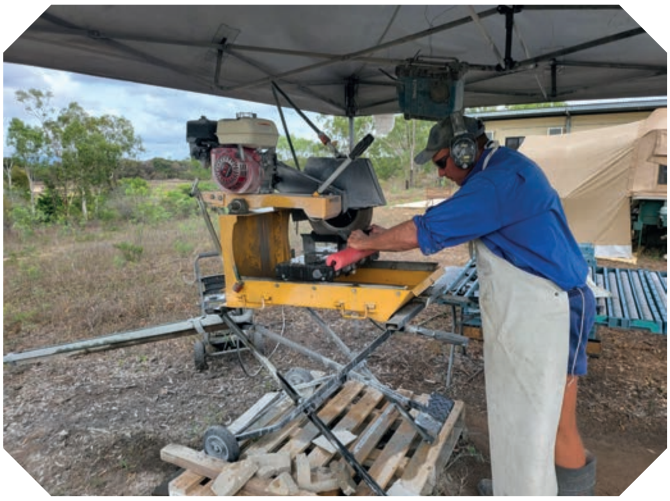
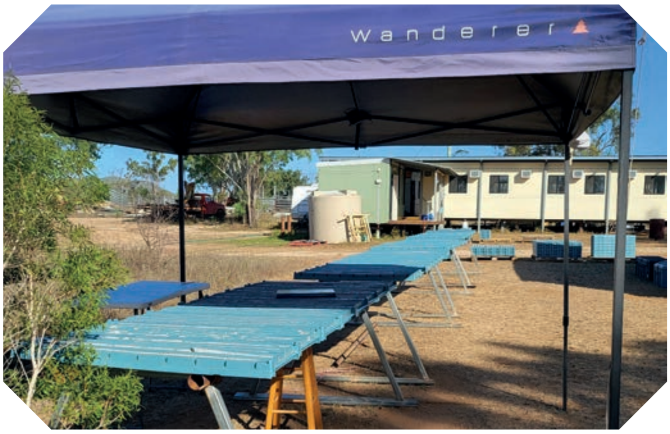
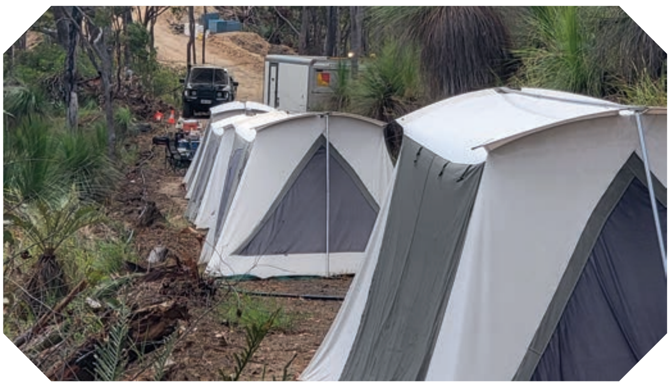
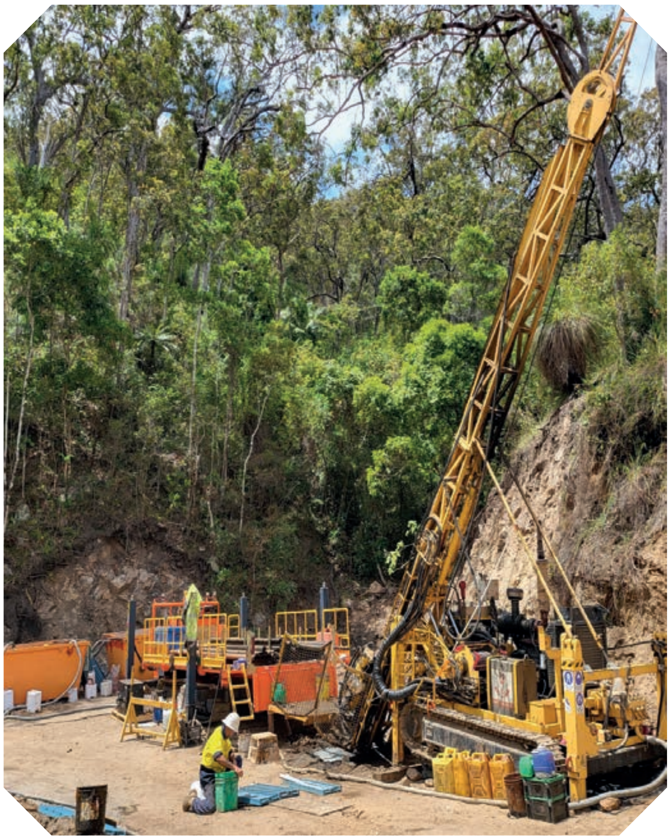
ROCKFIRE RESOURCES PLC









Annual Report 2021

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

Directors
Gordon Hart
David W Price
Ian Staunton
Patrick Elliott
Nicholas Walley

Secretary
Graeme Hogan

Company registration number
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Chairman's Statement

Throughout 2021, Rockfire made solid progress by increasing the JORC resources of its exploration projects in Australia. The Company focussed its efforts on delivering an upgraded JORC resource at its 100% owned Plateau gold project in Queensland, and we were delighted to achieve that outcome with a resource of 208,000 ounces of gold.

In addition to the gold resource at Plateau, 2021 saw drilling focus on the Copperhead porphyry project in Queensland, with the aim of delineating a maiden copper resource for the Company. Drilling progressed throughout most of the field season and concluded with the onset of the wet season in early December 2021. The turnaround of assay results was impacted by slow laboratory throughput rates, creating unfortunate delays in the return of analytical results.

During the year, Rockfire participated in an Open International Tender for the Molaoi zinc project in Greece. On 8 March 2022, Rockfire announced the winning of an Open International Tender for a 30-year licence to explore and mine the high-grade Molaoi Zn/Pb/Ag deposit, located in the Hellenic Republic of Greece. Rockfire participated in the tender under a Memorandum of Understanding with a local Greek company, Hellenic Minerals IKE ("Hellenic"), the applicant in the tender. Subsequently, Rockfire has now acquired 100% of the shares in Hellenic. The award of the licence to Hellenic and the acquisition of Hellenic means that Rockfire owns 100% of the rights in the project.

Administration

In light of the continued restricted numbers permitted by social distancing rules, limitations on gatherings, and Covid-19 related protocols, the Company again held its Annual General Meeting as a virtual meeting. All Board meetings throughout the year were held remotely, with Directors meeting regularly online.

Financial review

The income statement for the year shows a loss of £744,953 (2020: loss £719,987).

