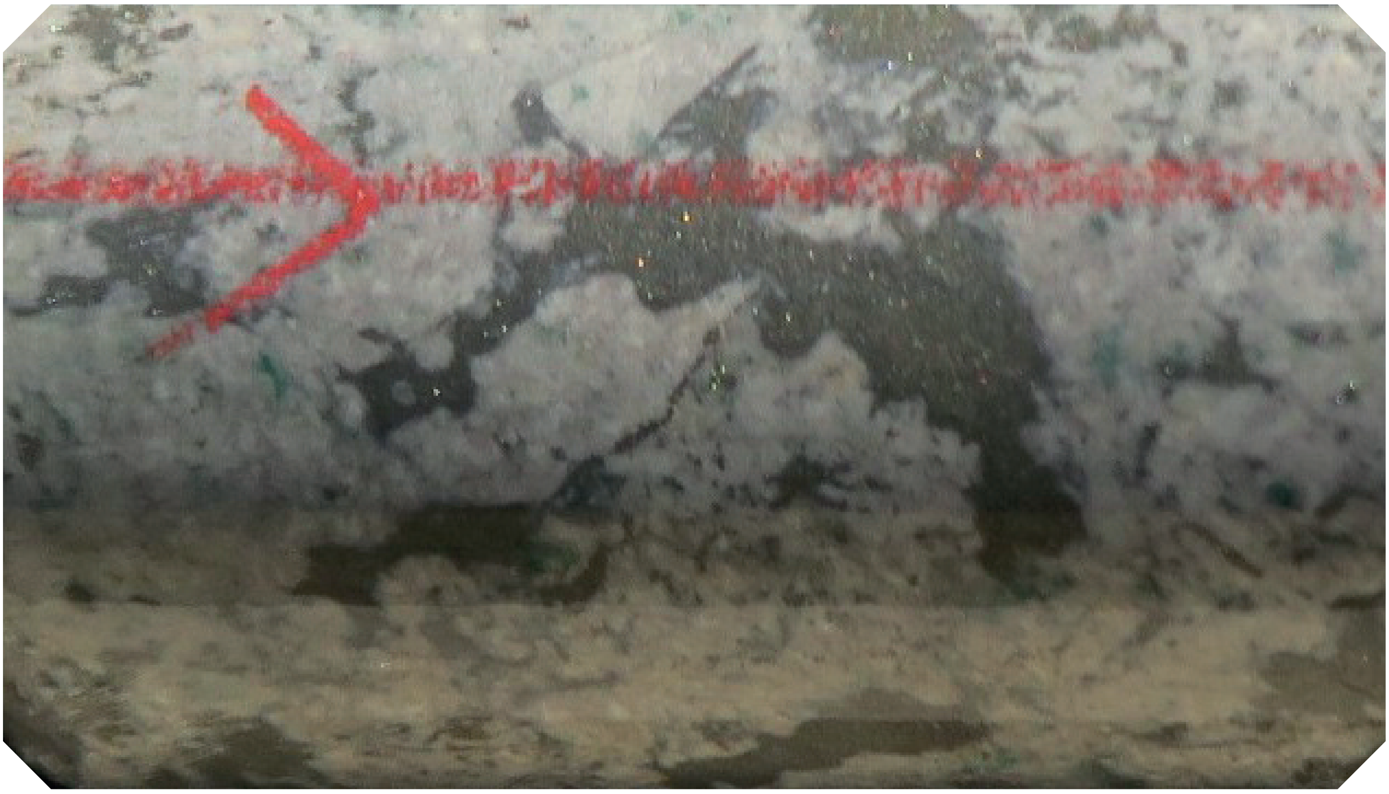
ROCKFIRE RESOURCES PLC



Annual Report 2020

Company Registration No. 07791328

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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Gordon Hart
David W Price
Ian Staunton
Patrick Elliott
Nicholas Walley

Secretary
Graeme Hogan

Company registration number
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Chairman's Statement

The year 2020 has seen Rockfire build the value of its exploration projects in Australia and it is with great pleasure that I present the Annual Report for Rockfire for the financial year ended 31 December 2020.

Despite the restrictions imposed on domestic and international travel during the year, Rockfire has been in a comparatively fortunate position. As a result of having all its field personnel, contractors and consultants based close to our projects in Queensland, the Company has been able to complete a successful and exciting year of growth on both a technical and administrative front.

During the year, a sustained and highly successful drilling programme resulted in a significant increase in gold resources at the Plateau gold deposit, as well as a recent, positive preliminary scoping study. The results obtained from this study provides momentum for a comprehensive infill and extension drilling programme, with the aim of completing an updated scoping study towards the end of 2021.

Our copper projects (Copper Dome & Copperhead) have progressed with helicopter surveys being completed which have highlighted the scale of both projects. As a Board, we believe these projects hold great potential for a significant copper discovery and we look forward to undertaking drilling programmes at these projects during the 2021 calendar year.

Administration

In February 2020, the Company appointed Allenby Capital as its sole stockbroker. This has streamlined many administrative matters owing to Allenby also being the Company's nominated adviser. Allenby Capital is one of the most active brokers on AIM, advising more than 60 corporate clients listed on the London Stock Exchange Main Market, AIM or AQSE exchanges.

On 17 July 2020, the Company changed its Registered Office to 201 Temple Chambers, 3-7 Temple Avenue, London, United Kingdom, EC4Y 0DT.

At a general meeting held on 29 September 2020, shareholders voted to amend certain provisions within the Company's Articles of Association (the "Articles") relating to general meetings of the Company. In light of the restricted numbers permitted by social distancing rules, limitations on gatherings and Covid-19 related protocols, the amendments were designed to address the manner in which meetings can be convened, the quorum necessary to hold a general meeting, and the manner in which they can be held. The amended Articles allow the Company to hold physical, hybrid or virtual meetings, at any time in the future, when necessary.

Financial review

The income statement for the year shows a loss of £719,987 (2019: loss £635,542).

On 29 June 2020, Rockfire raised £1,000,000 gross proceeds through a placement of 117,647,100 ordinary shares at £0.085. A further placement of 64,620,000 ordinary shares at £0.01625 on 29 July 2020, raised £1,000,000 net proceeds.

