	(113,703)	–	–	–	(113,703)
Share-based expense	–	(935)	–	–	935	–
Total transactions with shareholders	256,066	1,277,983	–	–	935	1,534,984
At 31 December 2019	**6,625,077**	**14,736,107**	**2,295,035**	**(77,767)**	**(21,163,812)**	**2,414,640**

The notes on pages 38 to 56 form part of these financial statements.

Company statement of changes in equity
as at 31 December 2019

	Share capital £	Share premium £	Other reserves £	Retained deficit £	Total equity £
At 1 January 2018	6,339,011	13,114,312	1,801,872	(17,939,305)	3,315,890
Correction of error (note 20)	–	–	–	(192,738)	(192,738)
Restated equity as at 1 January 2018	6,339,011	13,114,312	1,801,872	(18,132,043)	3,123,152
Loss for the financial year	–	–	–	(1,762,055)	(1,762,055)
Total comprehensive loss (restated)	–	–	–	(1,762,055)	(1,762,055)
Share issued during the year	30,000	369,461	–	–	399,461
Share issuance cost	–	(25,649)	–	–	(25,649)
Share-based expense	–	–	–	5,539	5,539
Total transactions with shareholders	30,000	343,812	–	5,539	379,351
As at 31 December 2018 (restated)	**6,369,011**	**13,458,124**	**1,801,872**	**(19,888,559)**	**1,740,448**
As at 1 January 2019 (restated)	6,369,011	13,458,124	1,801,872	(19,888,559)	1,740,448
Loss for the financial year	–	–	–	(424,981)	(424,981)
Total comprehensive loss	–	–	–	(424,981)	(424,981)
Share issued during the year	256,066	1,392,621	–	–	1,648,687
Share issuance cost	–	(113,703)	–	–	(113,703)
Share-based expense	–	(935)	–	935	–
Total transactions with shareholders	256,066	1,277,983	–	935	1,534,984
At 31 December 2019	**6,625,077**	**14,736,107**	**1,801,872**	**(20,312,605)**	**2,850,451**

The notes on pages 38 to 56 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2019

	2019 £	2018 £
Cash flow from operating activities		
Loss for the year before tax	(635,542)	(2,018,827)
Impairment of intangible assets	87,475	1,437,449
Foreign exchange differences	(57,471)	(20,296)
Increase in trade and other receivables	(33,298)	(22,676)
Decrease in trade and other payables	(39,744)	(75,514)
Net cash outflow from operating activities	**(678,580)**	**(699,864)**
Cash flow from investing activities		
Exploration expenditure	(377,568)	(642,085)
Acquisition of property, plant and equipment	(10,371)	–
Net cash used in investing activities	**(387,939)**	**(642,085)**
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	1,648,686	405,000
Share issue costs	(113,703)	(25,649)
Net cash generated from financing activities	**1,534,983**	**379,351**
Net increase/(decrease) in cash and cash equivalents	**468,464**	**(962,598)**
Cash and cash equivalents at the beginning of year	294,596	1,257,194
Cash and cash equivalents at the end of the year	**763,060**	**294,596**

The notes on pages 38 to 56 form part of these financial statements.

Company statement of cash flows
for the year ended 31 December 2019

	2019 £	2018 (Restated) £
Cash flow from operating activities		
Loss for the year before tax	(424,981)	(1,954,793)
Impairment of intangible assets	–	376,258
Expected credit losses	103,962	170,106
(Increase)/decrease in trade and other receivables	(701,225)	148,479
(Decrease)/increase in trade and other payables	(32,060)	33,890
Net cash outflow from operating activities	**(1,054,304)**	**(1,226,060)**
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	1,648,687	405,000
Share issue costs	(113,703)	(25,649)
Net cash generated from financing activities	**1,534,984**	**379,351**
Net increase/(decrease) in cash and cash equivalents	**480,680**	**(846,709)**
Cash and cash equivalents at the beginning of year	281,801	1,128,510
Cash and cash equivalents at the end of the year	**762,480**	**281,801**

The notes on pages 38 to 56 form part of these financial statements.

Notes to the financial statements

1 Reporting entity

Rockfire Resources is a public limited company, quoted on AIM and is incorporated and domiciled in England and Wales. The Company's registered office is Salisbury House, London Wall, London EC2M 5PS.

2 Adoption of new and revised standards

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the EU.