On 26 February 2021, the Company announced that it had granted a total of 36,000,000 options to subscribe for ordinary shares in the Company to certain Directors and employees of the Company as set out below:

Gordon Hart	*Chairman*	10,000,000
David Price	*Chief Executive Officer*	10,000,000
Edward Fry	*Exploration Manager*	10,000,000
Graeme Hogan	*Company Secretary*	6,000,000

The 36,000,000 options are exercisable for a period of three years from the date of the grant and have an exercise price of 2.1 pence, being a premium of 110% per cent to the closing mid-market share price on 25 February 2021, the day prior to the announcement of the grant of the options.

Rockfire announced that it had successfully completed a placing of new ordinary shares in the Company on 6 May 2021, raising gross proceeds of £850,000. This placing was through the Company's sole broker, Allenby Capital Limited, and comprised 121,429,200 new ordinary shares of 0.1 pence at a price of 0.7 pence per share. This represented approximately 12.72 per cent. of the enlarged issued share capital of the Company at the time and the shares were subscribed for by a combination of new investors and existing shareholders. Rockfire's largest shareholder and one of the Company's Non-executive Directors, Nicholas Walley, subscribed for 6,000,000 shares in this placing, thereby increasing his holding in the Company to 59,000,000 ordinary shares.

Chairman's Statement (continued)

On 26 July 2021, the Company announced that it had successfully raised a further £1.0 million (before expenses) with an institutional investor, through a placing of 125,000,000 new ordinary shares of 0.1 pence at a price of 0.8 pence per share. The placing was arranged by Allenby Capital Limited. This resulted in the Company's issued ordinary share capital at the time being 1,079,997,653 ordinary shares.

Exploration Review

Lighthouse, Queensland

A resource upgrade at the Plateau gold prospect was announced on 29 January 2021, informing that 208,000 ounces of gold had been delineated at Plateau, including 53,000 ounces of near-surface gold with an average grade of 1.1 g/t Au. The deposit continues to expand with ongoing exploration and silver credits are expected to add to the economics of any future production.

Management sees opportunities for more resources along strike to the east and west, as well as repetitions of the favourable geological and structural setting in the immediate vicinity of Plateau.

In March 2021, rock sampling and geological mapping was undertaken to confirm targets close to Plateau. This work confirmed historical high-grade rock samples and extended each target by around 100 m in strike. Rocks strongly anomalous in gold and silver (16.8 g/t Au and 50.4 g/t Ag) have now been traced for more than 150 m length at the Northwest Breccia. The gold trend remains open to the east and west.

On 8 April 2021, Rockfire released the results from its preliminary scoping study at Plateau. Results indicate the potential for a small-scale, open-pit operation, delivering a range of net positive cash flow outcomes. When multiple cost and technical scenarios are introduced, Plateau is cash-positive on a small scale, assuming minimal capital costs, and based on toll treatment of trucked ore to a nearby processing facility. Work required in the next exploration phase includes metallurgical test work, infill drilling to close gaps in the drilling pattern and extension drilling to test areas within the optimised pit outline with little or no drilling.

Soil sampling at the Company's Bell Rock prospect, which lies approximately 5 km from Plateau, encountered high gold-in-soil values, which were announced on 3 February 2021. The identification of high soil anomalism within the Lighthouse tenement provides further evidence that Lighthouse is a highly endowed tenement located between multi-million-ounce operating gold mines. Bell Rock is a very early-stage exploration prospect with ongoing steps required including ground magnetics and detailed geological mapping to better understand the geological setting. At the end of March 2021, the Company informed investors of highly encouraging rock sample results from Bell Rock, including one sample of 9.9 g/t Au and 21 g/t Ag. The target remains open to the east and west.

Copperhead, Queensland

Rockfire's determination to identify large mineral deposits is starting to bear fruit. The year commenced with a doubling of the Copperhead footprint, following a helicopter-borne magnetic survey in January 2021. Only a small portion of the geochemical and geophysical anomalism has been tested by drilling.

By November 2021, the Company reported that the first drill hole into Copperhead for more than 50 years hit visible copper veins along its length, over 500 m downhole. Diamond drilling at Copperhead throughout the year is interpreted to be in the quartz-sericite-pyrite ("Phyllic") alteration zone, sitting above a potential main porphyry source.

Although grade remains relatively low, the system continued to expand with each hole drilled during the drilling campaign. Hole BCH001 encountered a lengthy interval of 244 m @ 0.20 % CuEq, as well as a more intense zone of 62 m @ 0.30 % CuEq. Hole BCH002 returned 357 m grading 0.11 % CuEq. All holes display a reasonably uniform grade distribution, with a peak assay of 2.28 % CuEq.

Chairman's Statement (continued)

Molaoi, Greece

An Open International Tender process was in progress for most of 2021 for the rights to explore and mine the Molaoi zinc deposit in Greece. Hellenic Minerals IKE ("Hellenic"), a Greek-registered company, with the assistance of Rockfire, completed the first phase of the process and was awarded "Preferred Tenderer" status. The second and final phase of the process was also completed, with Hellenic and Rockfire jointly being confirmed as the winners of the tender.

The acquisition of the Molaoi project in Greece may represent a transformational step for Rockfire. On 8 March 2022, Rockfire announced the winning of an Open International Tender for a 30-year licence to explore and mine the high-grade Molaoi Zn/Pb/Ag deposit, located in the Hellenic Republic of Greece. Rockfire participated in the tender under a Memorandum of Understanding with a local Greek company, Hellenic Minerals IKE ("Hellenic"), the applicant in the tender. Subsequently, Rockfire has now acquired 100% of the shares in Hellenic. The award of the licence to Hellenic and the acquisition of Hellenic means that Rockfire owns 100% of the rights in the project. Greece has both a proven and active mining industry, as well as a Government proactive in securing sound investment in its resources sector.

Molaoi has significant development including 173 diamond drill holes, a portal and a 700 m-long exploration decline, having been extensively diamond drilled over a strike of approximately 1.5 km. The deposit lies 10 km by road from a seaport and remains open along strike for an additional 5.5 km to the north and is open at depth.

Copper Dome, Queensland

During April 2021, a high-resolution helicopter-borne magnetic survey was flown at Copper Dome, resulting in a significantly larger target than initially thought. Multiple plumes intruding upwards towards the surface were identified in the magnetic imagery, with only one of these having been drill tested to date and returning anomalous copper and gold. This provides the potential for a much larger mineralised system to be discovered.