In July, August and September 2020, the Company announced the exercise of a total of 14,833,334 warrants, raising a total of £148,333.34. These combined funds were used to continue drilling at Plateau, as well as funding helicopter-supported geophysical surveys at Copperhead and Copper Dome projects in Queensland.

Exploration

Highlights from the 2020 exploration field season include:

- Drilling at Plateau during January 2020 intersected 11 m @ 32.6 g/t Ag
- On-going drilling during February 2020 confirmed that a large mineralised system had been drilled in multiple holes. Broad intersections included 171 m @ 0.4 g/t Au and 170 m @ 0.4 g/t Au
- Gold assays up to 23.4 g/t Au at Bell Rock were found in rocks during May 2020. Bell Rock lies 3.5 km southeast of Plateau

Chairman's Statement (continued)

- Drilling at Plateau in June 2020 continued to hit long intervals of gold including 90 m @ 0.8 g/t Au, with a peak value of 1 m @ 11.4 g/t Au
- Further drilling results in August 2020 included 23 m @ 1.0g/t Au within 82 m @ 0.4 g/t Au
- 110 m @ 0.2 g/t Au was announced in September 2020, continuing the very broad intervals of gold mineralisation being intersected at Plateau
- The longest gold intersection so far at Plateau was announced on 6 October 2020, being 341.3 m @ 0.2 g/t Au from surface
- High-grade gold of 0.7 m @ 16.9 g/t Au was intersected in drilling at Plateau at a depth of 380.26 m, demonstrating the continuation of gold at depths approaching 400m from surface
- Silver grades are still being intersected with 5.39 m @ 31.02 g/t Ag announced in November 2020
- A helicopter geophysical survey, completed in December 2020 at the Copperhead porphyry copper project resulted in the exploration target area being doubled in size

Material events and reviews since the end of 2020

On 29 January 2021, the Company announced the overall gold envelope at Plateau (grades above 0.2 g/t Au) is an Indicated and Inferred Mineral Resource of 11.4 Million tonnes @ 0.6 g/t Au and 4.0 g/t Ag for 208,278 ounces of gold and 1.5 Million ounces of silver. This represented a 515% increase in gold ounces since the Company's maiden JORC (2012) Mineral Resource reported previously in July 2019.

Within this envelope and using a higher cut-off (grades above 0.5 g/t Au), the Indicated and Inferred Mineral Resource is 3.9 Million tonnes @ 1.1 g/t Au and 6.4 g/t Ag for 131,302 ounces of gold and 800,000 ounces of silver.

On 8 April 2021, Rockfire announced the results of scoping studies into open cut mining at Plateau. A modest, net positive cash flow, ranging from AUD $6.8m to AUD $19.4m (GBP £3.7m to GBP £10.7m), results from a small- scale, open pit mine, with the range of anticipated cash flows depending on technical and operational variables.

Only the top 70 m was incorporated into the scoping study and the study assumes utilisation of one of the nearby existing processing facilities. Sixty nine percent (69%) of the scoped production originates from JORC Indicated Resources from both the Central and Eastern Breccias. Average mined grades range between 1.26 g/t Au and 1.94 g/t Au from within the optimised pit outlines and a spot gold price of AUD$ 2,220 (US$ 1,718) per ounce was used. The study highlighted important aspects of the drilling density which require infill and extension drilling to increase overall confidence in the technical and economic parameters used in the study.

In May 2021, the Company raised gross proceeds of £850,000 through a placing of 121,429,200 new ordinary shares of 0.1p each. The funds raised are to be used to commence inaugural drilling at the Company's Copper Dome and Copperhead projects, as well as to fund ongoing drilling at the Company's Plateau gold deposit.

Thank you to our shareholders for your continuing support and your vision to see the opportunities being vigorously explored by our technical team. I also extend thanks to my fellow Board members and our staff for their tireless efforts and dedication to ensuring the success of Rockfire.

Gordon Hart

28 May 2021

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 of UK legal requirements will benefit Rockfire in its growth plans.

Strategic report

ACTIVITY REVIEW

Lighthouse – The Plateau Gold Deposit

Early in the exploration field season, Rockfire commenced reverse circulation drilling at the Plateau gold deposit. In late January 2020, the Company announced that drilling had intersected broad sulphide intervals, including a strong sulphide zone (up to 50%) over several metres. This proved to be the beginning of a protracted drilling campaign, with highly encouraging drill results being obtained throughout the year.

On 27 January 2020, it was announced that a program of 1,155 m of reverse circulation drilling in 6 drill holes had been carried out in the early part of the calendar year and all drill holes encountered broad intervals of sulphides. Good drilling/ground conditions enabled the drilling contractor to complete the program ahead of schedule and within budget.

Owing to on-going visual observations of sulphides, the Company elected to drill several additional deep holes to test a geophysical chargeable response. Whilst this drilling was underway, the Company completed a preliminary survey using portable X-Ray Flourescence (XRF) analysis. In particular, significant silver had been recorded in all drill holes. The best results from XRF analysis included:

- 187 m @ 6.3 g/t Ag (from 15 m), including 11 m @ 32.6 g/t Ag (hole BPL025)
- 10 m @ 18.2 g/t Ag (from 56 m), including 4 m @ 35.4 g/t Ag (hole BPL012)
- 36 m @ 5.5 g/t Ag (from 1 m), including 3 m @ 18.8 g/t Ag (hole BPL013)
- 23 m @ 7.1 g/t Ag (from 9 m), including 10 m @ 9.2 g/t Ag (hole BPL016)
- 22 m @ 9.8 g/t Ag (from 0 m), including 8 m @ 18.0 g/t Ag (hole BPL018)
- 8 m @ 36.0 g/t Ag (from 66 m), including 4 m @ 63.3 g/t Ag (hole BPL019)
- 31 m @ 9.7 g/t Ag (from 29 m), including 10 m @ 19.7 g/t Ag (hole BPL020)

In late February 2020, Rockfire announced the final results from all reverse circulation drilling. Drilling had returned extensive intercepts of continuous gold mineralisation, comparable to hole BPL025, which hit 177 m @ 0.5 g/t Au (as announced on 26 November 2019). An important project milestone was announced, with a + 2.0 g/t Au zone being encountered at 145 m downhole.