New and amended standards and interpretations issued and effective for the financial year beginning 1 January 2019

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none had a material impact on the financial statements:

- IFRS 16 Leases, effective 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- IFRIC 23 Uncertainty over Income Tax Treatments, effective 1 January 2019.

New standards in issue but not yet effective

At the reporting date of these financial statements, the following were in issue but not yet effective:

- IFRS 3 (Amendments) Business Combinations, effective 1 January 2020 (subject to EU endorsement); and
- Amendments to IAS 1 and IAS 8: Definition of Material

Where relevant, the Company evaluates the effect of new Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements. The Directors have assessed there to be no material impact on the financial statements.

3 Basis of preparation and significant accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards, International Accounting Standards and International Financial Reporting Interpretations Committee Interpretations as adopted for use in the European Union (collectively IFRS).

The financial statements are prepared on the historical cost basis except for the measurement of certain financial instruments at fair value as described below. The principal accounting policies adopted are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies.

b) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

Generally, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intra-group balances and any unrealised gains or losses or income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements.

c) Functional and presentation currency

These consolidated financial statements are presented in GB Pounds Sterling (GBP), which is the Company's functional currency.

d) Going concern

The Company has prepared a cash flow forecast which supports the Directors' expectation that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of signing these financial statements. This cash flow forecast assumes that the exploration programmes will only continue with additional equity funding secured by the Group. The Directors are confident that additional equity funding will be secured based on past experience, however in the event that no additional funding is received, the Group has the ability to reduce expenditure as required. As such, the financial statements have been prepared assuming the Group and Company will continue as a going concern.

In the current business climate, the Board acknowledges the COVID-19 pandemic and has implemented logistical and organisational changes to underpin the Group's resilience to COVID-19, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. COVID-19 may have a direct bearing on the Group's ability to generate sufficient cash for working capital purposes. The Board is closely monitoring commercial and technical aspects of the Group's operations to mitigate the impact of the COVID-19 pandemic. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons, the generation of sufficient operating cash remains a risk. The auditors have made reference to a material uncertainty within their audit report.

Management believes the Group will generate sufficient working capital and cash flows to continue in operational existence and will have the ongoing support of its shareholders, if required, for the foreseeable future.

e) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair value.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

f) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Motor Vehicles – 20% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

g) Intangible assets – exploration costs

Exploration costs comprise costs associated with the acquisition of mineral rights and mineral exploration and are capitalised as intangible assets pending the feasibility of the project. They also include certain administrative costs that are allocated to the extent that those costs can be related directly to exploration activities.

If an exploration project is deemed successful based on feasibility studies, the related expenditure is transferred to development and production assets and amortised over the estimated useful life of the ore reserves on a unit of production basis. Where a project is abandoned or considered to be no longer economically viable, the related costs are written off to profit or loss.

To date, the Group has not progressed to the development and production stage in any area of operation.

h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from those of other assets or groups of assets. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Exploration projects at an early stage of development are assessed under the following areas, in accordance with the criteria contained within IFRS 6, for circumstances that may indicate the existence of impairment:

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

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For impaired assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes a revised estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

i) Financial instruments

Financial assets

Classification

The Group classifies its financial assets at amortised cost or fair value through profit or loss. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the business model for managing them. In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Amortised cost

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Impairment of financial assets

An impairment provision is recognised when there is objective evidence of a default event (e.g. significant financial difficulties on the part of the counterparty or default or significant delay in payment) such that the Group may be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired asset.

Impairment provisions for trade receivables and other receivables are recognised based on the simplified approach within IFRS 9 using lifetime expected credit losses (ECLs). During this process the probability of non-payment of receivables is assessed. This probability is then multiplied by the amount of expected loss arising from the default to determine the ECL.

Financial liabilities

The Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument. Trade and other payables and borrowings are included in this category.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are de-recognised from the balance sheet when the obligation specified in the contract is discharged, is cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

j) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and where appropriate, the risks specific to the liability.

k) Current and deferred tax

Tax represents the sum of current and deferred tax.

Tax payable or receivable is based on taxable profit or loss for the year. Taxable profit or loss differs from accounting profit or loss as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Current tax is measured 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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which deductible temporary differences can be utilised.

l) Pensions

Pension costs charged in the financial statements represent the contributions payable by the Group during the year into defined contribution pension schemes.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

m) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in GBP.

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 on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the statement of comprehensive income for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in GBP using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and are transferred to the Group's translation reserve.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the exchange reserve in equity.

n) Investments

Investments held as non-current assets comprise investments in subsidiary undertakings and are stated at cost less any provision for impairment.

o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

p) Share-based payments

The Group makes equity-settled share-based payments to certain Directors. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted.