Summary

In summary, our team is working hard to build material value in Rockfire. The Company's enviable portfolio includes:

- JORC resource of 208,000 ounces of gold at Plateau
- JORC resource of 1.5 million ounces of silver at Plateau
- JORC resource of 120,000 tonnes of copper equivalent at Copperhead
- JORC resource of 250,000 tonnes of zinc equivalent at Molaoi, Greece

Material events and reviews since the end of 2021

On 8 March 2022, Rockfire announced the winning of an Open International Tender for a 30-year licence to explore and mine the high-grade Molaoi Zn/Pb/Ag deposit, located in the Hellenic Republic of Greece. Rockfire participated in the tender under a Memorandum of Understanding with a local Greek company, Hellenic Minerals IKE ("Hellenic"), the applicant in the tender. On 8 March 2022, Rockfire announced the winning of an Open International Tender for a 30-year licence to explore and mine the high-grade Molaoi Zn/Pb/Ag deposit, located in the Hellenic Republic of Greece. Rockfire participated in the tender under a Memorandum of Understanding with a local Greek company, Hellenic Minerals IKE ("Hellenic"), the applicant in the tender. Subsequently, Rockfire has now acquired 100% of the shares in Hellenic. The award of the licence to Hellenic and the acquisition of Hellenic means that Rockfire owns 100% of the rights in the project.

Chairman's Statement (continued)

Molaoi is an outstanding high-grade zinc deposit, and the addition of the project strategically complements Rockfire's existing portfolio of precious and base metal assets.

Achievements to date at Molaoi have been:

- Historical core has been located, sampled and photographed with results in line with historical results (RNS dated 3 May 2022).
- A JORC resource of 2.1 million tonnes @ 12% Zn Eq. for a total of 250,000 tonnes of Zn Eq. has been announced (RNS dated 23 May 2022)

On 21 March 2022, Rockfire announced a maiden JORC resource of 120,000 tonnes of copper equivalent at the Company's 100% owned Copperhead Cu-Mo-Ag deposit in Queensland, Australia. The resource is quoted as 64 million tonnes @ 0.19 % Cu Eq. for 120,000 tonnes of Cu Eq. in the inferred category. The resource remains open to the north, east, west and at depth, leaving scope for significant, further resource increases. The copper price remains robust with the continued strong demand for electric vehicles and green energy, including wind turbines and solar panels.

Rockfire's Board is delighted with the progress being made by the Group across its portfolio. We wish to thank all our shareholders for their continued support as we create and sustain further value in our projects. With gold, silver, and copper JORC resources and a high-grade zinc asset of quality, sees opportunity for growth in a time of increasing commodity demand and rising commodity prices.

I present the Annual Report for Rockfire for the financial year ended 31 December 2021 and look forward to a successful and rewarding 2022 for all our shareholders.

Gordon Hart
Chairman

27 May 2022

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 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 Rockfire.

David W Price, Chief Executive Officer and Managing Director

David is an experienced geologist and senior executive with over 30 years of experience in the global mining industry and over 20 years' experience in securing funding for exploration projects. David is 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 been involved with many resource projects. He was Country Manager for Danae Resources during the drill-out and Pre-Approval Study of the Sappes gold project in Greece. He was the Senior Consulting Geologist during the drill-out of Australia's second-largest lithium resource at Earl Grey in Australia.

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 a range of role, including Audit Partner, Corporate Finance Partner, and Equity Partner in various accounting firms. He is a retired Fellow of the Institute of Chartered Accountants in England and 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 unparalleled experience and expertise from London onto the board. Ian is the Chairman of the Audit Committee.

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 various 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. He is also a Non-Executive Director of 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. He has critical skills in logistics, infrastructure, organisational management and sales.

Strategic report

ACTIVITY REVIEW

Plateau Project, Queensland

The year commenced with an announcement on 29 January of the update of the JORC gold resource at Plateau in Queensland. The overall gold envelope at Plateau (grades above 0.2 g/t Au) resulted in an indicated and inferred mineral resource of 11.4 million tonnes @ 0.6 g/t Au and 4.0 g/t Ag for a total of 208,278 ounces of gold and 1.5 million ounces of silver.

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.

Using the same 0.5 g/t Au cut-off, a subset of the mineral resource at shallow depths (0-100 m) is comprised 81% in the indicated category and 19% in the inferred category. The near-surface gold resource is 1.4 million tonnes @ 1.2 g/t Au and 8.8 g/t Ag, for a total of 53,336 ounces of gold and 390,000 ounces of silver.

The mineral resource category and classification has also resulted in an upgrade of +37% of the gold ounces into the higher confidence indicated level, using a 0.2 g/t Au cut-off. The mineral resource remains open along strike and at depth, leaving scope for significant, further resource increases.

Results from rock chip sampling, comprising 34 samples, were released to the market on 29 March 2021. Sampling at the "Northwest Breccia" at the Plateau gold deposit returned high-grade results up to 16.8 g/t Au and 50.4 g/t Ag. The "Northern Breccia", which lies 250 m north of the Eastern Breccia JORC gold resource, returned results up to 1.89 g/t Au and 24.2 g/t Ag.

Results from an early but important preliminary scoping study at the Plateau prospect was announced to the market on 8 April 2021. A modest, net positive cash flow, ranging from AUD $6.8 million to AUD $19.4 million (GBP £3.7 million to GBP £10.7 million), results from a small-scale, open-pit mine. The range of anticipated cash flows depends on technical and operational variables; however, five different scenarios all resulted in positive cash flow outcomes. Multiple targets within the proposed pit outlines are yet to be drilled, and the scoping study identified numerous opportunities to increase gold ounces with additional shallow drilling.

Only the top 70 m was included in the scoping study, yet gold up to 16.9 g/t Au has been intersected more than 400 m below the surface. Therefore, there is significant potential to increase the economic outlook of the project based on continued exploration success at depth.

The study assumed utilisation of one of the nearby existing processing facilities. There are several processing plants within commercial trucking distances of Plateau, and for this reason capital costs are deemed to be minimal for the purpose of this study.

Average mined grades range between 1.26 g/t Au and 1.94 g/t Au from within the optimised pit outlines, with grade variations depending on the pit shape and depth. A spot gold price of AUD$ 2,220 (US$ 1,718) per ounce was used, and the current study excludes any contribution from recovery of silver.

Lighthouse – Regional Targets, Queensland

On 3 February 2021, Rockfire announced soil sampling results from the Bell Rock prospect, which lies less than 4 km southeast of Plateau. A +300 m long and +100 m wide coincident gold/copper soil anomaly was identified, with the highest gold-in-soil value being 1.7 g/t Au (1,700 ppb) and the highest copper-in-soil value being 605 ppm Cu.

Strategic report (continued)

Coincident with the soil anomaly, previous rock sampling recorded a maximum of 23.4 g/t Au and 0.14 % Cu. Elevated gold and copper values extend beyond the limits of the soil survey area.

Rock chip sampling results from Bell Rock were announced on 31 March 2021. Rocks returned high-grade gold results including 9.9 g/t, 5.2 g/t, 5.0 g/t and 4.1 g/t Au. Previous sampling by Rockfire in May 2020 returned gold-in-rock results up to 23.4 g/t Au and the recent sampling has extended this anomalism by a further 100 m in length, resulting in a total target length of 350 m.