All drill holes hit gold, expanding Plateau to +200 m long, +70 m wide and +200 m deep. The best gold intervals encountered during drilling included the following intercepts:

- 171 m @ 0.4 g/t Au in hole BPL027 (from 26 m) including 39 m @ 1.0 g/t Au (from 145 m), 11 m @ 2.3 g/t Au (from 145 m) and a peak gold value of 1 m @ 10.05 g/t Au.
- 170 m @ 0.4 g/t Au in hole BPL030 (from 37 m) including 10 m @ 1.0 g/t Au (from 54 m) and 19 m @ 1.0 g/t Au (from 174 m).

These holes resulted in mineralisation being extended more than 100 m east of the previously reported results from drill hole BPL025 of 177 m @ 0.5 g/t Au.

BPL028, drilled as part of the 2020 programme, was a 251 m deep hole which hit mineralisation in the last 10 m of the hole. The bottom of hole averaged 10 m @ 0.3 g/t Au and included 1 m @ 1.7 g/t Au in the very last metre.

During March 2020, the Company announced more long intervals of silver, zinc and lead continued to be encountered in drilling. Silver assays up to almost one and a half ounces per tonne (43.9 g/t Ag) over a 6 m section of drilling, including 1 m @ 113 g/t Ag represent some of the highest silver grades encountered so far at Plateau. The best silver and zinc results included the following:

Strategic report (continued)

Silver results

6 m @ 43.9 g/t Ag (from 85 m) including 1 m @ 113 g/t Ag (from 85 m)

203 m @ 3.68 g/t Ag (from 0 m) including 11 m @ 21.5 g/t Ag (from 145 m)

7 m @ 17.46 g/t Ag (from 178 m)

Zinc results

10 m @ 1.72 % Zn (from 73 m)

126 m @ 0.31 % Zn (from 96 m) including 6 m @ 1.05 % Zn (from 102 m)

Dr. Gregg Morrison of Klondike Exploration Services, the pre-eminent expert in North Queensland geology analysed the results of the Company's drilling. Mr Morrison developed the multi-element geochemistry classification and zoning model which was used to characterise the Mt Wright Gold Mine. Dr. Morrison reported that he was observing many similarities between Plateau and the early observations at Mt Wright, as detailed below:

- Broad gold zones (0.2 g/t Au to 0.5 g/t Au) in the top 200 m from surface
- Broad lead/zinc/silver (Pb-Zn-Ag) anomalous halo
- Mineralisation is between 60 m and 80 m thick at both deposits
- Similar patterns evident from plotting geochemical ratio "z-scores"
- Breccia and rhyolite are the two main host rock types
- Both deposits are approximately 200 m – 250 m long
- Multiple rhyolite emplacement and multiple mineralising phases
- Alteration by sericite-pyrite-marcasite, with minor quartz-carbonate-sphalerite
- Multielement geochemical zonation is expected to assist high grade gold targeting at depth

On 9 June 2020, Rockfire announced the results of modern, three-dimensional ("3D") reprocessing of aeromagnetic data flown in 2011 by Ramelius Resources at Plateau. From this work, a magnetic target down to and beyond a depth of 600 m was confirmed and a steep easterly plunge of the low-magnetic mineralised rhyolite host was interpreted. Another observation resulting from this work was a rolling, north-south change in dip direction of the rhyolite body. A potentially mineralised "off-shoot pipe" was identified at depth in the southwestern corner of the rhyolite.

The Company announced on 3 August 2020 that reverse circulation drilling at Plateau was continuing to intersect gold values, including some of the highest gold grades to date in the top 200m from surface. A shallow, infill drill hole intersected 90 m @ 0.8 g/t Au (from surface), including 22 m @ 2.0 g/t Au (from 45 m), 43 m @ 1.5 g/t Au (from 35 m) and a peak value of 1 m @ 11.4 g/t Au. Broad intervals of silver were also being encountered including 130 m @ 4.7 g/t Ag from surface.

Reverse circulation drilling was completed in June 2020, and on 19 August 2020, the Company announced that drilling had extended the footprint of gold mineralisation at Plateau and that mineralisation continued to adhere to the Mt Wright model in the upper levels of the mineralising system. In particular, gold mineralisation was extended another 60 m east of all previous drilling within the top 200 m from surface. Gold still remains open towards the east and at depth. A shallow, infill drill hole, (BPL035) intersected 82 m @ 0.4 g/t Au (from surface) including 9 m @ 2.2 g/t Au (from 56 m). The same hole also intersected strong silver results including 6 m @ 32.4 g/t Ag (1.0 oz/t silver).

Strategic report (continued)

In late August 2020, diamond drilling commenced at Plateau. On 7 September 2020, Rockfire announced that five diamond drill holes had been completed, with a sixth hole expected to be completed within the coming weeks. A variety of sulphides were reported as being observed in drill core, with percentages varying from trace amounts to levels exceeding 40% of the rock. Rocks being encountered at levels approaching 500 m vertical depth were reported as strongly altered and strongly mineralised with sulphides within the breccia system.

BPL028 was an RC hole drilled in January 2020 at the eastern extremity of the gold zone. This first diamond drill hole ended with 1.7 g/t Au in the very last sample at the bottom of the hole at 251 m depth. BPL028 was extended deeper with a diamond tail and encountered more broad gold mineralisation including an additional 110.54 m @ 0.2 g/t Au (from 337 m). Individual narrow intervals in hole BPL028 peak at 3.43 g/t Au and 5.03 g/t Au at vertical depths of 263 m and 377 m respectively. This hole indicates that the gold mineralising system remains active, open and prospective at depths approaching 400 m from surface. Drill hole BPL028 also encountered elevated silver intervals, including 6.09 m @ 16.5 g/t Ag (from 388.66 m), with a peak silver value of 52.7 g/t Ag. The same hole also encountered an elevated zinc interval of 19.23 m @ 1.05 % Zn from 381.73. The peak zinc value is 4.32% Zn.

On 6 October 2020, Rockfire announced that the second diamond drill hole (Hole BPL038) at Plateau returned the largest gold intersection so far at Plateau, with mineralisation over the entire sampled interval of 341.3 m @ 0.2 g/t Au (68.26 grams x metre interval). To date, every hole drilled at Plateau has intersected varying grades of gold mineralisation, and often over vast intervals. Intervals of high-grade gold were intersected in hole BPL038, including 0.7m @ 10.8 g/t Au at 341.3 m depth. Hole BPL038 did not penetrate to the planned depth of 500m below surface owing to a change in dip angle of the main brecciated contact. The same hole also encountered elevated silver and zinc intervals with a peak silver value of 24.7 g/t Ag (at 389.44 m) and a peak zinc value of 2.38 % Zn (at 341.00 m).