The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the option at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

q) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting estimates will by definition, seldom equal the actual results. 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. Certain amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the financial statements. The Board has considered the critical accounting estimates and assumptions used in the financial statements and concluded that the areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as set out below.

Recoverability of deferred exploration costs

All costs directly attributable to exploration are capitalised on a project basis, pending a decision on the economic feasibility of the project. The capitalisation of such costs gives rise to an intangible asset in the consolidated statement of financial position. Exploration costs are capitalised where it is considered likely that the amount will be recovered by future exploitation, sale or alternatively where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This requires management to make estimates and assumptions as to the future events and circumstances, especially in relation to whether an economically viable extraction operation can be established. Such estimates are subject to change and should it become apparent that recovery of the expenditure is unlikely, the relevant amount is written off in the statement of comprehensive income.

Receivables from Group undertakings

The Company makes assumptions when implementing the forward-looking ECL model. This model is used to assess intercompany loans for impairment.

Estimates are made regarding the credit risk and the underlying probability of default in each of the credit loss scenarios. The scenarios identified by the Company are production, divestment, fire-sale and failure. The Directors make judgements on the expected likelihood and outcome of each of the scenarios, and these expected values are applied to the loan balances.

4 Segmental reporting

The Group has one single business segment which is exploration for gold and copper resources in Australia.

Accordingly, no segmental analysis is appropriate.

Notes to the financial statements (continued)

5 Staff costs

Number of employees

The monthly average number of employees (excluding Directors) of the Group during the year was:

	2019 No.	2018 No.
Administration	–	–
Technical	1	1
	1	1

Employment costs (excluding directors)

	2019 £	2018 £
Wages and salaries	101,378	87,048
	101,378	87,048

Directors' emoluments

2019

	Short-term benefits £	Post employment benefits £	Total £
David W Price	124,999	12,107	137,106
Gordon Hart	69,996	6,392	76,388
Ian Staunton	23,533	–	23,533
Patrick Elliott	20,000	–	20,000
Nicholas Walley	20,000	–	20,000
	258,528	18,499	277,027

2018

	Short-term benefits £	Post employment benefits £	Total £
Hugh McCullough	12,000	–	12,000
Kieran Harrington	13,873	–	13,873
David W Price	149,772	14,246	164,018
Gordon Hart	48,306	4,589	52,895
Ian Staunton	–	–	–
Michael Somerset-Leeke	–	–	–
John Haggman	–	–	–
	223,951	18,835	242,786

The key management personnel of the Group are considered to be the Directors.

Notes to the financial statements (continued)

6 Operating loss

Operating loss is stated after changing

	2019 £	2018 £
Fees payable to the Group auditor for the audit of the Group and Company financial statements	23,000	38,613
Fees payable to the Group auditor for taxation services	1,850	1,140
Foreign exchange losses	–	49,367
Impairment of intangible assets	87,475	1,437,449

7 Taxation

Group

	2019 £	2018 £
Domestic current year tax		
UK corporation tax – current year	–	–
Deferred tax		
Origination and reversal of temporary differences	–	–
Total tax expense	–	–
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(635,542)	(2,018,827)
Loss on ordinary activities at the UK standard rate of 19% (2018: 19%)	(120,753)	(383,577)
Effects of:		
Carried forward losses	104,133	339,090
Non-deductible expenses	16,620	44,487
Current tax charge	–	–

The Group has estimated UK tax losses of approximately £4,040,000 (2018: £3,615,000), and Australian tax losses of approximately AUD293,000 (2018: AUD127,000) available to carry forward against future trading profits, subject to agreement by HMRC. The Group has not recognised a deferred tax asset on any losses carried forward due to the uncertainty of future profits.

Notes to the financial statements (continued)

8 Earnings per share

Group

	2019 £	2018 £
Loss for the purpose of basic and diluted loss per share	(635,542)	(2,018,827)
Numbers		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings loss per share	463,745,676	238,894,862
Loss per share – basic (pence)	(0.14)	(0.01)
Loss per share – diluted (pence)	(0.14)	(0.01)

Earnings per share has been calculated by dividing the loss for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share has been calculated by dividing the loss for the year by the weighted average number of ordinary shares in issue during the year adjusted to assume conversion of all dilutive options/warrants.