For the first time, exploration was conducted at the Otway prospect, located approximately 4.5 km northwest of Plateau. On 31 March 2021, results from ten rock chip samples from Otway were announced. Rocks returned highly anomalous results, including 0.25 % Cu and 0.28 % Co. One rock sample had an elevated nickel value of 817 ppm Ni, while two other rock samples contain nickel above 100 pm Ni.

The Jeddah prospect is located 2 km southwest of Plateau. In May 2018, Rockfire announced high-grade continuous rock chip samples at Jeddah, including 10 m @ 1.68 g/t Au and 8 m @ 1.23 g/t Au. Recent follow-up soil sampling results were released on 10 February 2021, detailing a cohesive gold anomaly covering an area of 250 m (east-west) by 150 m (north-south). The anomaly is defined by a low-order zone of + 10 ppb Au, with a peak value of 62 ppb Au and is open towards the south.

Copperhead Porphyry Project, Queensland

On 6 January 2021, results from a helicopter magnetic survey completed in December 2020 were announced. The survey doubled the copper target area at Copperhead, with the copper target now defined with a minimum area of 5 km east-west x 3 km north-south. Faults and fractures are clearly defined and correlate well with known copper mineralisation already discovered in streams, soils, and drilling completed by Carpentaria Exploration in 1972. The Copperhead target remains open in all directions.

Throughout the year, diamond drilling progressed steadily at Copperhead, and on 29 November 2021, results from the first diamond hole were announced. Hole BCH001 is mineralised with visible copper veins for most of its length. A lengthy interval of 501 m grading 0.14 % Cu Eq. was intersected, with the drill hole finishing with visible copper in veins. This extensive interval includes a stronger zone of 244 m @ 0.20 % Cu Eq, as well as a more intense zone of 62 m @ 0.30 % Cu Eq.

An assay of 2.28 % Cu was encountered at 423 m depth and an assay of 0.50 % Cu was intersected only 6m from the end of the hole. This announcement stated that the tonnage potential for Copperhead has been significantly upgraded by extending copper mineralisation a further 200 m deeper than historical drilling.

Alteration and visible copper mineralisation in this and subsequent drill holes indicate that our drilling is occurring in the upper, “Phyllic” levels of an extensive porphyry copper system.

Drilling results from hole BCH002 were announced on 22 December 2021. This hole returned 357 m grading 0.11 % Cu Eq., with the drill hole finishing with visible copper in veins. Within this broad zone, an upper interval of 48 m @ 0.21 % Cu Eq. occurs from 139 m downhole depth and a second interval of 32 m @ 0.20 % Cu Eq. exists from 236 m downhole depth. A peak assay of 1.06 % Cu Eq. was encountered.

Molaoi Zinc Project, Greece

In 2021, the Greek Government conducted an Open International Tender for participants to apply for the exploration and mining licence over the Molaoi zinc project in the Peloponnese region in southern Greece. Rockfire participated in this tender under a Memorandum of Understanding (“MOU”) with a local Greek company, Hellenic Minerals I.K.E. (“Hellenic”), which is the applicant in the tender. In December 2021, Hellenic was notified of its status as one of three “Preferred Tenderers”.

Strategic report (continued)

Molaoi is a volcanogenic massive sulphide ("VMS") deposit with stacked, folded lodes and an initial non-JORC mineral estimate dating back to 1985. The estimate was subsequently upgraded in 1988 following additional drilling by the Greek Government. More than 170 drill holes, including diamond drilling, have been drilled into the deposit.

In 1988, an underground portal and a 700m-long exploration decline were developed by the Greek Government to access the western-most massive sulphide lodes. The exploration decline was developed to obtain bulk samples for metallurgical purposes.

Some of the many outstanding drill assay intervals from drilling in the 1980s include the following examples. Most drilling was diamond drill core.

- 10.45 m @ 10.63% Zn, 1.45% Pb and 62 g/t Ag (Hole AN011 from 79.30 m)
- 15.0 m @ 11.94% Zn, 1.96% Pb and 66 g/t Ag (Hole AN017 from 136.40 m)
- 7.0 m @ 14.96% Zn, 2.13% Pb and 63 g/t Ag (Hole AN028 from 187.00 m)
- 7.0 m @ 19.17% Zn, 2.89% Pb and 76 g/t Ag (Hole B010 from 43.00 m)
- 9.9 m @ 18.06% Zn, 2.87% Pb and 91 g/t Ag (Hole B011 from 184.50 m)
- 2.8 m @ 26.51% Zn, 1.87% Pb and 80 g/t Ag (Hole BGXIII from 57.00 m)

No historical analysis for gold or copper has been undertaken, and Rockfire intends to analyse for these additional elements.

Only 1.5 km of a strike of more than 6 km has been explored, providing enormous upside for additional resource expansion. The entire 7 km of strike is included in the area being applied for. Intermittent historical drilling has intersected high-grade zinc in most holes drilled along the 7 km of strike.

Terms of the acquisition of Hellenic

On 8 March 2022, Rockfire announced the winning of an Open International Tender for a 30-year licence to explore and mine the high-grade Molaoi Zn/Pb/Ag deposit, located in the Hellenic Republic of Greece. Rockfire participated in the tender under a Memorandum of Understanding with a local Greek company, Hellenic Minerals IKE ("Hellenic"), the applicant in the tender. Subsequently, Rockfire has now acquired 100% of the shares in Hellenic. The award of the licence to Hellenic and the acquisition of Hellenic means that Rockfire owns 100% of the rights in the project. As consideration for the transfer of shares, Rockfire has acquired a 100% shareholding in Hellenic, with the issue of 50 million new ordinary shares in Rockfire, at a nominal 1p share price to Georgios Skevas (the sole shareholder of Hellenic) or his nominee/s.

On achieving a minimum JORC or NI43-101 resource of 400,000 tonnes of zinc-equivalent metal content, Rockfire will make a 50% cash and 50% share payment of a total value of £400,000, with shares being issued at a 5% discount to the 5-day VWAP share price of Rockfire ordinary shares at the time of the announcement of the JORC, to Mr Georgios Skevas or his nominee/s. It is expected that this issue will occur within the first three years of exploration.

A gross Production Royalty on saleable product of 2% will be payable to Georgios Skevas or his nominee/s following the commencement of commercial production from the Project. Rockfire shall have the option to acquire the Production Royalty for a cash consideration of £1,000,000 at any time. If a commercial zinc mine is deemed feasible, the acquisition of the Royalty is likely to occur following the first five years of exploration and successful feasibility/environmental studies. The maximum consideration payable on this transaction is £1,900,000.