The results from four additional diamond drill holes at Plateau were announced on 5 November 2020. Gold continues to be intersected in each hole at Plateau, including, for the first time, below 600 m from surface. Higher- grade gold hits (+5 g/t Au) are being encountered more regularly and more frequent intervals of +1.0 g/t gold are being drilled below 400 m depth.

A high-grade gold interval of 0.74 m @ 16.9 g/t Au (half an ounce per tonne) was intersected in diamond hole BPL026, lying within a strong zone of 4.5 m @ 3.0 g/t Au at 380.26 m. This interval lies to the south and outside of the initial gold target zone.

Drill hole BPL041 returned the highest-grade silver ever recorded at Plateau, with an interval of 18.86 m @ 29.7 g/t Ag (1.0 ounce/tonne), including 1.26 m @ 408 g/t silver (13.1 ounces/tonne) from 67.74 m. The same hole also returned an excellent gold interval of 17.0 m @ 1.2 g/t Au, including a high-grade hit of 1 m @ 9.2 g/t Au at 409.0 m below surface.

Hole BPL033, drilled in the opposite direction to all other holes (from south to north) to confirm the dip of the mineralised contact, intersected 0.52 m @ 3.5 g/t Au at 542.13 m depth. This is within a wider interval of 6.45 m @ 0.5 g/t Au, which is interpreted to be splaying off the main gold zone at depth. Hole BPL033 also intersected high-grade silver, with an interval of 5.39 m @ 31.02 g/t Ag, including 1.35 m @ 70.9 g/t Ag (2.3 ounces/tonne).

On 5 November 2020, it was also announced that for the first time at Plateau, drilling had returned an elevated copper interval of 7.98 m @ 0.25 % Cu, 18 g/t Ag, and 0.3 g/t Au in hole BPL040 from 622 m depth. Hole BPL040 is the deepest hole drilled by Rockfire. Hole BPL040 also intersected high-grade silver, with an interval of 2.98 m @ 35.2 g/t Ag. The same hole returned multiple gold intervals, including 3.03 m @ 1.2 g/t Au, intersected more than 600 m below surface.

Strategic report (continued)

The + 2.0 g/t Au drilled at depth and the multiple gold intervals provide evidence that the mineralising system continues at depth and that the main source of the gold is yet to be discovered. The presence of very high-grade silver and the appearance of copper are promising changes, indicative of the main source being at depth.

At the end of the field season, Rockfire provided an update on field and related exploration activity on 2 December 2020. During this update, it was announced that geological and mineralisation modelling was in progress to update the JORC resource at Plateau. This process was designed to outline resources for the broad, low-grade halo to the system, as well as the higher-grade gold component identified in drilling. Resources are planned to be estimated for both the Eastern Breccia and the Central Breccia, separated by an unexplored distance of 135 m.

Structural and geological data obtained from diamond drilling during the year at Plateau was digitised, collated, and incorporated into the geological and mineralisation database. This data was provided to Rockfire's structural consultants to model Plateau using fluid pathways, including faults, shears and veins measured in drill core to preferentially align drilling assay results.

Lighthouse – Regional Targets

Split Rock

On 28 April 2020, the Company announced results from rock sampling at the Split Rock prospect, located only 2 km north of the Company's Plateau gold deposit. A gold-copper-nickel-cobalt anomaly was highlighted and may represent an ultramafic-hosted intrusion. Rock samples returned peak values of 1.0 % Ni, 0.2 % Cu, 510 ppm Co, 0.8 g/t Pt, 0.5 g/t Pd and 0.1 g/t Au. These results represent the highest nickel and cobalt assays from within the Company's Lighthouse tenement so far, with Split Rock being the only prospect within Lighthouse to be analysed for platinum and palladium to date. Historical stream sediment sampling by Penarroya Australia Pty Ltd in 1982 outlined a distinct, circular copper-in-stream anomaly, which led Rockfire's geologists to start sampling in the Split Rock area. Historical soil sampling by Ramelius Resources Ltd in 2012 at an adjacent prospect also covered Split Rock and historical rock sampling by City Resources Ltd was carried out approximately 100m west of Rockfire's sampling program and these rock samples returned 0.3 g/t Au, 3.5 g/t Au and 0.3 % Cu.

Bell Rock

Rockfire announced rock sampling results from the Cardigan Dam prospect, (renamed to "Bell Rock prospect") on 1 June 2020 within the Lighthouse tenement. Bell Rock is 3.5 km southeast of Plateau. The highest gold grades returned from 15 rock samples is 23.4 g/t Au. Nearly 50% of rock samples returned results above 0.5 g/t Au. Other notable rock sample results include 7.3 g/t Au, 5.8 g/t Au, 4.5 g/t Au and 3.6 g/t Au. Two rock samples returned anomalous copper values of 0.14 % and 0.11 % Cu respectively.

Rock sampling at Bell Rock was followed up with the collection of 212 soil samples, with results being announced on 2 December 2020. Strong gold-in-soil assays up to 205 ppb Au (0.2 g/t Au). This soil sampling programme extended soil sampling north of previous soil sampling by Rockfire in 2019.

Jeddah

Detailed soil sampling was underway over the northern half of the Jeddah gold prospect, also within the Lighthouse tenement and lying 2 km southwest of Plateau. On 2 December 2020, it was announced that a total of 210 soil samples had been collected at Jeddah. Continuous rock chip samples collected by Rockfire in May 2018 had returned promising results of 10 m @ 1.68 g/t Au, 8 m @ 1.23 g/t Au and 5 m @ 1.35 g/t Au, which were being followed up by the current soil sampling.

Strategic report (continued)

Copperhead – Porphyry Copper Project

On the 2 December 2020, the Company announced that a helicopter-supported aeromagnetic survey was underway at the Copperhead porphyry copper deposit. Copperhead has a 2 km x 3 km copper-in-soil anomaly, providing a very large tonnage target. There is an historical (non-JORC) mineral content estimate calculated from drilling in 1972 and the survey being flown was aimed defining structural orientations, which is expected to highlight preferential fluid pathways for higher-grade copper.