9 Goodwill

	2019 £	2018 £
Goodwill		
At beginning of year	–	602,456
Reclassification (Note 10)	–	(602,456)
At end of year	–	–

In the prior reporting period, the Group reclassified amounts allocated to goodwill to exploration costs, more accurately reflecting the inherent value of the licences acquired on the acquisition of BGM Investments Pty Ltd.

10 Intangible assets

Group

	Exploration costs £	Goodwill £	Total £
Cost			
At 1 January 2018	14,734,677	602,456	15,337,133
Additions	642,085	–	642,085
Impairments	(14,537,552)	–	(14,537,552)
Reclassification (Note 9)	602,456	(602,456)	–
At 1 January 2019	1,441,666	–	1,441,666
Additions	376,943	–	376,943
Impairment	(87,475)	–	(87,475)
Foreign exchange differences	626	–	626
At 31 December 2019	1,731,760	–	1,731,760

Notes to the financial statements (continued)

10 Intangible assets (continued)

Company

	2019 £	2018 £
Exploration costs		
Cost		
At beginning of year	–	1,362,579
Disposals	–	(1,362,579)
At the end of year	–	–

During the year ended 31 December 2019, the Directors decided to impair all projects in Papua New Guinea, resulting in an impairment charge of £87,475.

At 31 December 2019, the Group had future commitments of £645,008 in relation to exploration projects:

	Rent £	Minimum spend £
1 year	26,234	308,059
Later that 1 year but no more than 5 years	31,747	278,968
Total	57,981	587,027

11 Property, plant and equipment – Group

	Motor vehicles £
Cost	
At 1 January 2018	–
Additions	–
At 1 January 2019	–
Additions	12,964
At 31 December 2019	12,964
Depreciation	
At 1 January 2018	–
Charge for the year	–
At 1 January 2019	–
Charge for the year	2,593
At 31 December 2019	2,593
Net book value	
At 31 December 2018	–
At 31 December 2019	10,371

Notes to the financial statements (continued)

12 Investments

Company

	2019 £	2018 £
At beginning and end of year	648,000	648,000

The Group's subsidiary undertakings at 31 December 2019, all of which are included in the consolidation, were as follows:

	Proportion held	Class of shareholding	Nature of business	Country of incorporation	Registered office
Papua Mining Limited	100%	Ordinary	Holding Co	British Virgin Islands	c/o AA Corporate Management 13 Boulevard Princesse Charlotte, Monte Carlo, Monaco, MC98000
Aries Mining Limited	100%	Ordinary	Dormant	PNG	c/o Sinton Spence Accountants, 2nd Floor, Brian Bell Plaza, Turumu Street, BOROKO, NCD, PORT MORESBY
Sagittarius Mining Limited	100%	Ordinary	Dormant	PNG	c/o Sinton Spence Accountants, 2nd Floor, Brian Bell Plaza, Turumu Street, BOROKO, NCD, PORT MORESBY
BGM Investments Pty Ltd	100%	Ordinary	Exploration	Australia	c/o WSC Group Accountants, 11/800-812 Old Illawarra Road, Menai, NSW 2234, Australia

13 Trade and other receivables

Group

	2019 £	2018 £
Other receivables	55,973	22,676

Company

	2018 £	2019 (restated) £
Amounts owed by Group undertakings	1,529,585	963,933
Other receivables	34,011	2,400
	1,563,596	966,333

Receivables due from Group undertakings are net of ECLs for the year ended 31 December 2019 of £274,068 (2018: £170,106).

Other receivables comprise prepayments.

Notes to the financial statements (continued)

14 Share capital

Group and Company

Issued share capital	2019 No.	2018 No.
Ordinary shares of £0.001 each	629,407,844	373,342,293
Deferred shares of £0.099 each	51,215,534	51,215,534

Issued share capital	2019 £	2018 £
Balance at the beginning of the year	6,369,011	6,339,011
Shares issued during the year	256,066	30,000
Balance at 31 December (fully paid)	6,625,077	6,369,011

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are no shares held by Group entities.

Issues of ordinary shares

On 28 January 2019, the Company announced a placing of 58,823,530 new ordinary shares of 0.1p each at a placing price of 0.85p. The Company raised gross proceeds of £500,000.

On 23 May 2019 the Company announced it had exercised its option to acquire the Copper Dome porphyry copper deposit in Queensland, Australia. The Company settled £16,300 in cash (AUD$30,000) and issued 3,720,454 new ordinary shares at an issue price of 0.73p in consideration for the option.

