Gold, Lithium and other unique and rare metals

Gofer Mining plc

Annual report and accounts for 2019

The first year in review,
building the next great mining company.

Gofer Mining plc is building a long term and sustainable mining business that is cash generative and that focuses on gold and lithium as well as growing the global production of unique and rare metals.

This document concludes the first year of operations for the company and sets out the company vision and goals for the business strategy and company direction for the next decade.

We don't just want to mine for the sake of itself but to as well promote greater goals by doing so. In that context we view lithium as a means to build batteries which promotes a greener future.

We view gold as a metal used to store value which could help bring financial stability to a future regulated market.

Neodymium, vanadium, molybdenum, titanium and scandium are all good examples of what we consider unique and rare metals. We plan on getting involved with these to satisfy growing demands and help foster global innovation and new solutions.

Of course, every mine has other more common metals like copper, zinc and lead which we include in our financial equation.

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Operational highlights

First mover advantage

Only Gold miner in Ukraine, with potential to have a monopoly

Only large-scale Gold and precious metals refiner in Greece

Fast tracked, two assets brought ready to buildout in the first year

First gold to be poured in 2020

Strong financials

Well capitalised with investment plan for 5-years fully funded

Diverse shareholder base and easy access to capital markets

An eye to the future

Great exploration potential

Discovery of Lithium deposit

Number of gold and lithium mines in process of acquisition

Alternative investments considered

Financial highlights

£ 505 million
5-year investment plan

£ 250 million
Barclays credit line

£ 382.8 million
raised from shareholders in 2019

£ 113 million
cash in the business by y/e

2020
planned production financials

£ 418 per oz
average all-in sustaining cost

£ 120 to 160 million
expected revenue

£ 38 to 51 million
profit before taxation

Gofer Mining plc

Gofer Mining has a portfolio of gold, copper and lithium exploration assets of which two of those assets will become production assets during 2020. The portfolio combines both mature assets and a pipeline of highly prospective new mining targets. An extensive program of geological exploration is underway for which strong foundations were placed in this 1st year.

View from the Saulyak mine operation

Jurisdictions

In Greece as well as Ukraine, new economies are in the making with the respective governments massive reform efforts that are opening new investment frontiers that reward both first movers and established players.

Greece's newly designed investment framework supports the creation of new businesses, new synergies and new partnerships and what led the company to choose Greece as the place to setup the refinery.

Furthermore, the Greek government has setup an outward-looking economy that is focused on long-term growth and as a member of the European Union and the Eurozone, Greece continues to be the economic hub of Southeast Europe, an ideal gateway to exporting metals to the Middle East, Western Europe, and North Africa, and an emerging logistics hub for the entire region with preferable terms on import and export.

Ukraine is a country that is just begging to stand on its feet, but is an ideal location to setup mining operations due to its wide existing infrastructure (railways & surfaced roads, construction industry, historic mining traditions) and low cost but highly skilled workforce.

Our operations are in the Carpathian Region which is close to Europe and reduces export times to the European marketplace. It also has familiar mineralization with proved technology worldwide, and lower capital requirements overall to develop these mine operations.

Timeline of events

Below is timeline of events surrounding the production and exploration assets followed by an economic overview of said assets. This is as per existing investment plan and does not include completion of future acquisitions.

2019

Pre-mining company, ready to go into production

Production
Completion of feasibility for Muzhievo and Saulyak operations
Initial work and preparation on Greek refinery project

Exploration
Preliminary studies for Berehove, Kvasovo and Began
Borzhava Lithium Copper deposit discovery

2020

Gold miner with expected output of 200,000 to 250,000 oz

Production
Muzhievo Gold-polymetallic operation launch (350,000 T ore processing capacity)
Saulyak Gold operation launch (750,000 T ore processing capacity)

Exploration
Berehove and Kvasovo Gold-polymetallic operation drilling and geophysics
Began Copper-polymetallic operation magnetic survey
Borzhava Lithium Copper operation preliminary economic study

2021

Gold miner with expected output of 350,000 to 400,000 oz

Production
Muzhievo Gold-polymetallic operation expansion (750,000 T ore processing capacity)
Saulyak Gold operation full capacity (1,500,000 T ore processing capacity)

Exploration
Berehove and Kvasovo Gold-polymetallic operation drilling and metallurgical
Began Copper-polymetallic operation drilling, mineralogical, metallurgical

2022

Gold miner with expected output of 400,000 to 500,000 oz

Production
Muzhievo Gold-polymetallic operation expansion
(first part transition to 1,550,000 T ore processing capacity)

Berehove and Kvasovo Gold-polymetallic operation final feasibility and launch
Launch of Greek precious metals refinery

Exploration
Began Copper-polymetallic operation final feasibility, environment and social

2023

Gold-copper miner with expected output of 700,000 gold equivalent oz

Production
Muzhievo Gold-polymetallic operation expansion
(second part transition to 1,550,000 T ore processing capacity)
additional barite processing (200,000 T ore processing capacity)

Berehove and Kvasovo Gold-polymetallic operation expansion
Began Copper-polymetallic operation launch

2024

Gold-copper miner with expected output of 850,000 gold equivalent oz

Production
Muzhievo Gold-polymetallic operation expansion (1,850,000 T ore processing capacity
and additional 450,000 T barite copper ore processing capacity)
Began Copper-polymetallic operation expansion

2020 Production Assets

Below is simple economic overview, see page 125 of this annual report to find page with JORC reporting table for each mine.

Saulyak Gold Mine
The mine ore body is around 15.5 million tonnes of which 4.2 million has been well explored and estimation of overall value of the mine is £ 3.8 bn of which JORC reserves are worth £ 1.2 bn extendable until 2025.

Economically Viable Reserves

	Gold
Ore body	4,199,000 tn
Reserves	1,004,000 oz
Value	**£ 1195 mil.**

Mine Resource Potential

	Gold
Ore body	15,570,000 tn
Resources	3,191,000 oz
Value	**£ 3797 mil.**

Muzhievo Gold-polymetallic Mine
The mine ore body is around 15.8 million tonnes of which 6.3 million has been well explored and estimation of overall value of the mine is £ 4.9 bn of which JORC reserves are worth £ 3.5 bn extendable until 2030.

Economically Viable Reserves (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	6,300 tn	6,300 tn	6,300 tn	6,300 tn
Reserves	1,877 oz	8,375 oz	125 tn	440 tn
Value	**£ 2234 mil.**	**£ 117 mil.**	**£ 218 mil.**	**£ 937 mil.**

Mine Resource Potential (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	6,300 tn	15,890 tn	15,890 tn	15,890 tn
Resources	1,878 oz	17,933 oz	269 tn	920 tn
Value	**£ 2234 mil.**	**£ 251 mil.**	**£ 469 mil.**	**£ 1959 mil.**

Exploration Assets

Below is simple economic overview, see page 125 of this annual report to find page with JORC reporting table for each mine.

Berehove Gold-polymetallic Mine
The mine ore body is around 29.9 million tonnes of which 5.6 million has been explored and estimation of overall value of the mine is £ 12.8 bn.