Marengo

The Company announced in December 2020 that it is seeking expressions of interest from parties to establish a Farm-In and Joint Venture for the Marengo Project in Queensland. Marengo remains prospective, however, Rockfire management has elected to focus financial and human resources on Lighthouse, Copperhead and Copper Dome. Rockfire will seek to advance Marengo by bringing in a capable partner to explore on behalf of Rockfire.

Other Projects

Rockfire retains the Copper Dome, Kookaburra and Monarch exploration projects, all of which are in Queensland, Australia. During the 2020 calendar year, work on these projects involved geological mapping, structural mapping, drone aerial photography and site appraisals. The New Leyshon tenement (EPM 26745) was relinquished during the year.

KEY PERFORMANCE INDICATORS (KPIs)

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

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.

Strategic report (continued)

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, landowner 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.

Access and compensation agreements are required to be negotiated between the Company and the landowner at each project. Queensland legislation provides an agreement template which may be modified by the Company and the landowner.

Where native title exists, the Company obtains the necessary approvals for access and working programmes according to legislation and the Company's environmental, social and governance ("ESG") programme.

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.

Strategic report (continued)

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 Board continuously monitors and upgrades its internal control procedures and risk management mechanisms 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.

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

CORPORATE SOCIAL RESPONSIBILITY

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.

Strategic report (continued)

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. The Company encourages best practice from suppliers and contractors with regards to environmental issues.

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.

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 programme 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.

Strategic report (continued)

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 engagement with stakeholders section forms 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 advisor 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 programme • 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

28 May 2021

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 becomes appropriately advanced enough to consider such options.

The Group currently holds six 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 June and July 2020, and again in May 2021, 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.

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

For information regarding events after the reporting date, see note 20 to the financial statements.

Dividends

The Directors are unable to recommend the payment of a dividend for the year ended 31 December 2020 (2019: £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.

In May 2021, the Company raised gross proceeds of £850,000 through a placing of 121,429,200 new ordinary shares of 0.1p each. The funds raised are to be used to commence inaugural drilling at the Company's Copper Dome and Copperhead projects, as well as to fund ongoing drilling at the Company's Plateau gold deposit.

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, and share options were as follows:

	As at 31 December 2020 Ordinary shares	As at 31 December 2019 Ordinary shares	As at 31 December 2020 Options	As at 31 December 2019 Options
Gordon Hart	8,823,530	8,823,530	–	–
Patrick Elliott	8,848,490	2,941,176	6,000,000	–
Ian Staunton	–	–	6,000,000	–
Nicholas Walley	52,464,000	51,465,800	6,000,000	–
David W Price	13,850,000	13,600,000	–	6,000,000

Significant shareholdings

As at 19 May 2021, 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	59,000,000	6.18
Michael Somerset-Leeke	51,427,418	6.39

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.

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 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 possible.

Directors' Report (continued)

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

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. Under that law the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the Companies Act 2006 and, as regards the Company financial statements, as applied in accordance with the requirements of the Companies Act 2006.

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

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 comply with international accounting standards in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's 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.

Directors' Report (continued)

Annual General Meeting and recommendation

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.

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

On behalf of the Board

David W Price
Chief Executive Officer

28 May 2021

Corporate Governance Statement

As Chairman of Rockfire, 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.

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.

Throughout 2020, 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.

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.

Corporate Governance Statement (continued)

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 2020 are set out below:

	Meetings held	Meetings attended
Gordon Hart	19	18
Patrick Elliott	19	14
Ian Staunton	19	15
Nicholas Walley	19	15
David W Price	19	19

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 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.

Corporate Governance Statement (continued)

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.

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.

Corporate Governance Statement (continued)

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

Gordon Hart
Chairman

28 May 2021

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 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 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 2020 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the forecast financial information prepared by management, a review of management's assessment of going concern, and post year end information, including contracted and committed expenditure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

to the members of Rockfire Resources plc (continued)

Our application of materiality

Materiality	Basis for materiality
Group £81,000 (2019: £52,000)	*2% of gross assets*
Company £61,000(2019: £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. The basis for calculating materiality was unchanged from the prior year.

Whilst materiality for the group financial statements as a whole was set at £81,000, materiality for the parent company and significant component was set at £61,000 and £44,000 respectively. Performance materiality set at 70% for the group, parent company and significant component at £56,700, £42,700 and £30,800 respectively. 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 £4,050 for the group and £3,050 for the parent company.

Our approach to the 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 2020, 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.

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

Key Audit Matter	How our scope addressed this matter
Carrying value and appropriate capitalisation of Intangible Assets (refer Note 9) (GROUP) The group carrying value of intangible assets in relation to capitalised exploration costs for its Australian projects is material. There is a risk that these assets have been incorrectly capitalised in accordance with the requirements of IFRS 6 and that there are indicators of impairment as at 31 December 2020. 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 significant 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. • Evaluated the disclosures included within the financial statements.
Recoverability of investments and intragroup balances (refer Notes 11 and 12) (COMPANY) Investments in subsidiaries and intragroup 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 the 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 • Consideration of recoverability of investments and intragroup loans by reference to underlying net asset values and exploration projects.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report

to the members of Rockfire Resources plc (continued)

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 directors' responsibilities statement, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and

Independent auditor’s report

to the members of Rockfire Resources plc (continued)

application of our cumulative audit knowledge and experience of the industry. We ensured that the audit team collectively had the appropriate experience with auditing entities within this industry, facing similar audit and business risks, and of a similar size.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
  - AIM Rules;
  - UK employment law; and
  - Local tax laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - A review of Board minutes;
  - A review of legal ledger accounts; and
  - A review of RNS announcements.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Date: 28 May 2021