Strategic report (continued)

Georgios Skevas established Hellenic in April 2018 with the sole purpose of acquiring the Molaoi licence. It currently has no assets or liabilities and is 100% owned by Georgios Skevas. Subsequent to the transaction, it is proposed that Mr Skevas will remain on the board to assist with the exploration and development of the project.

David Price, Chief Executive Officer of Rockfire, first identified the Molaoi project in 2005 from archived scientific reports. There is a historic agreement between Hellenic and David Price, which entitles him to 50% of all income (including shares and royalties) derived from the sale, joint venture or farm-out of all projects acquired by Hellenic and/or the sale of the company itself. The independent directors of Rockfire believe that the Molaoi project represents excellent potential and expands Rockfire's existing base and precious metal portfolio. The independent directors also believe the acquisition of Hellenic is in the best interest of the Company and all shareholders. David, due to his involvement with Molaoi and Hellenic, abstained from the Board's decision to approve this transaction.

Copper Dome

Results from a helicopter-supported geophysical magnetic survey were released to the market on 14 April 2021. This survey resulted in high-resolution magnetic images, with the magnetic data detailing geology and structure beneath the dome, which had previously not been possible at Copper Dome.

The revised target, based on the new aeromagnetic signature, was significantly larger in area and now covered an area of 4 km x 3.5 km. At least three separate intrusions were defined by the magnetics, with only one having been historically drilled and copper found.

Abundant structures, including faults (and possibly veins) were identified, providing a greater understanding of the structural setting for the emplacement of the porphyries. A three-dimensional interpretation was commissioned at the end of the year to determine the characteristics of the magnetic response at depth.

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.

Strategic report (continued)

Exploration risk

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

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

Resource risk

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

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

Environmental, 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. The Company cannot guarantee landowners will provide access, regardless of existing laws in place to ensure such access is negotiated on fair terms.

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.

Strategic report (continued)

Bribery risk

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

Insurance coverage

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

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, 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.

Strategic report (continued)

ENVIRONMENT

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

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

EMPLOYEES

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

The Group now operates in Australia and Greece, where the Group 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 has a site-based health and safety protocol. This is re-evaluated as and when the Group's nature and scale of activities change.

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.

Strategic report (continued)

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.

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 laws and regulations of the jurisdictions in which the Group operates • Adoption of best practice policies recommended by the World Bank and The International Council on Mining and Metals

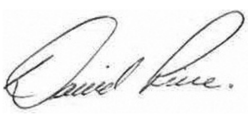
Strategic report (continued)

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 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 • 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

27 May 2022

Directors' Report

Principal activities

The principal activities of the Group include exploration for gold and copper resources in Queensland, Australia and exploration and development of base metals in Greece. The Group's strategy is to explore for and, where the Directors believe that it is commercially feasible, develop mineral deposits. 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 five exploration permits for minerals (EPMs) in Queensland, Australia and an exploration and exploitation licence in Greece.

Financial overview

The loss for the year is in line with the Directors' expectations. With funding being raised during 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 19 to the financial statements.

Dividends

The Directors are unable to recommend the payment of a dividend for the year ended 31 December 2021 (2020: £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. Further details are included in note 3 to the financial statements.

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. In July 2021, the Company raised a further £1,000,000 before costs through a placing of 125,000,000 new ordinary shares of 0.1p each.

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 2021 Ordinary shares	As at 31 December 2020 Ordinary shares	As at 31 December 2021 Options	As at 31 December 2020 Options
Gordon Hart	8,823,530	8,823,530	10,000,000	–
Patrick Elliott	12,469,823	8,848,490	6,000,000	6,000,000
Ian Staunton	–	–	6,000,000	6,000,000
Nicholas Walley	59,000,000	52,464,000	6,000,000	6,000,000
David W Price	13,850,000	13,850,000	10,000,000	–

Significant shareholdings

As at 27 May 2022, 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	5.45
Michael Somerset-Leeke	49,101,126	4.54
David W Price	38,850,000	3.42

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 laws and regulations relating to environmental matters in each jurisdiction in which the Group operates.

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 UK-adopted international accounting standards 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 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 UK-adopted international accounting standards, 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 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.

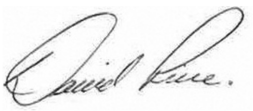
Directors' Report (continued)

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

27 May 2022

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 mineral explorer with projects located in northern Queensland, Australia and the Peloponnese region of Greece. The Company's strategy is to identify mineral deposits which can be developed into mines to create value and income for shareholders.

Throughout 2021, the Board has delivered on its strategy to achieve growth of the Group, with highly successful exploration results at the Plateau gold deposit and for copper at the Copperhead project, also in Queensland.

The Company continues to seek other resource projects.

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

Corporate Governance Statement (continued)

believes that the skillsets of the Chairman and the non-independent Non-executive Director are appropriate and beneficial for all shareholders and stakeholders.

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

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

The number of meetings of the Board and attendance for the year ended 31 December 2021 are set out below:

	Meetings held	Meetings attended
Gordon Hart	16	16
Patrick Elliott	16	10
Ian Staunton	16	15
Nicholas Walley	16	15
David W Price	16	16

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 7 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.

Corporate Governance Statement (continued)

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

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

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

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

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

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

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

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

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

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

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

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).

Corporate Governance Statement (continued)

The audit committee is chaired by Ian Staunton and includes Patrick Elliott and Gordon Hart, and their biographies can be found on page 7. 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 7. The remuneration committee meets on an ad hoc basis, when required. Fees payable to the Non-executive Directors are determined by the Executive Directors.

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

Gordon Hart
Chairman

27 May 2022

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 2021 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 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which indicates that the group will require further funds to be raised over the next 12 months in order for the group to meet its exploration expenditure commitments and to continue as a going concern. As stated in note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 cash flow forecasts prepared by management, a review of management's assessment of going concern and post year end information.

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 £97,000 (2020: £81,000)	*2% of gross assets*
Company £75,000 (2020: £61,000)	*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 £97,000, materiality for the parent company and significant component was set at £75,000 and £58,000 respectively (2020: £61,000 and £44,000 respectively). Performance materiality set at 70% for the group, parent company and significant component at £67,900, £52,500 and £40,600 respectively (2020: £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 £4,850 (2020: £4,050) for the group and £3,750 (2020: £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 2021, were located in the United Kingdom and Australia.

Key audit matters

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

Independent auditor's report

to the members of Rockfire Resources plc (continued)

Key Audit Matter	How 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 2021. 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; • Consideration of management's impairment reviews in light of impairment indicators identified in accordance with IFRS 6, including corroboration and challenge thereof; and • 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.

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

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 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:
    - o AIM Rules;
    - o UK employment law; and
    - o 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:
    - o Making enquiries of management;
    - o A review of Board minutes;
    - o A review of legal ledger accounts; and
    - o A review of RNS announcements.
- 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.