Economically Viable Reserves (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	5,660 tn	5,660 tn	5,660 tn	5,660 tn
Reserves	1,711 oz	8,222 oz	112 tn	292 tn
Value	**£ 2036 mil.**	**£ 115 mil.**	**£ 195 mil.**	**£ 622 mil.**

Mine Resource Potential (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	29,900 tn	29,900 tn	29,900 tn	29,900 tn
Resources	6,753 oz	36,824 oz	577 tn	1,506 tn
Value	**£ 8036 mil.**	**£ 516 mil.**	**£ 1006 mil.**	**£ 3206 mil.**

Kvasovo Gold-polymetallic Mine
The mine ore body is around 5 million tonnes of which 2.1 million has been explored and estimation of overall value of the mine is £ 2.5 bn.

Economically Viable Reserves (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	2,182 tn	2,182 tn	2,182 tn	2,182 tn
Reserves	610 oz	2,694 oz	46 tn	110 tn
Value	**£ 726 mil.**	**£ 38 mil.**	**£ 80 mil.**	**£ 234 mil.**

Mine Resource Potential (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	5,040 tn	5,040 tn	5,040 tn	5,040 tn
Resources	1,382 oz	6,489 oz	108 tn	258 tn
Value	**£ 1645 mil.**	**£ 91 mil.**	**£ 188 mil.**	**£ 549 mil.**

View of the potential Began open-pit mine operation

Began Copper-polymetallic Mine

The mine ore body is around 40.6 million tonnes of which 18.5 million has been explored and estimation of overall value of the mine is £ 19.6 bn.

Economically Viable Reserves (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	2,505 tn	17,015 tn	9,600 tn	9,470 tn
Reserves	296 oz	24,389 oz	120 tn	358 tn
Value	**£ 352 mil.**	**£ 341 mil.**	**£ 209 mil.**	**£ 762 mil.**

	Copper	Barite
Ore body	18,498 tn	7,327 tn
Reserves	1,461 tn	1,790 tn
Value	**£ 7247 mil.**	**£ 363 mil.**

Mine Resource Potential (Thousands)

	Gold	Silver	Lead	Zinc
Ore body	5,881 tn	18,486 tn	9,600 tn	9,470 tn
Resources	634 oz	30,691 oz	120 tn	358 tn
Value	**£ 754 mil.**	**£ 430 mil.**	**£ 209 mil.**	**£ 762 mil.**

	Copper	Barite	Cadmium
Ore body	40,600 tn	7,327 tn	357 tn
Resources	3,450 tn	1,790 tn	1.5 tn
Value	**£ 17112 mil.**	**£ 363 mil.**	**£ 4 mil.**

Borzhava Lithium Copper Mine

The mine ore body is around 86.7 million tonnes of which 37.4 million has been explored and estimation of overall value of the mine is £ 27.1 bn.

Economically Viable Reserves (Thousands)

	Lithium	Cadmium	Copper
Ore body	37,430 tn	7,015 tn	20,398 tn
Reserves	652 tn	56 tn	1,285 tn
Value	**£ 7005 mil.**	**£ 155 mil.**	**£ 6374 mil.**

Mine Resource Potential (Thousands)

	Lithium	Cadmium	Copper
Ore body	86,776 tn	21,530 tn	48,000 tn
Reserves	1,314 tn	201 tn	2,516 tn
Value	**£ 14118 mil.**	**£ 555 mil.**	**£ 12479 mil.**

Photos from exploration team August 2019

*** Prices taken as follows: £ 1,190 per troy ounce of Gold, £ 14 per troy ounce of Silver, £ 4,960 per tonne of Copper, £ 2,129 per tonne of Zinc, £ 1,744 per tonne of Lead, £ 10,744 per tonne of Lithium carbonate equivalent, £ 21,158 per tonne of Molybdenum, £ 203 per tonne of Barite, £ 2,760 per tonne of Cadmium**

Chairman's statement
Dr. Sergey Kolpidi

The company has completed its first year with a great future ahead.

Financially wise the company is in a strong position, and is well capitalised with enough existing commitments to satisfy the 5-year investment programme of £ 505 million and additional costs.

The investment program includes costs of £ 35 million, a CAPEX for Ukraine of £ 314 million and £ 118 million for Greece, and £ 38 million exploration budget within the properties and assets being developed.

The second year is aimed to be the first production year and we aim to deliver a profit by year end of 2020 from the two mines to be put into operation and declare a dividend in early 2021.

The company's exploration goals have a solid foundation and a program for four years, inclusive of which is that during the year the company discovered a new lithium deposit within the JSC Zakarpatpolimetally contract area which has a high potential of being economically viable and potentially the biggest in Ukraine. Initial geological work at a cost of £ 9 million allowed part of the resources to be upgraded into measured and indicated resources.

The company will spend £ 15 million in 2020 to create a preliminary economic study to determine whether to undertake the creation of a lithium production facility on the basis of this deposit, and if a positive decision is taken the deposit will be added to the investment programme.

The Company completed its goal of formalising mineral resources and ore reserves for all involved mines and operations as of yearend 31 December 2019 and an updated mineral resource and ore reserve estimate was published in accordance with the JORC code

During this first year the company created the Gofer Good Delivery standard in consultation with regulators and future clients and stakeholders and will trial it during the first production year to see its adoption rate. The full standard is available on the company website and on relevant release.

The company is committed to being a good corporate citizen and as a future major employer in the Carpathian Mountains of Ukraine in line with our commitment to protecting the wellbeing of our employees the company will within the next 3 years build a hospital in the area that will be accessible for free for employees and local citizens alike.

The company wishes to adopt a revenue-linked dividend policy for 2020 that will be reviewed each year with a view to strike a good balance between delivering long-term value to shareholders and attractive dividend.

I would like to take this opportunity on behalf of the company board to thank the employees of Gofer Mining, our partners, the Governments of Ukraine and Greece and our advisors for their continued support as we strive to deliver on our strategy of becoming a leading gold, copper and lithium producer. Finally, I wish to sincerely thank our shareholders for their investment and support in Gofer Mining.

The success achieved in 2019 has placed Gofer Mining in an enviable position to move forward with a solid balance sheet and great plans for the future and I look forward to sharing the successes of 2020 with all of you.

On behalf of the board

Dr. Sergey Kolpidi
Non-executive chairman
7 February 2020

Strategic Report

Michail Kolpidis

The directors present their strategic report for the year ended 31 Dec 2019.

Principal activities

The principal activity of Gofer Mining plc (the "Company") is that of a holding company and provider of support, financing and management services to its main operating subsidiaries, based in Ukraine, those being JSC Zakarpatpolimetally, LLC Saulyak and LLC Began and the under-formation subsidiary in Greece.

The Company, together with its subsidiaries (the "Group"), owns two well explored gold mining properties in Ukraine ("Ukraine") that are ready to be put into production and is also involved in further exploration and development of four other properties and acquisition of other potential deposits in Ukraine and other areas.

The Group is also in the process of negotiating and laying the groundwork for a refinery investment in Greece having already selected the site.

The Group has been granted nearly a 36 square kilometre mining concession area over the entirety of its Ukrainian assets all of which are at various stages of the development cycle, explored further in this report.

As part of its activities and eye to the future the company is in discussions and will review investments into key companies that can deliver innovation in the mining and refining industries.