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 £	2019 £
Impairment of intangible assets		(12,324)	(87,475)
Administrative expenses		(707,663)	(548,067)
Operating loss	6	(719,987)	(635,542)
Loss before taxation		(719,987)	(635,542)
Taxation	7	–	–
Loss for the year attributable to shareholders of the Company		(719,987)	(635,542)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation movement		50,591	(57,471)
Total comprehensive loss attributable to shareholders of the Company		(669,396)	(693,013)
Earnings per share attributable to shareholders of the Company			
Basic and diluted	8	(0.10)p	(0.14)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 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Intangible assets	9	2,655,196	1,731,760
Property, plant and equipment	10	25,706	10,371
		2,680,901	1,742,131
Current assets			
Cash and cash equivalents		1,350,926	763,060
Trade and other receivables	12	39,383	55,973
		1,390,309	819,033
Total assets		4,071,211	2,561,164
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	13	6,828,085	6,625,077
Share premium	14	16,658,354	14,736,107
Other reserves	14	2,295,035	2,295,035
Foreign exchange reserve	14	(27,176)	(77,767)
Retained deficit		(21,779,517)	(21,163,812)
Total equity		3,974,781	2,414,640
Current liabilities			
Trade and other payables	16	96,430	146,524
		96,430	146,524
Total equity and liabilities		4,071,211	2,561,164

The financial statements were approved and authorised for issue by the Board on 28 May 2021 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

for the year ended 31 December 2020

Company Registration No. 07791328

	Note	2020 £	2019 (restated) £
Assets			
Non-current assets			
Investments	11	648,000	648,000
		648,000	648,000
Current assets			
Cash and cash equivalents		1,236,174	762,480
Trade and other receivables	12	2,566,668	1,563,596
		3,802,842	2,326,076
Total assets		4,450,842	2,974,076
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	13	6,828,085	6,625,077
Share premium	14	16,658,354	14,736,107
Other reserves	14	1,801,872	1,801,872
Retained deficit		(20,888,055)	(20,312,605)
Total equity		4,400,256	2,850,451
Current liabilities			
Trade and other payables	16	50,585	123,625
		50,585	123,625
Total equity and liabilities		4,450,842	2,974,076

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement. The Company's total comprehensive loss for the period was £679,732 (2019: loss of £424,980).

The financial statements were approved and authorised for issue by the Board on 28 May 2021 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
for the year ended 31 December 2020

	Share capital £	Share premium £	Other reserves £	Foreign exchange reserve £	Retained deficit £	Total equity £
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)
Shares 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**
As at 1 January 2020	6,625,077	14,736,107	2,295,035	(77,767)	(21,163,812)	2,414,640
Loss for the financial year	–	–	–	–	(719,987)	(719,987)
Foreign exchange translation movement	–	–	–	50,591	–	50,591
Total comprehensive loss	–	–	–	50,591	(719,987)	(669,396)
Shares issued during the year	203,008	2,033,400	–	–	–	2,236,408
Share issuance costs	–	(111,153)	–	–	–	(111,153)
Share-based expense	–	–	–	–	104,282	104,282
Total transactions with shareholders	203,008	1,922,247	–	–	104,282	2,229,537
At 31 December 2020	**6,828,085**	**16,658,354**	**2,295,035**	**(27,176)**	**(21,779,517)**	**3,974,781**

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

Company statement of changes in equity
for the year ended 31 December 2020

	Share capital £	Share premium £	Other reserves £	Retained deficit £	Total equity £
At 1 January 2019	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)
Shares 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
As at 31 December 2019	**6,625,077**	**14,736,107**	**1,801,872**	**(20,312,605)**	**2,850,451**
As at 1 January 2020	6,625,077	14,736,107	1,801,872	(20,312,605)	2,850,451
Loss for the financial year	–	–	–	(679,732)	(679,732)
Total comprehensive loss	–	–	–	(679,732)	(679,732)
Shares issued during the year	203,008	2,033,400	–	–	2,236,408
Share issuance cost	–	(111,153)	–	–	(111,153)
Share-based expense	–	–	–	104,282	104,283
Total transactions with shareholders	203,008	1,922,247	–	104,282	2,229,537
At 31 December 2020	**6,828,085**	**16,658,354**	**1,801,872**	**(20,888,055)**	**4,400,256**

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

Consolidated statement of cash flows
for the year ended 31 December 2020

	2020 £	2019 £
Cash flow from operating activities		
Loss for the year before tax	(719,987)	(635,542)
Impairment of intangible assets	12,324	87,475
Depreciation	769	2,665
Expenses settled in shares	38,000	–
Share-based expense	104,282	–
Foreign exchange differences	(60,986)	(57,183)
Decrease/(Increase) in trade and other receivables	18,007	(33,298)
Decrease in trade and other payables	(55,802)	(39,744)
Net cash outflow from operating activities	(663,393)	(675,916)
Cash flow from investing activities		
Exploration expenditure	(817,153)	(377,568)
Acquisition of property, plant and equipment	(18,844)	(13,325)
Net cash used in investing activities	(835,997)	(390,604)
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	2,198,409	1,648,687
Share issue costs	(111,153)	(113,703)
Net cash generated from financing activities	2,087,256	1,534,984
Net increase in cash and cash equivalents	587,867	468,464
Cash and cash equivalents at the beginning of the year	763,060	294,596
Cash and cash equivalents at the end of the year	1,350,926	763,060

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

Company statement of cash flows
for the year ended 31 December 2020

	2020 £	2019 £
Cash flow from operating activities		
Loss for the year before tax	(679,732)	(424,981)
Expenses settled in shares	38,000	–
Share-based expense	104,282	–
Expected credit losses	180,874	103,962
Decrease/(Increase) in trade and other receivables	19,467	(31,613)
Decrease in trade and other payables	(73,040)	(32,060)
Net cash outflow from operating activities	(410,149)	(384,692)
Cash flow from financing activities		
Related party loans	(1,203,413)	(669,613)
Proceeds from issuance of ordinary shares	2,198,409	1,648,687
Share issue costs	(111,153)	(113,703)
Net cash generated from financing activities	883,843	865,370
Net increase in cash and cash equivalents	473,694	480,679
Cash and cash equivalents at the beginning of the year	762,480	281,801
Cash and cash equivalents at the end of the year	1,236,174	762,480

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

Notes to the financial statements

1 Reporting entity

Rockfire is a public limited company, quoted on AIM and is incorporated and domiciled in England and Wales.

2 Adoption of new and revised standards

(i) New and amended standards, and interpretations issued and effective for the financial year beginning 1 January 2020

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

- Amendments to References to Conceptual Framework in IFRS Standards – effective 1 January 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) – effective 1 January 2020
- Amendment to IFRS 3 Business Combinations – effective 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform – effective 1 January 2020

(ii) New standards, amendments and interpretations in issue but not yet effective

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective: (and in some cases not yet adopted by the EU):

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 – effective 1 January 2021*
- Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022*
- Amendments to IAS 16: Property, Plant & Equipment – effective 1 January 2022*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022*
- Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022*
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non- current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023*

** subject to EU endorsement*

The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group or Company in future periods.