On 23 September 2019, the Company announced it had raised gross proceeds of £350,000 through a placing of 116,666,666 ordinary shares issued at 0.3p per ordinary share.

In December 2019, 76,854,901 warrants were exercised; 588,235 ordinary shares were issued at an exercise price of £0.015, and 76,266,666 ordinary shares were issued at an exercise price of £0.01.

The GBP value of fully paid issued share capital includes a cumulative translation difference of £925,331 being the effect of the Group's historical presentational currency being US$.

15 Reserves

Share premium

The share premium account represents amounts subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

Foreign currency translation reserve

Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.

Other reserves

Represents the reserve arising from a share for share exchange as part of a group reorganisation in 2011.

Notes to the financial statements (continued)

16 Share options and warrants

Share options

Details of share options granted are as follows:

	2019 Number of options	2019 Weighted average exercise price (£)	2018 Number of options	2018 Weighted average exercise price (£)
Outstanding at 1 January	15,620,421	0.02	15,620,421	0.02
Lapsed during the year	(6,620,421)	0.02	–	–
Outstanding at 31 December	9,000,000	0.02	15,620,421	0.02
Exercisable at 31 December	9,000,000	0.02	12,620,421	0.02

No shares options were exercised in the period. The weighted average remaining contractual life of the options outstanding at the reporting date is 290 days.

On 16 October 2017, 9,000,000 share options were granted to David W Price and John Haggman. These share options are exercisable at £0.023 and the vesting periods are 3,000,000 immediately upon acquisition of BGM, one year (3,000,000 shares) and two years (3,000,000) from the grant date. The options lapse on the third anniversary of the date of grant, being 16 October 2020.

Share options held by Directors are as follows:

	2019 Number of options	2018 Number of options
David W Price	6,000,000	6,000,000

No Director has yet benefitted from any increase in value of share capital since grant of the options.

Warrants

The following table summarises the movements in warrants outstanding for the financial year ended 31 December 2019:

	2019 Warrants No.	2019 Weighted average exercise price (£)	2018 Warrants No.	2018 Weighted average exercise price (£)
Outstanding at 1 January	150,063,479	0.023	140,063,479	0.023
Granted during the year	177,823,529	0.012	10,000,000	0.023
Lapsed during the year	(150,063,479)	0.023	–	–
Exercised during the year	(76,854,901)	0.010	–	–
Outstanding and exercisable at 31 December	100,968,628	0.013	150,063,479	0.023

The weighted average remaining contractual life of the warrants outstanding at the reporting date is 1 year and 143 days.

Expected volatility was determined by reference to the historical volatility of the share price of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Notes to the financial statements (continued)

16 Share options and warrants (continued)

£935 has been recognised in share premium as this relates to the fair value assigned to the 2,333,333 warrants issued to the Company broker as part of share placings which took place during the year. The Group recognised total expenses of £nil (2018: £nil) in relation to share based payment transactions not in conjunction with placings during the year.

The following tables list inputs to the Black Scholes models used for warrants issued during the year:

23 September 2019 grant:

The inputs into the Black Scholes model are as follows:

Share price	0.38p
Exercise price	1.0p
Expected volatility	75.84%
Expected life	1.5 years
Discount rate	0.402%

17 Trade and other payables

Group

	2019 £	2018 £
Trade payables	1,933	–
Other payables	91,597	94,145
Accruals	52,994	92,124
	146,524	186,269

Company

	2019 £	2018 £
Trade payables	1,548	–
Other payables	79,077	69,508
Accruals	43,000	86,178
	123,625	155,686

Notes to the financial statements (continued)

18 Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 3.

The Group does not have any derivative products or any long-term borrowings. The Group is not exposed to interest-bearing indebtedness. The exploration activities of the Group are financed by the proceeds of share issues.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Group

	2019 £	2018 £
Financial assets		
Cash and cash equivalents	763,060	294,596
Trade and other receivables	72	–
	763,132	294,596
Financial liabilities		
Trade payables	1,933	–
Other payables	128,443	94,145
	130,376	186,269

Company

	2019 £	2018 £
Financial assets		
Cash and cash equivalents	762,480	281,801
Trade and other receivables	1,529,585	966,333
	2,292,064	1,248,134
Financial liabilities		
Trade payables	1,548	–
Other payables	111,781	69,508
	113,329	155,686

The Directors consider that the fair value of the above financial instruments is equal to the carrying values.