Overview of 2019 and 2020 targets

In 2019 the Group finished its first year by laying the foundations of a strong 5-year investment and revenue generation program:

- Bankable Feasibility Studies were completed for Saulyak Gold mine and Muzhievo Gold-polymetallic mine to allow for sustainable launching of production in 2020.

- The Group continued to formalise all its resources and JORC mineral resources and ore reserves estimates were published for all mines.

- A 5-year geological exploration and development program commenced in 2019 to develop into an extensive live operation the assets in the wider Carpathian Mountains region to include gold and copper production and set the foundations for lithium production.

- The Group to outline and proceed with other suitable investments and development programs in line with the company vision.

The Group has a production target for the year end of 31 December 2020 of 200,000 to 250,000 gold equivalent ounces and to build-out stage 1 of infrastructure at Muzhievo and Saulyak properties.

Saulyak Gold Mine

Introduction

Saulyak LLC is a wholly owned subsidiary of Gofer Mining plc and has a 2-year investment plan of £ 59 million CAPEX to reach an OPEX of, measured in the all-in sustaining cost ("AISC") of £ 400 per gold ounce produced.

The underground Saulyak mining operation is located in a half a square kilometre contract area in the Carpathian Mountains, close to the Romania-Ukraine border, 20 km south of the regional center of Rakhiv town. The gold only mine has an ore body that is easy to mine, making it very profitable.

Saulyak LLC has been awarded concession No. 1802 for running mining activities on the area of 50.9 ha for the period of 20 years, issued by the Ukrainian State Mining and Work Safety Agency. The concession was issued on 29 September 2011. The company also has been issued concession No. 5258 for gold ore production on the area of 9.9 ha for the period of 20 years, issued by the Ukrainian Ministry of Environmental Protection. The concession was issued on 22 December 2010.

The deposit is being developed with the use of a network of underground workings at two levels. Additionally, the deposit has the necessary surface infrastructure, which allows starting quickly the exploitation of the deposit.

Extensive underground and surface exploration has been completed, a total of 52 holes and 67,580 meters, of which during 2001 till 2007 under current ownership: 8 diamond core drill-holes of 3,460 meters and 71 underground holes of 1,680 meters, producing 8,981 core samples, 1,260 channel samples and 1,300 geochemical samples all which were assayed.

All the geological, geophysical and mineralogical work has already been previously completed and mining technology chosen for a finalised Bankable Feasibility Study completed in 2019 at a cost of £1 million, that includes a local processing mill that uses gravity separation and flotation to produce a 93% concentrate.

Build-out plan for 2020 and 2021

The Company aims to spend £ 59 million in total over 2 years for the construction of mining infrastructure and purchase of mining equipment inclusive of a processing mill for 1,500,000 tonnes of ore per annum.

In 2020 will be concluded stage 1 for processing of up to 750,000 tonnes of ore per annum at a cost of £ 26 million and the year after that in 2021 the infrastructure will be upgraded to full production capacity.

Geology

The Saulyak deposit is localized within the Eastern Carpathian Arc which forms part of the major Carpathian fold belt and traverses Central and Eastern Europe from Austria to Romania. The Carpathian belt is a complex, arc-shape, generally north vergent orogen that was created during two independent stages of continental collision (Cretaceous and Neogen).

During the Cretaceous period, ductile nappe structures were formed in the Southern and Eastern Carpathians. One of such structures was the Marmarosh Massif where the Saulyak gold deposit is located within. Majority of Marmarosh Massif lies on the territory of Romania, only its north-western part is situated in the Ukraine. This massif is an uplifted basement block overthrusted towards NE on Jurassic and Cretaceous folded sediments of the Outer Carpathians.

Marmarosh Massif comprises four important nappes which have different age, lithology, structural evolution and range. The Saulyak deposit occurs in metasediments at the base of the Dilove Nappe, which overlies the Bilypotik Nappe. Riphean Dilove Nappe in the region of the deposit comprises epidote-chlorite-quartz schists with associated carbonate horizons.

Mineral resources and ore reserves

Key to the future development of the Saulyak gold mine is our knowledge of the mineral resources and ore reserves within our contract area. The Group’s most recent mineral resources and ore reserves estimates for the

Saulyak underground mine were published as of 1 November 2019. Full JORC (2012) reporting with unchanged mineral resources and ore reserves estimates was subsequently released on 31 December 2019.

The mineral resource showed a total resource (at a cut-off grade of 0.2 grams per tonne of gold) of approximately 3,191 thousand ounces of gold. The economically mineable ore reserves are over 1,104,000 ounces of gold which extends the current life of the Saulyak underground mine until 2025. Table 1 shows the Saulyak mineral resources estimate at 31 December 2019 and Table 2 shows the Saulyak ore reserves estimate at 31 December 2019.

Table 1 – Saulyak mineral resources estimate at 31 December 2019

	Gold Mineral Resources cut-off grade > 2 g/t		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Measured	5.2	5.02	842
Indicated	1.6	4.79	260
Measured and Indicated	**6.9**	**4.96**	**1,102**
Inferred	8.6	7.5	2,089
Total	**15.5**	**6.4**	**3,191**

Some of the totals in the above table do not sum due to rounding.

Table 2 – Saulyak mineral reserves estimate at 31 December 2019

	Ore Reserves		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Proved	2.9	7.94	763
Probable	1.2	6.2	241
Proved and Probable	**4.1**	**7.43**	**1,104**

Some of the totals in the above table do not sum due to rounding.

The above proved and probable ore reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the Saulyak deposit within the scheduled mine designs that may be currently economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code.

Muzhievo Gold-polymetallic Mine

Introduction

JSC Zakarpatpolimetally is a subsidiary of Gofer Mining plc and has a 5-year investment plan of £ 250 million of which £ 12 million was committed during 2019 into the subsidiary share capital.

JSC Zakarpatpolimetally owns three mines: Muzhievo, Berehove and Kvasovo, whereas the latter is planned as an open pit mine and the former two as underground operations, which deposits are close enough together that the company aims to build a single ore processing mill to service all these and any other nearby locations, namely Began Copper-polymetallic mine.

The underground Muzhievo mining operation is located in the 20 square kilometre contract area in the Carpathian Mountains, several km's north of the regional center of Muzhievo town.

Exploration history for Muzhievo is extensive and well-covered in public technical documentation as well as the media. Having completed the Feasibility Study in 2019 the Muzhievo mine CAPEX over the 5 years stands at £ 179 million to reach an OPEX of, measured in the all-in sustaining cost ("AISC") of £ 435 per gold ounce produced.

The rest of the funds of the £ 250 million investment plan are allocated as exploration and development budget of £ 22 million to get to final Feasibility Study for Berehove and Kvasovo and an estimated £ 37 million CAPEX for the respective mining and support infrastructure. £ 2.5 million out of the remaining £ 12 million was spent in 2019 and the rest of the investment programme is budgeted for miscellaneous costs.

Build-out plan

In 2020 we will put into operation the Muzhievo mine which is well explored and a definitive feasibility study was concluded in 2019, the company will spend £ 60 million for construction and mining infrastructure inclusive of a processing mill for 350,000 tonnes of ore per annum.

The processing mill's final product will be gold, zinc, lead and silver concentrates of 90% purity each which until 2022 will be sent to a third-party refinery and thereafter (for Gold and Silver) to the company refinery in Greece to be refined into the final end-user product.