3 Basis of preparation and significant accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Financial statements are prepared under the historical cost convention as modified by the measurement of certain financial instruments at fair value.

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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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.

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. In May 2021, the Company raised gross proceeds of £850,000 through a placing of 121,429,200 new ordinary shares of 0.1p each. 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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

The Directors believe 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.

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
- Office equipment – 25% 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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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.

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. 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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

l) Pensions

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

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 and employees. 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:

	2020 No.	2019 No.
Technical	1	1

Employment costs (excluding directors)

	2020 £	2019 £
Wages and salaries	95,817	92,583
Post-employment benefits	9,103	8,795
Total	104,920	101,378

Directors' emoluments

2020

	Short-term benefits £	Post-employment benefits £	Total £
David W Price	150,000	14,249	164,249
Gordon Hart	85,826	8,334	94,160
Ian Staunton	30,000	–	30,000
Patrick Elliott	28,000	–	28,000
Nicholas Walley	30,000	–	30,000
Total	323,826	22,583	346,409

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
Total	258,528	18,499	277,027

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 charging:

	2020 £	2019 £
Fees payable to the Group auditor for the audit of the Group and Company financial statements	24,000	23,000
Fees payable to the Group auditor for the taxation services	1,850	1,850
Impairment of intangible assets	12,324	87,475

7 Taxation

	2020 £	2019 £
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(719,987)	(635,542)
Loss on ordinary activities at the UK standard rate of 19% (2019: 19%)	(136,798)	(120,753)
Effects of:		
Carried forward losses	72,634	28,837
Non-deductible expenses	22,155	22,890
Losses of overseas subsidiaries to be carried forward	42,008	69,026
Current tax charge	–	–

The Group has estimated UK tax losses of approximately £4,880,000 (2019: £4,255,000), and Australian tax losses of approximately £204,000 (2019: £92,000) available to carry forward against future trading profits. 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

	2020 £	2019 £
Loss for the purpose of basic and diluted loss per share	(719,987)	(635,542)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	725,751,806	463,745,676
Loss per share – basic (pence)	(0.10)	(0.14)
Loss per share – diluted (pence)	(0.10)	(0.14)

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 Intangible assets

	Exploration costs £
At 1 January 2019	1,441,666
Additions	376,943
Impairment	(87,475)
Foreign exchange differences	(626)
At 31 December 2019	1,731,760
At 1 January 2020	1,731,760
Additions	821,278
Impairment	(12,324)
Foreign exchange differences	114,482
At 31 December 2020	2,655,196

As at 31 December 2020, the Group had future commitments of £600,424 in relation to exploration projects:

	Rent £	Minimum spend £
1 year	23,888	310,311
Later than 1 year but no more than 5 years	95,551	170,673
Total	119,439	480,985

Notes to the financial statements (continued)

10 Property, plant and equipment

Group

	Motor vehicles £	Office equipment £	Exploration costs £
Cost			
At 1 January 2019	–	–	–
Additions	13,325	–	13,325
Foreign exchange differences	(361)	–	(361)
At 31 December 2019	12,964	–	12,964
At 1 January 2020	12,963	–	12,963
Additions	15,833	3,011	18,844
Foreign exchange differences	1,649	154	1,803
At 31 December 2020	30,445	3,165	33,610
Depreciation			
At 1 January 2019	–	–	–
Charge for the year	2,665	–	2,665
Foreign exchange differences	(71)	–	(71)
At 31 December 2019	2,594	–	2,594
At 1 January 2020	2,593	–	2,593
Charge for the year	–	769	769
Depreciation capitalised	4,125	–	4,125
Foreign exchange differences	379	38	417
At 31 December 2020	7,098	807	7,905
Net book value			
At 31 December 2019	10,371	–	10,371
At 31 December 2020	23,348	2,358	25,706

Notes to the financial statements (continued)

11 Investments

Company

	2020 £	2019 £
At beginning and end of the year	648,000	648,000

The Group's subsidiary undertakings at 31 December 2020, 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	Dormant	British Virgin Islands	c/o AA Corporate Management 13, Boulevard Princesse Charlotte, Monte Carlo, Monaco, MC98000
BGM Investments Pty Limited	100%	Ordinary	Exploration	Australia	c/o WSC Group Accountants, 11/800-812 Old Illawarra Road, Menai, NSW 2234, Australia

In January 2020, the directors instructed the administrators of Aries Mining Limited and Sagittarius Mining Limited to deregister the companies. The investment in both companies plus loans were written off as at 31 December 2020.

12 Trade and other receivables

Group

	2020 £	2019 £
Other receivables	38,240	55,973

Company

	2019 £	2020 (restated) £
Amounts owed by Group undertakings	2,552,123	1,529,585
Other receivables	14,545	34,011
Total	2,566,668	1,563,596

Receivables due from Group undertakings are net of ECLs of £450,081 (2019: £274,068). Other receivables comprise prepayments.

Notes to the financial statements (continued)

13 Share capital

Group and Company

Issued share capital	2020 No.	2019 No.
Ordinary shares of £0.001 each	832,415,592	629,407,844
Deferred shares of £0.099 each	51,215,534	51,215,534

Issued share capital	2020 £	2019 £
Balance at the beginning of the year	6,625,077	6,369,011
Shares issued during the year	203,008	256,066
Balance at 31 December (fully paid)	6,828,085	6,625,077

Issues of ordinary shares

On 10 March 2020, the Company announced that 3,530,691 new ordinary shares had been issued to Patrick Elliot in settlement of Director's fees for the period from 26 February 2019 to 31 December 2019, at a price of 0.57p.

On 29 June 2020, the Company announced that it completed a placing of 117,647,100 new ordinary shares, raising gross proceeds of £1,000,000.

On 7 July 2020, the Company announced that 1,690,909 new ordinary shares had been issued to Patrick Elliot in settlement of Director's fees for the period from 1 January 2020 to 30 June 2020, at a price of 0.71p.

On 29 July, the Company announced a placing of 64,620,000 new ordinary shares of 0.1p each, raising gross proceeds of £1,050,075.