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

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

27 May 2022

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	Note	2021 £	2020 £
Impairment of intangible assets		(12,334)	(12,324)
Administrative expenses		(732,619)	(707,663)
Operating loss	6	(744,953)	(719,987)
Loss before taxation		(744,953)	(719,987)
Taxation	7	–	–
Loss for the year attributable to shareholders of the Company		(744,953)	(719,987)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation movement		(162,830)	50,591
Total comprehensive loss attributable to shareholders of the Company		(907,783)	(669,396)
Earnings per share attributable to shareholders of the Company			
Basic and diluted	8	(0.08)p	(0.10)p

The notes on pages 40 to 61 form part of these financial statements.

Consolidated statement of financial position
for the year ended 31 December 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Intangible assets	9	3,447,739	2,655,196
Property, plant and equipment	10	20,189	25,706
		3,467,928	2,680,901
Current assets			
Cash and cash equivalents		1,473,599	1,350,926
Trade and other receivables	12	124,261	39,383
		1,597,860	1,390,309
Total assets		5,065,788	4,071,211
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	13	7,078,136	6,828,085
Share premium	14	18,180,659	16,658,354
Other reserves	14	2,295,035	2,295,035
Foreign exchange reserve	14	(190,006)	(27,176)
Retained deficit		(22,408,420)	(21,779,517)
Total equity		4,955,404	3,974,781
Current liabilities			
Trade and other payables	16	110,384	96,430
		110,384	96,430
Total equity and liabilities		5,065,788	4,071,211

The notes on pages 40 to 61 form part of these financial statements.

Company statement of financial position

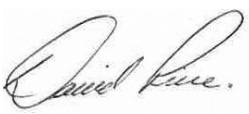
for the year ended 31 December 2021

Company Registration No. 07791328

	Note	2021 £	2020 (restated) £
Assets			
Non-current assets			
Intangible assets	9	13,380	–
Property, plant & equipment	10	690	–
Investments	11	648,000	648,000
		662,070	648,000
Current assets			
Cash and cash equivalents		1,420,801	1,236,174
Trade and other receivables	12	3,573,333	2,566,668
		4,994,134	3,802,842
Total assets		5,656,204	4,450,842
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	13	7,078,136	6,828,085
Share premium	14	18,180,659	16,658,354
Other reserves	14	1,801,872	1,801,872
Retained deficit		(21,489,448)	(20,888,055)
Total equity		5,571,219	4,400,256
Current liabilities			
Trade and other payables	16	84,985	50,585
		84,985	50,585
Total equity and liabilities		5,656,204	4,450,842

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 £717,442 (2020: loss of £679,732).

The financial statements were approved and authorised for issue by the Board on 27 May 2022 and signed on its behalf by:



David W Price
Chief Executive Officer

The notes on pages 40 to 61 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Share capital £	Share premium £	Other reserves £	Foreign exchange reserve £	Retained deficit £	Total equity £
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)**	**3,974,782**
As at 1 January 2021	6,828,085	16,658,354	2,295,035	(27,176)	(21,779,517)	3,974,782
Loss for the financial year	–	–	–	–	(744,953)	(744,953)
Foreign exchange translation movement	–	–	–	(162,830)	–	(162,830)
Total comprehensive loss	–	–	–	(162,830)	(744,953)	(907,783)
Shares issued during the year	250,051	1,630,995	–	–	–	1,881,046
Share issuance costs	–	(108,690)	–	–	–	(108,690)
Share-based expense	–	–	–	–	116,049	116,049
Total transactions with shareholders	250,051	1,522,305	–	–	116,049	1,888,405
At 31 December 2021	**7,078,136**	**18,180,659**	**2,295,035**	**(190,006)**	**(22,408,420)**	**4,955,404**

The notes on pages 40 to 61 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 December 2021

	Share capital £	Share premium £	Other reserves £	Retained deficit £	Total equity £
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	104,282
Total transactions with shareholders	203,008	1,922,248	–	104,282	2,229,537
As at 31 December 2020	**6,828,085**	**16,658,354**	**1,801,872**	**(20,888,055)**	**4,400,256**
As at 1 January 2021	6,828,085	16,658,354	1,801,872	(20,888,055)	4,400,256
Loss for the financial year	–	–	–	(717,442)	(717,442)
Total comprehensive loss	–	–	–	(717,442)	(717,442)
Shares issued during the year	250,051	1,630,995	–	–	1,881,046
Share issuance cost	–	(108,690)	–	–	(108,690)
Share-based expense	–	–	–	116,049	116,049
Total transactions with shareholders	250,051	1,522,305	–	116,049	1,888,405
At 31 December 2021	**7,078,136**	**18,180,659**	**1,801,872**	**(21,489,448)**	**5,571,219**

The notes on pages 40 to 61 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2021

	2021 £	2020 £
Cash flow from operating activities		
Loss for the year before tax	(744,953)	(719,987)
Impairment of intangible assets	12,334	12,324
Depreciation	7,052	769
Expenses settled in shares	–	38,000
Share-based expense	116,049	104,282
Foreign exchange differences	(47,912)	(60,986)
Decrease in trade and other receivables	(61,748)	18,007
Decrease in trade and other payables	(9,147)	(55,802)
Net cash outflow from operating activities	(728,326)	(663,393)
Cash flow from investing activities		
Exploration expenditure	(918,667)	(817,153)
Acquisition of property, plant and equipment	(2,690)	(18,844)
Net cash used in investing activities	(921,357)	(835,997)
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	1,881,046	2,198,409
Share issue costs	(108,690)	(111,153)
Net cash generated from financing activities	1,772,356	2,087,256
Net increase in cash and cash equivalents	122,673	587,866
Cash and cash equivalents at the beginning of the year	1,350,926	763,060
Cash and cash equivalents at the end of the year	1,473,599	1,350,926

The notes on pages 40 to 61 form part of these financial statements.

Company statement of cash flows
for the year ended 31 December 2021

	2021 £	2020 £
Cash flow from operating activities		
Loss for the year before tax	(717,442)	(679,732)
Expenses settled in shares	–	38,000
Depreciation	460	–
Share-based expense	116,049	104,282
Expected credit losses	168,482	180,874
Decrease in trade and other receivables	957,221	19,467
Increase/(Decrease) in trade and other payables	34,400	(73,040)
Net cash outflow from operating activities	559,170	(410,149)
Cash Flow from investing activities		
Exploration expenditure	(13,380)	–
Acquisition of property, plant and equipment	(1,149)	–
Net cash used in investing activities	(14,529)	–
Cash flow from financing activities		
Related party loans	(2,132,370)	(1,203,413)
Proceeds from issuance of ordinary shares	1,881,046	2,198,409
Share issue costs	(108,690)	(111,153)
Net cash generated from financing activities	(360,014)	883,843
Net increase in cash and cash equivalents	184,627	473,694
Cash and cash equivalents at the beginning of the year	1,236,174	762,480
Cash and cash equivalents at the end of the year	1,420,801	1,236,174

The notes on pages 40 to 61 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 2021

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:

Standard	*Effective date*
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2;	1 January 2021
Amendment to IFRS 16 in respect of Covid-19-Related Rent Concessions beyond 30 June 2021	1 January 2021

(ii) New standards, amendments and interpretations in issued 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 UK):

Standard	*Effective date*
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);	1 January 2022
Amendments to IFRS 3: References to Conceptual Framework;	1 January 2022
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2023
Disclosure of accounting policies (Amendments to IAS 1)*;	1 January 2023
Definition of accounting estimates (Amendments to IAS 8)*;	1 January 2023

** Subject to UK 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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and 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.