In the same year £ 7 million will be spent on drilling in Kvasovo and Berehove mines as well as geophysics, concentration and metallurgical test work. Included in the year is the processing of tailings currently accumulated on the JSC Zakarpatpolymetally land from previous activities which is estimated to contain 115,500 troy ounces of gold.

In the 3rd year of operation, 2021, the company will upgrade the Muzhievo facilities and processing mill to increase the annual production capabilities to allow for processing of 750,000 tonnes by spending £ 19 million.

Further metallurgical testing and drilling at a cost of £ 13 million will be made for Kvasovo and Berehove in 2021 with plans to complete environmental, social and feasibilities studies as well as buildout of full mining infrastructure therein in 2022 and 2023 spending in the region of £ 39 million and an additional £ 40 million to increase processing mill capacity to 1,550,000 tonnes per annum.

Muzhievo processing mill has also been provisionally chosen to process the Barite ore to produce Barite and Copper concentrates coming from the nearly located Began open pit to be put into production in 2023 currently under exploration. In 2023 it is planned to allocate £ 18 million to add an additional separate capacity of 200,000 tonnes per annum for processing this ore.

A further £ 42 million is earmarked for investments in the 6th year, 2024, into various mining supporting infrastructure and to increase main mill processing capacity to 1,850,000 tonnes per annum and upgrade the Barite ore processing capacity to 450,000 tonnes per annum.

Geology

The geology of the Muzhievo mine is defined volcanism and sedimentation associated with a major volcanic caldera structure. It sits on the eastern rim of the caldera and gold and polymetallic mineralization are best developed at the intersection of the rim faults and cross cutting east and northeast structures. Veins range from east-west to northeast-southwest in orientation with dips generally to the north and northwest at 70 to 80 degrees and vary from 0.6 to 8.4 metres in thickness. The veins extend from surface down to at least 300 metres on Muzhievo.

The style of the deposit is typical of intermediate sulphidation epithermal systems. Gold and base metals are zoned in the system with gold-only veins in the top portion of the deposit and polymetallic mineralization at depth. Mineralization occurs as veins, vuggy breccias and as sulphide replacement from pods and massive lenses associated with high-level epithermal environments marked by acid-leached, advanced argillic and siliceous alteration.

Mineral resources and ore reserves

Key to the future development of the Muzhievo gold-polymetallic mine is our knowledge of the mineral resources and ore reserves within our contract area. The Group's most recent mineral resources and ore reserves estimates for the Muzhievo underground mine were published as of 1 November 2019. Full JORC (2012) reporting with unchanged mineral resources and ore reserves estimates was subsequently released on 31 December 2019.

The mineral resource showed a total resource (at a cut-off grade of 3 grams per tonne of gold) of approximately 1,976 thousand of gold equivalent ounces. The economically mineable ore reserves are over 1,976,529 of gold equivalent ounces which extends the current life of the Muzhievo underground mine until 2030. Tables 3 to 6 show the Muzhievo mineral resources estimate at 31 December 2019 and Tables 7 to 10 show the Muzhievo ore reserves estimate at 31 December 2019.

Tables 3 to 6 – Muzhievo mineral resources estimate at 31 December 2019

	Gold Mineral Resources cut-off grade > 3 g/t		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Measured	4.3	9.27	1,293
Indicated	1.9	9.27	584
Total	**6.3**	**9.27**	**1,877**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Silver Mineral Resources cut-off grade > 15 g/t		Contained Metal
	In-situ (million of tonnes)	Silver grade (g/t)	Silver (thousand of ounces)
Measured	4.3	41.35	5,768
Indicated	1.9	41.35	2,607
Measured and Indicated	**6.3**	**41.35**	**8,375**
Inferred	9.5	31	9,558
Total	**15.8**	**35.1**	**17,933**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Lead Mineral Resources cut-off grade > 0.8 %		Contained Metal
	In-situ (million of tonnes)	Lead (%)	Lead (thousand of tonnes)
Measured	4.3	1.99	86
Indicated	1.9	1.99	39
Measured and Indicated	**6.3**	**1.99**	**125**
Inferred	9.5	1.5	144
Total	**15.8**	**1.6**	**269**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Zinc Mineral Resources cut-off grade > 2 %		Contained Metal
	In-situ (million of tonnes)	Zinc (%)	Zinc (thousand of tonnes)
Measured	4.3	6.98	303
Indicated	1.9	6.98	137
Measured and Indicated	**6.3**	**6.98**	**440**
Inferred	9.5	5	480
Total	**15.8**	**5.8**	**920**

Some of the totals in the above table do not sum due to rounding.

Tables 7 to 10 – Muzhievo mineral reserves estimate at 31 December 2019

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Gold grade (g/t)	Contained Metal Gold (thousand of ounces)
Proved	4.3	9.27	1,293
Probable	1.9	9.27	584
Proved and Probable	**6.3**	**9.27**	**1,877**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Silver grade (g/t)	Contained Metal Silver (thousand of ounces)
Proved	4.3	41.35	5,768
Probable	1.9	41.35	2,607
Proved and Probable	**6.3**	**41.35**	**8,375**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Lead (%)	Contained Metal Lead (thousand of tonnes)
Proved	4.3	1.99	86
Probable	1.9	1.99	39
Proved and Probable	**6.3**	**1.99**	**125**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Zinc (%)	Contained Metal Zinc (thousand of tonnes)
Proved	4.3	6.98	303
Probable	1.9	6.98	137
Proved and Probable	**6.3**	**6.98**	**440**

Some of the totals in the above table do not sum due to rounding.

The above proved and probable ore reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the Muzhievo deposit within the scheduled mine designs that may be currently economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code.

Geological exploration activity

The Group's geological programme for JSC Zakarpatpolimetally and at Berehove and Kvasovo mines forms a part of a 3-year exploration and development plan at a cost of £ 22 million (as reference before in Muzhievo build-out plan) and was designed to achieve the following main objectives:

- To establish the gold-polymetallic distribution of the Berehove and Kvasovo deposits to update resource and reserve estimates. As part of this, in limited fashion affects the Muzhievo property.

- To assess the extent of the further mineralisation of the wider Muzhievo/Carpathian area mines and confirm ongoing mineable ore through the publication of a resource and reserve estimate, in accordance with the JORC (2012) Code.

- To conclude for Finalised Feasibility Study for the contract area and start building out by the latest at year end of 2022.

The major results of geological exploration and works for the year ended 31 December 2019 are as follows:

- A clear understanding was obtained of the combined production profile of Muzhievo underground property that gave a mine life until the end of 2030 from the current reserves.

- Field work, concentration testwork and assaying of existing samples at a cost of £ 2.5 million allowed for Feasibility completion at Muzhievo and preliminary economic assessment at Berehove and Kvasovo.

Mineral resources and ore reserves

Key to the future development of the Berehove and Kvasovo gold-polymetallic mines is our knowledge of the mineral resources and ore reserves within our contract area.

The Group's most recent mineral resources and ore reserves estimates for these potential mines were published as of 1 November 2019. Full JORC (2012) reporting with unchanged mineral resources and ore reserves estimates was subsequently released on 31 December 2019.