Notes to the financial statements (continued)

18 Financial instruments (continued)

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies. The Board regularly reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Directors is to set policies that reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019 **£**	**2018** **£**
Group		
Cash and cash equivalents	763,060	294,596
Trade and other receivables	72	–
	763,132	294,596
Company		
Cash and cash equivalents	762,480	281,801
Trade and other receivables	1,529,585	966,333
	2,292,064	1,248,134

Liquidity risk

Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities. To date the Group has relied upon shareholder funding of its activities. Future exploration and development activities is dependent upon the Group's ability to obtain further financing through equity financing or other means.

The following table shows the Group's financial liabilities.

	2019 **£**	**2018** **£**
Group		
Trade and other payables	130,376	155,686
	130,376	155,686
Company		
Trade and other payables	113,329	155,686
	113,329	155,686

The financial statements have been prepared on a going concern basis and note 3(d) provides further information in this regard.

Notes to the financial statements (continued)

18 Financial instruments (continued)

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Group operates primarily in Australia. Transactions are substantially denominated in Australian dollars (AUD) and GBP. As such the Group is exposed to transaction foreign exchange risk. The mix of currencies and terms of trade with its suppliers are such that the Directors believe that the Group's exposure is minimal and consequently they have not, to date, specifically sought to hedge that exposure. Most of the Group's funds are in GBP with only sufficient funds held overseas to meet local costs. The Group and Company's net exposure to foreign currency risk at the reporting date is as follows:

	Group		Company	
	Year ended 31 December 2019 £	Year ended 31 December 2018 £	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Net foreign currency financial (liabilities)/assets				
PNG Kina	–	(9,410)	–	–
AUD	(9,799)	(4,950)	–	–
Total net exposure	(9,799)	(14,360)	–	–

Sensitivity analysis

The following table details the impact of changes in foreign exchange rates on financial assets and liabilities at the balance sheet date, illustrating the (decrease)/increase in Group operating result caused by a 10 per cent.

strengthening of GBP compared to the year-end spot rate. The analysis assumes that all other variables, other foreign currency exchange rates, remain constant. The Group operates in three different currencies, and those with a material impact are noted here:

Group

	Profit or loss		Equity	
	Year ended 31 December 2019 £	Year ended 31 December 2018 £	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Net foreign currency financial (liabilities)/assets				
PNG Kina	–	941	–	941
AUD	980	495	980	495
Total net exposure	980	1,436	980	1,436

A 10 per cent weakening of GBP would have an equal and opposite effect.

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is not currently exposed to commodity price risk but future revenues will be determined by reference to market commodity prices.

Notes to the financial statements (continued)

18 Financial instruments (continued)

Capital management

The Group's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements. The Group defines capital as 'equity' and 'cash' as shown in the consolidated statement of financial position. As at 31 December 2019 the Group held equity and cash balances of £2,437,640 and £763,060 (2018: £1,572,669 and £294,596), respectively.

The Board takes full responsibility for managing the Group's capital and does so through Board meetings and reviews of financial information.

The Group's policy is to invest its cash in deposits with high credit worthy financial institutions with short term maturity.

19 Related party transactions

During the year, the Company advanced funds to BGM Investments Pty Ltd, totalling £665,472 (2018: £1,134,039). The loan is repayable in GBP on demand and on 31 December 2019 £1,799,511 was outstanding. An ECL of £269,927 was recognised at the year end in respect of the loan.

The Company advanced £4,141 to Papua Mining Ltd during the year (2018: £nil). The loan is repayable in GBP on demand, and £4,141 remains outstanding at the year end. An ECL of £4,141 was recognised at the year end in relation to the loan.

20 Correction of prior period error – Company

The Company financial statements have been restated to incorporate the impact of an omission relating to the ECLs on intercompany balances at 31 December 2018. The change has resulted in a decrease of retained earnings at 31 December 2018 of £170,106:

	£
As at 31 December 2018	
Trade and other receivables as previously stated	1,136,439
Prior period adjustment as at January 2018	(192,738)
Prior period adjustment in the year	22,632
Restated trade and other receivables	966,333
Retained deficit as previously stated	(19,718,453)
Prior period adjustment as at 1 January 2018	(192,738)
Prior period adjustment in the year	22,632
Restated retained deficit	(19,888,559)

21 Post balance sheet events

The outbreak of COVID-19 after the reporting date creates a new and highly unpredictable challenge and is considered to be a non-adjusting event. The Board does not consider it possible to quantify the true impact of COVID-19 on the business, if any, at this time but remain confident that the business can adjust to the challenges this event presents.

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