From July to September 2020, the Company issued a total of 14,833,334 new ordinary shares in relation to warrant exercises.

On 12 October 2020, the Company announced that 685,714 new ordinary had been issued to Patrick Elliot in settlement of Director's fees for the period from 1 July 2020 to 30 September 2020, at a price of 0.875p.

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$.

14 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)

15 Share options and warrants

Share options

	2020 Options No.	2020 Weighted average exercise price (£)	2019 Options No.	2019 Weighted average exercise price (£)
Outstanding at 1 January	9,000,000	0.02	15,620,421	0.02
Granted during the year	18,000,000	0.02	–	–
Lapsed during the year	(9,000,000)	0.02	(6,620,421)	0.02
Outstanding at 31 December	18,000,000	0.02	9,000,000	0.02
Exercisable at 31 December	18,000,000	0.02	9,000,000	0.02

The weighted average life of the outstanding and exercisable options was 2 years and 163 days effective from 31 December 2020.

On 12 June 2020, 18,000,000 options to subscribe for new ordinary shares in the Company were granted to Non- executive Directors. The options are exercisable at £0.02 for three years from the date of grant.

The fair values of the options granted during the year were calculated using the Black Scholes Model with the following assumptions:

Risk free interest rate	0.0008%
Expected volatility	153.42%
Expected dividend yield	0.00%
Life of the option	1.5 years
Share price at measurement date	£0.0108

£104,282 has been recognised as a share-based expense in the Statement of Comprehensive Income related to the grant of share options.

	2020 No.	2019 No.
David W Price	–	6,000,000
Ian Staunton	6,000,000	–
Patrick Elliot	6,000,000	–
Nicholas Walley	6,000,000	–

Warrants

The following table summarises the movements in warrants outstanding for the financial year ended 31 December 2020:

	2020 Warrants No.	2020 Weighted average exercise price (£)	2019 Warrants No.	2019 Weighted average exercise price (£)
Outstanding at 1 January	103,968,628	0.013	150,063,479	0.023
Granted during the year	–	–	177,823,529	0.012
Lapsed during the year	(58,235,295)	0.015	(150,063,479)	0.023
Exercised during the year	(14,833,334)	0.010	(76,854,901)	0.010
Outstanding and exercisable at 31 December	30,899,999	0.010	100,968,628	0.013

The weighted average life of the outstanding and exercisable warrants was 1 year and 279 days effective from 31 December 2020.

Notes to the financial statements (continued)

16 Trade and other payables

Group

	2020 £	2019 £
Trade payables	31,040	1,933
Other payables	26,390	91,597
Accruals	39,000	52,994
Total	96,430	146,524

Company

	2020 £	2019 £
Trade payables	9,928	1,548
Other payables	1,658	79,077
Accruals	39,000	43,000
Total	50,586	123,625

17 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

	2020 £	2019 £
Financial assets		
Cash and cash equivalents	1,350,926	763,060
Trade and other receivables	–	72
Total	1,350,926	763,132
Financial liabilities		
Trade payables	31,040	1,933
Other payables	55,255	128,443
Total	86,295	130,376

Notes to the financial statements (continued)

17 Financial instruments (continued)

Company

	2020 £	2019 £
Financial assets		
Cash and cash equivalents	1,236,174	762,480
Trade and other receivables	3,002,580	1,529,585
Total	4,238,754	2,292,065
Financial liabilities		
Trade payables	9,932	1,548
Other payables	38,269	111,781
Total	48,201	113,329

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

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:

	2020 £	2019 £
Group		
Financial assets		
Cash and cash equivalents	1,350,926	763,060
Trade and other receivables	–	72
Total	1,350,926	763,132
Company		
Financial assets		
Cash and cash equivalents	1,236,174	762,480
Trade and other receivables	3,002,580	1,529,585
Total	4,238,754	2,292,065

Notes to the financial statements (continued)

17 Financial instruments (continued)

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:

	2020 £	2019 £
Group		
Financial liabilities		
Trade payables	31,040	1,933
Other payables	55,255	128,443
Total	83,295	130,376
Company		
Financial liabilities		
Trade payables	9,932	1,548
Other payables	38,269	111,781
Total	48,201	113,329

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

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 2020 £	Year ended 31 December 2019 £	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Net foreign currency financial (liabilities)/assets				
AUD	93,775	(9,799)	364	–

Notes to the financial statements (continued)

17 Financial instruments (continued)

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 remain constant.

	Profit or loss		Equity	
	Year ended 31 December 2020 £	Year ended 31 December 2019 £	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Net foreign currency financial (liabilities)/assets				
AUD	(9,377)	980	(9,377)	980

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.

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 2020 the Group held equity and cash balances of £3,974,781 and £1,350,926 (2019: £2,414,640 and £763,060), 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.

18 Related party transactions

During the year, the Company advanced funds to BGM Investments Pty Ltd totalling £1,203,413 (2019: £665,472). The loan is repayable in GBP on demand and as at 31 December 2020 £3,002,924 was outstanding. A cumulative expected credit loss ("ECL") of £450,801 has been recognised at the year-end in respect of the loan.

The Company also settled local management expenses on behalf of Papua Mining Limited amounting to £3,803 and BGM Investments Pty Limited settled local management expenses on behalf of Aries Mining Limited and Sagittarius Mining Limited amounting to £10,750.

Rockfire also made payments totalling £4,155 to Hellenic Minerals IKE, a company associated with Rockfire's CEO. Hellenic Minerals IKE is researching potential mining projects for acquisition on behalf of Rockfire. Rockfire's CEO is not a shareholder in Hellenic Minerals IKE but has an outcomes-based agreement with the owners of the company.

Notes to the financial statements (continued)

19 Subsequent events

In February 2021, the Company issued 1,152,862 new ordinary shares to Patrick Elliott in settlement of Director's fees.

In February 2021, it was announced that the Company granted a total of 36,000,000 options to subscribe for ordinary shares in the Company to certain Directors and employees.

In March 2021, the Company instructed the administrators of Papua Mining Limited to deregister the company as it is a dormant company within the Group and is of no value to the Group going forward. When deregistered the Group corporate structure will have been simplified.

In May 2021, the Company issued 121,429,200 new ordinary shares to raise £850,000 to fund inaugural drilling at Copperhead and Copper Dome and exploration RC drilling close to the resource at Plateau.

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