Tables 11 to 14 show the Berehove potential underground mine mineral resources estimate at 31 December 2019 and Tables 15 to 18 show the Berehove potential underground mine ore reserves estimate at 31 December 2019. Tables 19 to 22 show the Kvasovo potential open pit mine mineral resources estimate at 31 December 2019 and Tables 23 to 26 show the Kvasovo potential open pit mine ore reserves estimate at 31 December 2019.

Tables 11 to 14 – Berehove mineral resources estimate at 31 December 2019

	Gold Mineral Resources cut-off grade > 3 g/t		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Measured	N/A	N/A	N/A
Indicated	5.6	9.4	1,711
Measured and Indicated	**5.6**	**9.4**	**1,711**
Inferred	24.2	6.47	5,042
Total	**29.9**	**7**	**6,753**

Some of the totals in the above table do not sum due to rounding.

	Silver Mineral Resources cut-off grade > 15 g/t		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Silver grade (g/t)	Silver (thousand of ounces)
Measured	N/A	N/A	N/A
Indicated	5.6	45.18	8,222
Measured and Indicated	**5.6**	**45.18**	**8,222**
Inferred	24.2	36.7	28,602
Total	**29.9**	**38.3**	**36,824**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Lead Mineral Resources cut-off grade > 0.8 %		Contained Metal
	In-situ (million of tonnes)	Lead (%)	Lead (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	5.6	1.97	112
Measured and Indicated	**5.6**	**1.97**	**112**
Inferred	24.2	1.92	465
Total	**29.9**	**1.93**	**577**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Zinc Mineral Resources cut-off grade > 2 %		Contained Metal
	In-situ (million of tonnes)	Zinc (%)	Zinc (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	5.6	5.16	292
Measured and Indicated	**5.6**	**5.16**	**292**
Inferred	24.2	5.01	1,214
Total	**29.9**	**5.04**	**1,506**

Some of the totals in the above table do not sum due to rounding.

Tables 15 to 18 – Berehove mineral reserves estimate at 31 December 2019

Mineral resources	Ore Reserves		Contained Metal
	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Proved	N/A	N/A	N/A
Probable	5.6	9.4	1,711
Proved and Probable	**5.6**	**9.4**	**1,711**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Silver grade (g/t)	Contained Metal Silver (thousand of ounces)
Proved	N/A	N/A	N/A
Probable	5.6	45.18	8,222
Proved and Probable	**5.6**	**45.18**	**8,222**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Lead (%)	Contained Metal Lead (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	5.6	1.97	112
Proved and Probable	**5.6**	**1.97**	**112**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Zinc (%)	Contained Metal Zinc (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	5.6	5.16	292
Proved and Probable	**5.6**	**5.16**	**292**

Some of the totals in the above table do not sum due to rounding.

The above proved and probable ore reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the Berehove deposit within the scheduled mine designs that may be currently economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code.

Tables 19 to 22 – Kvasovo mineral resources estimate at 31 December 2019

	Gold Mineral Resources cut-off grade > 3 g/t		Contained Metal
Mineral resources	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Measured	N/A	N/A	N/A
Indicated	2.1	8.7	610
Measured and Indicated	**2.1**	**8.7**	**610**
Inferred	2.8	8.4	772
Total	**5.04**	**8.53**	**1,382**

Some of the totals in the above table do not sum due to rounding.

	Silver Mineral Resources cut-off grade > 15 g/t		Contained Metal
Mineral resources	In-situ (million of tonnes)	Silver grade (g/t)	Silver (thousand of ounces)
Measured	N/A	N/A	N/A
Indicated	2.1	38.4	2,694
Measured and Indicated	**2.1**	**38.4**	**2,694**
Inferred	2.8	41.3	3,795
Total	**5.04**	**40**	**6,489**

Some of the totals in the above table do not sum due to rounding.

	Lead Mineral Resources cut-off grade > 1 %		Contained Metal
Mineral resources	In-situ (million of tonnes)	Lead (%)	Lead (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	2.1	2.1	46
Measured and Indicated	**2.1**	**2.1**	**46**
Inferred	2.8	2.16	62
Total	**5.04**	**2.14**	**108**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Zinc Mineral Resources cut-off grade > 2 % In-situ (million of tonnes)	Zinc (%)	Contained Metal Zinc (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	2.1	5.04	110
Measured and Indicated	**2.1**	**5.04**	**110**
Inferred	2.8	5.17	148
Total	**5.04**	**5.11**	**258**

Some of the totals in the above table do not sum due to rounding.

Tables 23 to 26 – Kvasovo mineral reserves estimate at 31 December 2019

Mineral resources	Ore Reserves In-situ (million of tonnes)	Gold grade (g/t)	Contained Metal Gold (thousand of ounces)
Proved	N/A	N/A	N/A
Probable	2.1	8.7	610
Proved and Probable	**2.1**	**8.7**	**610**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Silver grade (g/t)	Contained Metal Silver (thousand of ounces)
Proved	N/A	N/A	N/A
Probable	2.1	38.4	2,694
Proved and Probable	**2.1**	**38.4**	**2,694**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Lead (%)	Contained Metal Lead (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	2.1	2.1	46
Proved and Probable	**2.1**	**2.1**	**46**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Zinc (%)	Contained Metal Zinc (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	2.1	5.04	110
Proved and Probable	**2.1**	**5.04**	**110**

Some of the totals in the above table do not sum due to rounding.

The above proved and probable ore reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the Kvasovo deposit within the scheduled mine designs that may be currently economically extracted, considering all “Modifying Factors” in accordance with the JORC (2012) Code.

Other geological exploration activity

Introduction

The Group has also undertaken other exploration activities, among them the discovery of the Borzhava lithium deposit in 2019 at a cost of £ 9 million and the 4-year plan exploration plan for Began Copper-polymetallic Mine which aims to achieve the following main objectives:

- To establish the copper-polymetallic distribution of the Began deposit to update resource and reserve estimates.

- To do a preliminary economic study for developing lithium at the potential Borzhava deposit to update resource and reserve estimates.

- To assess the extent of the further mineralisation of the wider Carpathian area and confirm ongoing mineable ore through the publication of a resource and reserve estimate, in accordance with the JORC (2012) Code.

- To bring new mineral occurrence targets into the resource and reserve pipeline across the board.

- To identify new areas of mineralisation and targets which can be fast tracked into production as standalone mines.

- To conclude for Feasibility Study for the Began contract area and start building out by the latest at year end of 2023.

The major results of geological exploration and works for the year ended 31 December 2019 are as follows:

- Field work, basic geophysics, mineralogical assaying of 3,500 samples at a cost of £ 9 million allowed for determining potential resources and reserves at the newly discovered Borzhava property.

- Analysis and petrological, concentration testwork of existing 800 sample results for Began open pit mine allowed to gain clear understanding for the potential production profile and preliminary economic study concluded at a cost of £ 1 million.

Began Copper-polymetallic Mine

Began LLC is a wholly owned subsidiary of Gofer Mining plc and has a 5-year investment plan inclusive of £ 16 million exploration and development budget and of £ 39 million CAPEX to reach an OPEX of, measured in the all-in sustaining cost ("AISC") of £ 455 per gold equivalent ounce produced.

The potential open pit Began property is located in the one-and-a-half-kilometre contract area in the Carpathian Mountains, near the border with Hungary, 12 km west of the regional center of Berehove town.