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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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, including minimum expenditure commitments, will only continue with additional equity funding secured by the Group. This additional funding is not guaranteed, however to date the Group has been successful in securing funding when required. In May 2021, the Company raised gross proceeds of £850,004 through a placing of 121,429,200 new ordinary shares of 0.1p each. In July 2021, the Company raised gross proceeds of £1,000,000 through placing 125,000,000 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 continued effects of the COVID-19 pandemic and has continued to update and implement 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 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 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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

g) Intangible assets – exploration costs

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

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

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

h) Impairment of non-financial assets

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

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

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

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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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

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

Trade and other payables

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

j) Provisions

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

k) Current and deferred tax

Tax represents the sum of current and deferred tax.

Tax payable or receivable is based on taxable profit or loss for the year. Taxable profit or loss differs from accounting profit or loss as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which deductible temporary differences can be utilised.

l) Pensions

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

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.

Notes to the financial statements (continued)

3 Basis of preparation and significant accounting policies (continued)

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 and parent company statements 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

During the year, the Group had one business segment which was 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:

	2021 No.	2020 No.
Technical	2	1

Employment costs (excluding directors)

	2021 £	2020 £
Wages and salaries	106,422	95,817
Post-employment benefits	10,363	9,103
Total	116,785	104,920

Directors' emoluments

2021

	Short-term benefits £	Post-employment benefits £	Total £
David W Price	150,000	14,639	164,639
Gordon Hart	79,992	7,985	87,977
Ian Staunton	30,000	–	30,000
Patrick Elliott	28,000	–	28,000
Nicholas Walley	30,000	–	30,731
Total	317,992	22,624	340,616

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

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:

	2021 £	2020 £
Fees payable to the Group auditor for the audit of the Group and Company financial statements	24,750	24,000
Fees payable to the Group auditor for the taxation services	1,850	1,850
Impairment of intangible assets	12,334	12,324

7 Taxation

	2021 £	2020 £
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	(744,953)	(719,987)
Loss on ordinary activities at the UK standard rate of 19% (2020: 19%)	(141,541)	(136,798)
Effects of:		
UK carried forward losses	82,253	72,634
Non-deductible expenses	24,491	22,155
Losses of overseas subsidiaries carried forward	34,797	42,008
Current tax charge	–	–

The Group has estimated UK tax losses of approximately £5,061,000 (2020: £4,628,000), and Australian tax losses of approximately £863,000 (2020: £680,000) 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.

8 Earnings per share

	2021 £	2020 £
Loss for the purpose of basic and diluted loss per share	(744,953)	(719,987)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	974,997,979	725,751,806
Loss per share – basic (pence)	(0.08)	(0.10)
Loss per share – diluted (pence)	(0.08)	(0.10)

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.

Notes to the financial statements (continued)

9 Intangible assets

Group

	Exploration costs £
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
At 1 January 2021	2,655,196
Additions	918,667
Impairment	(12,334)
Foreign exchange differences	(113,790)
At 31 December 2021	3,447,739

As at 31 December 2021, the Group had future commitments of £9,342,018 in relation to exploration projects:

	Rent £	Minimum spend £
1 year	61,143	1,162,132
Later than 1 year but no more than 5 years	811,341	7,307,402
Total	872,484	8,469,534

Company

	Exploration costs £
At 1 January 2020	–
At 31 December 2020	–
At 1 January 2021	–
Additions	13,380
At 31 December 2021	13,380

Notes to the financial statements (continued)

10 Property, plant and equipment

Group

	Motor vehicles £	Office equipment £	Exploration costs £
Cost			
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
At 1 January 2021	30,445	3,165	33,610
Additions	–	2,690	2,690
Foreign exchange differences	(1,468)	(178)	(1,646)
At 31 December 2021	28,977	5,677	34,654
Depreciation			
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	7,097	807	7,904
At 1 January 2021	7,097	807	7,904
Charge for the year	-	2,619	2,619
Depreciation capitalised	4,433	–	4,433
Foreign exchange differences	(417)	(74)	(491)
At 31 December 2021	11,113	3,352	14,465
Net book value			
At 31 December 2020	23,348	2,358	25,706
At 31 December 2021	17,864	2,325	20,189

Notes to the financial statements (continued)

10 Property, plant and equipment (continued)

Company

	Office equipment £	Total £
Cost		
At 1 January 2020	–	–
At 31 December 2020	–	–
At 1 January 2021	–	–
Additions	1,150	1,150
At 31 December 2021	1,150	1,150
Depreciation		
At 1 January 2020	–	–
Charge for the year	–	–
At 31 December 2020	–	–
At 1 January 2021	–	–
Charge for the year	460	460
At 31 December 2021	460	460
Net book value		
At 31 December 2020	–	–
At 31 December 2021	690	690

Notes to the financial statements (continued)

11 Investments

Company

	2021 £	2020 £
At beginning and end of the year	648,000	648,000

The Group's subsidiary undertakings at 31 December 2021, 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

12 Trade and other receivables

Group

	2021 £	2020 £
Other receivables	124,261	38,240

Company

	2021 £	2020 £
Amounts owed by Group undertakings	3,493,473	2,552,123
Other receivables	79,860	14,545
Total	3,573,333	2,566,668

Receivables due from Group undertakings are net of ECLs of £618,869 (2020: £450,387). Other receivables comprise prepayments.

Notes to the financial statements (continued)

13 Share capital

Group and Company

Issued share capital	2021 No.	2020 No.
Ordinary shares of £0.001 each	1,082,466,125	832,415,592
Deferred shares of £0.099 each	51,215,534	51,215,534

	2021 £	2020 £
Balance at the beginning of the year	6,828,085	6,625,077
Shares issued during the year	250,051	203,008
Balance at 31 December (fully paid)	7,078,136	6,828,085

Issues of ordinary shares

On 16 February 2021, the Company announced that 1,152,861 new ordinary shares had been issued to Patrick Elliot in settlement of Director's fees for the period 01 October 2020 to 31 December 2020, at a price of 0.87p.