The plot is an uninhabited area of 4 km wide, northern limits directly adjacent to the national road and half a kilometre away is an international railway line (Slovakia, Hungary, Romania) Near the deposit area there is a 10 KW power line. The infrastructure around the deposit is developed and allows fast and problem free area development.

Began LLC has been awarded concession No. 2769 for running mining activities on the area of 1.42 sq. kilometres for the period of 27 years, issued by the Ukrainian Ministry of Natural Resources. The concession was issued on 18 May 2012.

The mineralization of the Began deposit is a type of barite-copper-polymetallic with silver and gold occurrences. The deposit is built of a system of veins with steep declines (50-80°). The range of the deposit along the strike reaches up to 2 km, along the dipping the range is over 800 m. The thickness of veins is from 0.3 to 30 m, with the average value 4-6 m.

The Began deposit is localized within the Eastern Carpathian Arc which forms part of the major Carpathian fold belt and traverses Central and Eastern Europe from Austria to Romania. The Carpathian belt is a complex, arc-shape, generally north vergent orogen that was created during two independent stages of continental collision of age of Cretaceous and Neogen.

The Began deposit was discovered in the 60's by the Soviet state geological services, as a result of regional geochemical tests combined with sampling of rock outcrops and sediments. The deposit exploratory works have been performed by means of trenching, surface drillings, underground drillings and mine workings. As a first, the barite part of the deposit were recognized and documented, then exploratory works were conducted in the deeper polymetallic and copper parts of deposit.

The Began deposit has 238,921 meters of drill holes, mostly from surface. 18 500 total samples were collected in the deposit and analysed in laboratories.

The next year 2020 the company plans to do a magnetic survey to determine ore body boundaries, perform additional drilling and concentration test for a cost of £ 4 million as part of the exploration budget.

In the third year of the group's operation for a cost of £ 5 million it is planned to expand the drilling works and include mineralogical and metallurgical test works. 2022 is seen as the final year to complete drilling, geochemical and metallurgical testing as well as the environment and social impact studies and the final feasibility study for a cost of £ 6 million, the remaining million having been spent in 2019.

Buildout of the mining infrastructure to support expanded capacity at Muzhievo for ore processing will be as follows, £ 18 million in 2023 and in the final year £ 21 million. Copper concentrate will be 97% and polymetallic concentrates will be at 90%, as per Muzhievo infrastructure.

Began mineral resources and ore reserves

Key to the future development of the potential Began open pit Copper-polymetallic mine is our knowledge of the mineral resources and ore reserves within our contract area.

The Group's most recent mineral resources and ore reserves estimates for the potential mine were published as of 1 November 2019. Full JORC (2012) reporting with unchanged mineral resources and ore reserves estimates was subsequently released on 31 December 2019.

Tables 27 to 33 show the Began potential open pit mine mineral resources estimate at 31 December 2019 and Tables 34 to 39 show the Began potential open pit mine ore reserves estimate at 31 December 2019.

Tables 27 to 33 – Began mineral resources estimate at 31 December 2019

Mineral resources	Gold Mineral Resources cut-off grade > 2 g/t: In-situ (million of tonnes)	Gold grade (g/t)	Contained Metal: Gold (thousand of ounces)
Measured	N/A	N/A	N/A
Indicated	2.5	3.68	296
Measured and Indicated	**2.5**	**3.68**	**296**
Inferred	3.3	3.11	338
Total	**5.8**	**3.35**	**634**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Silver Mineral Resources cut-off grade > 10 g/t: In-situ (million of tonnes)	Silver grade (g/t)	Contained Metal: Silver (thousand of ounces)
Measured	3	15.39	1,490
Indicated	14	50.86	22,899
Measured and Indicated	**17**	**44.58**	**24,389**
Inferred	1.4	133.26	6,302
Total	**18.5**	**51.63**	**30,691**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Copper Mineral Resources cut-off grade > 5 %: In-situ (million of tonnes)	Copper (%)	Contained Metal: Copper (thousand of tonnes)
Measured	18.4	7.9	1,461
Indicated	N/A	N/A	N/A
Measured and Indicated	**18.4**	**7.9**	**1,461**
Inferred	22.1	9	1,989
Total	**40.6**	**8.5**	**3,450**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Barite Mineral Resources cut-off grade > 12 %		Contained Metal
	In-situ (million of tonnes)	Barite (%)	Barite (thousand of tonnes)
Measured	2.8	24.44	691
Indicated	4.4	24.44	1,099
Measured and Indicated	**7.3**	**24.44**	**1,790**
Inferred	N/A	N/A	N/A
Total	**7.3**	**24.44**	**1,790**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Lead Mineral Resources cut-off grade > 0.8 %		Contained Metal
	In-situ (million of tonnes)	Lead (%)	Lead (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	9.6	1.25	120
Measured and Indicated	**9.6**	**1.25**	**120**
Inferred	N/A	N/A	N/A
Total	**9.6**	**1.25**	**120**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Zinc Mineral Resources cut-off grade > 0.8 %		Contained Metal
	In-situ (million of tonnes)	Zinc (%)	Zinc (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	9.4	3.78	358
Measured and Indicated	**9.4**	**3.78**	**358**
Inferred	N/A	N/A	N/A
Total	**9.4**	**3.78**	**358**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Cadmium Mineral Resources cut-off grade > 0.3 %		Contained Metal
	In-situ (thousand of tonnes)	Cadmium (%)	Cadmium (tonnes)
Measured	N/A	N/A	N/A
Indicated	N/A	N/A	N/A
Measured and Indicated	**N/A**	**N/A**	**N/A**
Inferred	357	0.42	1,500
Total	**357**	**0.42**	**1,500**

Some of the totals in the above table do not sum due to rounding.

Tables 34 to 39 – Began mineral reserves estimate at 31 December 2019

Mineral resources	Ore Reserves		Contained Metal
	In-situ (million of tonnes)	Gold grade (g/t)	Gold (thousand of ounces)
Proved	N/A	N/A	N/A
Probable	2.5	3.68	296
Proved and Probable	**2.5**	**3.68**	**296**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves		Contained Metal
	In-situ (million of tonnes)	Silver grade (g/t)	Silver (thousand of ounces)
Proved	3	15.39	1,490
Probable	14	50.86	22,899
Proved and Probable	**17**	**44.58**	**24,389**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Copper (%)	Contained Metal Copper (thousand of tonnes)
Proved	18.4	7.9	1,461
Probable	N/A	N/A	N/A
Proved and Probable	**18.4**	**7.9**	**1,461**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Barite (%)	Contained Metal Barite (thousand of tonnes)
Proved	2.8	24.44	691
Probable	4.4	24.44	1,099
Proved and Probable	**7.3**	**24.44**	**1,790**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Lead (%)	Contained Metal Lead (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	9.6	1.25	120
Proved and Probable	**9.6**	**1.25**	**120**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves In-situ (million of tonnes)	Ore Reserves Zinc (%)	Contained Metal Zinc (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	9.4	3.78	358
Proved and Probable	**9.4**	**3.78**	**358**

Some of the totals in the above table do not sum due to rounding.

The above proved and probable ore reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the Began deposit within the scheduled mine designs that may be currently economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code.

Borzhava Lithium Copper Mine

The Borzhava deposit is newly discovered in 2019 and is located adjacent to the Muzhievo and Kvasovo contract areas in the Carpathian Mountains in Ukraine, approximately 15 kilometres to the East, named after the Borzhava river that forms part of the river deposit salar that mostly extends in the north east direction covering an approximate area of 6 square kilometres. The average elevation of the salar is 2,900 meters.

The group has negotiated through JSC Zakarpatpolymetally relying in part on its historic mining concession access and relation to ex-owner state Ukrainian Polymetals company, a temporary exploration permit from the relevant authorities, covering the above mentioned 6 square kilometres to support the project development and further legalities and permitting works are underway to be completed in 2020.

The dominant structural feature in the region of the Borzhava Salar is the north east trending high-angle normal faults and northwest-southeast trending lineaments. The high angle north east trending faults form narrow and deep horst-and-graben basins, which are accumulation sites for numerous salars, including Borzhava. Basement rock in this area is composed of Lower Ordovician turbidites (shale and sandstone) that are intruded by Late Ordovician granitoids. Bedrock is exposed to the east, west and south of the salar, and generally along the eastern boundary.

The salar is in-filled with flat-lying sedimentary deposits, including the following five primary informal lithological units that have been identified in drill cores:

- Red silts with minor clay and sand.
- Banded halite beds with clay, silt and minor sand.
- Fine sands with minor silt and salt beds.
- Massive halite and banded halite beds with minor sand, and
- Medium and fine sands.

Alluvial deposits intrude into the salar deposit to varying degrees, depending on location. The alluvium surfaces slope into the salar from outside the basin perimeter. Raised bedrock exposures occur outside the salar basin. The most extensive intrusion of alluvium into the basin is the Borzhnik Fan, which partially separates Borzhava from other salars. In addition to this major fan, much of the perimeter zone of the salar exhibits encroachments of alluvial material associated with fans of varying sizes.

The brines from Borzhava are saturated in sodium chloride with total dissolved solids (TDS) on the order of 27% (324 to 335 grams per litre) and an average density of about 1.215 grams per cubic centimetre. The other primary components of these brines include potassium, lithium, magnesium, calcium, sulphate, HCO3, and boron as borates and free H3BO3.

As part of the bedrock forming the basin to the west of the salars copper and cadmium has been discovered. Since the brine is saturated in NaCl, halite is expected to precipitate during evaporation. In addition, the Borzhava brine is predicted to initially precipitate halite (NaCl) and ternadite (Na2SO4) as well as a wide range of secondary salts that could include: astrakanite schoenite, leonite, kainite, carnalite, epsomite and bischofite.

During 2019 to evaluate the lithium and copper development potential of the area there were three exploration programs conducted:

- Surface Brine Program – 11 brine samples were collected from shallow pits throughout the salar to obtain a preliminary indication of lithium occurrence and distribution.

- Diamond Drilling Borehole Program – A drilling and sampling program included a total of 2 boreholes and 703 meters of cores recovered. The 203 samples were sent for testing.

- Surface Diamond Drilling Program - 4 surface diamond core drill-holes were completed totalling 4,003 metres, and 66 core samples were sent for testing.

The additional data collected and analysed during 2019 field programs is included in the updated Mineral Resource Estimate and Mineral Reserve Estimate below.

Lithium mineral resources

Key to the future development of the potential Borzhava Lithium Copper mine is our knowledge of the mineral resources and ore reserves within our contract area.

The Group's most recent mineral resources and ore reserves estimates for the potential mine were published as of 1 November 2019. Full JORC (2012) reporting with unchanged mineral resources and ore reserves estimates was subsequently released on 31 December 2019.

Tables 40 to 42 show the Borzhava potential mine mineral resources estimate at 31 December 2019 and Tables 43 to 45 show the Borzhava potential mine ore reserves estimate at 31 December 2019.

The conversion factor for lithium metal (100%) to LCE is 5.323.

Tables 40 to 42 – Borzhava mineral resources estimate at 31 December 2019

	Lithium Mineral Resources cut-off grade > 2 ppm		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Lithium (ppm)	LCE (thousand of tonnes)
Measured	25	2.808	375
Indicated	29.9	2.605	415
Measured and Indicated	**55**	**2.696**	**790**
Inferred	31.7	3.1	524
Total	**86.7**	**2.845**	**1,314**

Some of the totals in the above table do not sum due to rounding.

	Copper Mineral Resources cut-off grade > 4 %		**Contained Metal**
Mineral resources	In-situ (million of tonnes)	Copper (%)	Copper (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	24.8	6.4	1,590
Measured and Indicated	**24.8**	**6.4**	**1,590**
Inferred	23.1	4	926
Total	**48**	**5.2**	**2,516**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Cadmium Mineral Resources cut-off grade > 0.5 %		Contained Metal
	In-situ (million of tonnes)	Cadmium (%)	Cadmium (thousand of tonnes)
Measured	N/A	N/A	N/A
Indicated	7	0.8	56
Measured and Indicated	**7**	**0.8**	**56**
Inferred	14.5	1	145
Total	**21.5**	**0.9**	**201**

Some of the totals in the above table do not sum due to rounding.

Tables 43 to 45 – Borzhava mineral reserves estimate at 31 December 2019

Mineral resources	Ore Reserves		Contained Metal
	In-situ (million of tonnes)	Lithium (ppm)	LCE (thousand of tonnes)
Proved	20.3	3.411	369
Probable	17.1	3.105	283
Proved and Probable	**37.4**	**3.272**	**652**

Some of the totals in the above table do not sum due to rounding.

Mineral resources	Ore Reserves		Contained Metal
	In-situ (million of tonnes)	Copper (%)	Copper (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	20.3	6.3	1,285
Proved and Probable	**20.3**	**6.3**	**1,285**

Some of the totals in the above table do not sum due to rounding.

	Ore Reserves		Contained Metal
Mineral resources	In-situ (million of tonnes)	Cadmium (%)	Cadmium (thousand of tonnes)
Proved	N/A	N/A	N/A
Probable	7	0.8	56
Proved and Probable	**7**	**0.8**	**56**

Some of the totals in the above table do not sum due to rounding.

The above proved and probable ore reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the Borzhava deposit within the scheduled mine designs that may be currently economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code.

Greek Gold Refinery

Introduction

The group intends to export precious metals ore into Europe and make bullion / minted products / ingots / alloys and semi-fabrications refined up to 999.99 (five-nines) purity out of that ore to sell in the Europe.

Greece has been chosen as the place to build a refining factory for this final stage of the metal production process. The factory has a planned gold and silver refining capacities of 100-metric tons and 300-metric tons per year respectively, which ensures superior flexibility, fast turnaround and competitive pricing. Platinum group metals refining capacity 15-metric tons per year. The production facilities will be built to similar specifications as industry leading and environment friendly Switzerland ones.

This is an investment of £ 140 million, totalling a CAPEX of £ 118 million spread over 4 years and the rest are costs, inclusive of £ 3 million spent in 2019 on initial land acquisition and legal and permitting costs.

A separate press release will be published in 2020 with detailed roadmap of build-out to 2022 and respective planned financial breakdown.