On 06 May 2021, the Company announced that 121,429,200 new ordinary shares had been issued, raising gross proceeds of £850,000.

On 26 July 2021, the Company announced that it completed a placing of 125,000,000 new ordinary shares, raising gross proceeds of £1,000,000.

On 06 August 2021, the Company announced that 1,640,069 new ordinary shares had been issued to Patrick Elliot in settlement of Director's fees for the period 01 January 2021 to 30 June 2021, at a price of 0.85p.

On 16 December 2021, the Company announced that 828,403 new ordinary shares had been issued to Patrick Elliot in settlement of Director's fees for the period 01 July 2021 to 30 September 2021, at a price of 0.85p.

The GBP value of fully paid issued share capital includes an historical cumulative translation difference of £925,332, being the effect of the Group's presentational currency being US$ prior to 2017.

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

	2021 Options No.	2021 Weighted average exercise price (£)	2020 Options No.	2020 Weighted average exercise price (£)
Outstanding at 1 January	18,000,000	0.02	9,000,000	0.02
Granted during the year	36,000,000	0.02	18,000,000	0.02
Lapsed during the year	–	–	(9,000,000)	0.02
Outstanding at 31 December	54,000,000	0.02	18,000,000	0.02
Exercisable at 31 December	54,000,000	0.02	18,000,000	0.02

The weighted average life of the outstanding and exercisable options was 2 years and 163 days effective from 31 December 2021.

On 26 February 2021, 36,000,000 options to subscribe for new ordinary shares in the Company were granted to Directors and employees. The options are exercisable at £0.02 for three years from the date of grant.

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

Risk free interest rate	0.224%
Expected volatility	110.938%
Expected dividend yield	0.00%
Life of the option	1.5 years
Share price at measurement date	£0.01

£116,049 has been recognised as a share-based expense in the Statement of Comprehensive Income related to the grant of share options.

Share options held by Directors were as follows:

	2021 No.	2020 No.
David W Price	10,000,000	–
Gordon Hart	10,000,000	–
Ian Staunton	6,000,000	6,000,000
Patrick Elliot	6,000,000	6,000,000
Nicholas Walley	6,000,000	6,000,000

Notes to the financial statements (continued)

15 Share options and warrants (continued)

Warrants

	2021 Warrants No.	2021 Weighted average exercise price (£)	2020 Warrants No.	2020 Weighted average exercise price (£)
Outstanding at 1 January	30,899,999	0.010	103,968,628	0.013
Lapsed during the year	–	–	(58,235,295)	0.015
Exercised during the year	–	–	(14,833,334)	0.010
Outstanding and exercisable at 31 December	30,899,999	0.010	30,899,999	0.010

The weighted average life of the outstanding and exercisable warrants was 279 days effective from 31 December 2021.

16 Trade and other payables

Group

	2021 £	2020 £
Trade payables	47,006	31,040
Other payables	17,128	26,390
Accruals	46,250	39,000
Total	110,384	96,430

Company

	2021 £	2020 £
Trade payables	46,242	9,928
Other payables	3,086	1,658
Accruals	35,657	39,000
Total	84,985	50,586

Notes to the financial statements (continued)

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

	2021 £	2020 £
Financial assets		
Cash and cash equivalents	1,473,599	1,350,926
Trade and other receivables	–	–
Total	1,473,599	1,350,926
Financial liabilities		
Trade payables	47,007	31,040
Other payables	62,650	55,255
Total	109,657	86,295

Company

	2021 £	2020 £
Financial assets		
Cash and cash equivalents	1,420,801	1,236,174
Trade and other receivables	4,112,412	3,002,580
Total	5,533,213	4,238,754
Financial liabilities		
Trade payables	46,242	9,932
Other payables	38,746	38,269
Total	84,988	48,201

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

Notes to the financial statements (continued)

17 Financial instruments (continued)

General objectives, policies and processes

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

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

Credit risk

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

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

Group

	2021 **£**	**2020** **£**
Financial assets		
Cash and cash equivalents	1,473,599	1,350,926
Trade and other receivables	–	–
Total	1,473,599	1,350,926

Company

Financial assets		
Cash and cash equivalents	1,420,801	1,236,174
Trade and other receivables	4,112,412	3,002,580
Total	5,533,213	4,238,754

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.

Notes to the financial statements (continued)

17 Financial instruments (continued)

The following table shows the Group's financial liabilities:

Group

	2021 £	2020 £
Financial liabilities		
Trade payables	47,007	31,040
Other payables	62,650	55,255
Total	109,657	86,295

	2021 £	2020 £
Company		
Financial liabilities		
Trade payables	46,242	9,932
Other payables	38,746	38,269
Total	84,988	48,201

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 2021 £	Year ended 31 December 2020 £	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Net foreign currency financial (liabilities)/assets				
AUD	69,075	93,775	(2,727)	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 2021 £	Year ended 31 December 2020 £	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Net foreign currency financial (liabilities)/assets				
AUD	(6,907)	(9,377)	(6,907)	(9,377)

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 2021 the Group held equity and cash balances of £4,955,404 and £1,473,599 (2020: £3,974,781 and £1,350,926), 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 £1,109,832 (2020: £1,203,413). The loan is repayable in GBP on demand and as at 31 December 2021, £4,112,412 (2020: £3,002,924) was outstanding. A cumulative expected credit loss ("ECL") of £618,869 (2020: £450,387) has been recognised at the year-end in respect of the loan.

Notes to the financial statements (continued)

19 Subsequent events

On 8 March 2022, Rockfire announced the winning of an Open International Tender for a 30-year licence to explore and mine the high-grade Molaoi Zn/Pb/Ag deposit, located in the Hellenic Republic of Greece. Rockfire participated in the tender under a Memorandum of Understanding with a local Greek company, Hellenic Minerals IKE ("Hellenic"), the applicant in the tender. Subsequently, Rockfire has now acquired 100% of the shares in Hellenic. The award of the licence to Hellenic and the acquisition of Hellenic means that Rockfire owns 100% of the rights in the project. Molaoi is an outstanding high-grade zinc deposit, and the addition of the project strategically complements Rockfire's existing portfolio of precious and base metal assets.

On 18 March 2022, the Company issued 1,228,070 new ordinary shares to Patrick Elliott in settlement of Director's fees.

On 13 May 2022, the Company issued 1,750,000 new ordinary shares to Patrick Elliott in settlement of Director's fees.

On 16 May 2022, the Company issued 50,000,000 new ordinary shares to the vendors of Hellenic Minerals as settlement of Tranche 1 of the acquisition agreement for the Molaoi project in Greece. David Price (or his related party nominees) was issued 25,000,000 of these new ordinary shares in the Company as per the historic agreement which is outlined in the Strategic Report.

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