Principal risks and uncertainties

Country risks

The Group currently operates Ukraine and Greece and is therefore naturally at risk of adverse changes to the regulatory or fiscal regime within both these countries. However, both countries are outward looking and desirous of attracting direct foreign investment and the Company believes the countries will be sensitive to the adverse effect of any proposed changes in the future.

Ukraine is a bit more riskier than Greece, however there is a stable enough operating environment in the west of Ukraine where most of the operations are based and the Company maintains in both countries very close links with all relevant authorities.

Operational risk

The Company will produce all its products for sale Muzhievo and Saulyak. Planned production may not be achieved as a result of unforeseen operational problems, machinery malfunction or other disruptions.

Operating costs and profits for commercial production therefore remain subject to variation. The Group aims to monitor production on a daily basis and has robust procedures in place to effectively manage these risks.

Commodity price risk

The Group's revenues are exposed to fluctuations in the price of gold, silver and copper and all fluctuations have a direct impact on the operating profit and cash flow of the Group. Whilst the Group has no control over the selling price of its commodities, it has very robust cost controls to minimise expenditure to ensure it can withstand any prolonged period of commodity price weakness.

The Group actively monitors all changes in commodity prices to understand the impact on the business. The Group intends to hedge future sales of gold bullion when the directors believe it is beneficial to the Company. The directors will periodically review the requirement for hedging.

Foreign currency risk

The Group reports in United Kingdom Sterling and a large proportion of its costs are incurred in Sterling Pounds. It also conducts business in Euros and United States Dollars. The Group does not currently hedge its exposure to other currencies, although it will review this periodically if the volume of non-United Kingdom Sterling transactions increases significantly. Also, the fact that both future revenue (as existing costs) of the Group and the Group's interest-bearing debt are settled in United Kingdom Sterling is a key mitigating factor that helps to avoid significant exposure to foreign currency risk. Information on the carrying value of monetary assets and liabilities denominated in foreign currency and the sensitivity analysis of foreign currency is disclosed in note 23 to the Group financial statements.

Liquidity and interest rate risk

During 2019, interest rates on loans payable were fixed. The Group has not used any interest rate swaps or other instruments to manage its interest rate profile during 2019, but this recourse is reviewed on a periodic basis. Information on the exposure to changing interest rates is disclosed in note 23 to the Group financial statements. The approval of the board of directors is required for all new borrowing facilities.

The Group's surplus cash deposits have been steadily increasing since the beginning of 2019. The Group places these on deposit with a range of banks to both ensure it obtains the best return on these deposits and to minimise counterparty risk. The amount of interest received on these deposits is not material to the financial results of the Company and therefore any decrease in interest rates would not have any adverse effect.

Key performance indicators

The Group has adopted for the future certain key performance indicators ("KPIs") which will enable it to measure its financial performance. These KPIs are as follows:

- Profit before taxation. This is the key performance indicator to be used by the Group. It gives insight into cost management, production growth and performance efficiency.

- Net cash provided by operating activities. This is a complementary measure to profit before taxation and demonstrates conversion of underlying earnings into cash. It provides additional insight into how we will be managing costs and increasing efficiency and productivity across the business in order to deliver increasing returns.

- All-in sustaining cost ("AISC") per ounce. AISC is a widely used, standardised industry metric and is a measure of how our operation will compare to other producers in the industry. AISC is calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP Metrics dated 27 June 2013. The AISC calculation includes a credit for the revenue generated from the sale of copper and others, which are classified by the Group as by-products. There are no royalty costs included in the Company's AISC calculation.

Therefore, the Company's AISC is calculated using a cost of sales, which is the cost of producing 100 percent of the gold and such costs are allocated to total gold production.

Michail S. Kolpidis CPFA MPRCA
Chief Financial Officer
7 February 2020

Board of directors

The board of directors consists of a non-executive Chairman and two non-executive directors who are mostly involved with the long-term company strategy. The board also has three executive directors part of the company management team, one in charge of all group operations in Ukraine, one in charge of all group operations in Greece and the chief financial officer who is also acting as chief executive.

Apart from the executive directors, the company management team also includes Mikhail Zhelyazo as chief technology officer, Dr. Mark Crow as chief geologist and Andrew Barry as company secretary.

Dr. Sergey Kolpidi

Non-executive chairman, age 59

Sergey Kolpidi is an energy engineer and Greek ship owner, doctor of economic sciences and inventor.

Led multiple developments in the field of technical acoustics of hydrodynamics and blades, and owner of 116 publications and inventions. Among these patented in 1984 the centrifugal compressor blade diffuser under author certificate number 1224458.

This blade is today the global standard for high power superchargers used on gas pipelines, in metallurgy etc. and is used by nearly all firms that manufacture such equipment. In the industry it is known as the NZL Blades, since the invention was first introduced at the Nevsky Plant named after Lenin in the city of Leningrad.

Sergey started his career in the USSR energy sector and founded one of the first joint ventures with the United Kingdom as well as the first commercial bank in USSR – Credo Bank, holding license number 1.

Founder of Sunlight Group which is active mostly in shipping and energy, inclusive of Sunlight Maritime which manages the only large fleet of tankers that is fully debt free.

Holds a second non-executive chairmanship at the Magnetic Technologies Group PLC and is a philanthropist and Treasurer of Alexander Foundation.

Michail S. Kolpidis CPFA MPRCA
Chief financial officer, age 28

Michail Kolpidis is an accountant and financial manager by profession. Michail first started his career in 2005 in the family owned shipping company Sunlight Maritime as an accounting assistant and worked his way up to financial director within a decade.

Michail has an interest in information technology and has taken up various finance related roles over the past 15 years in the banking and various technology related sectors, both within start-ups he helped create and established businesses.

His interests in technology related companies are via Energo Group and by extension Royal Hellas. He also holds 6 non-executive directorships, half of which are in public companies.

Michail together with the late Doug Garforth invented the Reputation Index. Contributed to the development of the Microsoft .NET Framework version 2.0, and involved with the Weather Project, Virtou artificial intelligence and the Folding@home distributed computing project at Stanford University.

Michail is Vice-Chairman of the Alexander Foundation, partner at Smith Barclay LLP and council secretary of the Athens Council. A founding member and financial director of the wider Gofer Group.

Larissa-Ariadne N. Kolpidou
Head of Greek operations, age 50

Larissa-Ariadne Kolpidou is a philanthropist, banking lawyer and chief executive of two companies with representation in Greece. Chairwoman of Alexander Foundation.

Larissa-Ariadne began her career in the scientific production association Energo, active in the field of aerospace industry and international trade, and worked up to head of legal department in the late 80's.

In the next decade moved to Poland, became assistant to the President as well as head of business administration of listed Polish company where successfully oversaw several drilling and construction projects, and was a member of the board of T&G Bank.

In 1999 became executive director of Cabochen Marine Inc. and upon its integration into Sunlight Maritime in the next 4 years held post of regional director for Africa establishing an initial fleet of ten fishing vessels and three frozen sea-food processing factories. Within a decade became regional director of Sunlight Maritime for Greece, and as of 2011 to date, holds a non-executive position in the company.

For six years until 2018 managed banking law focused firm Astrea Legal Company as its head partner.

As of early 2014 holds post of managing director of Magnetic Technologies Greece and as of mid-2019 is a member of the board of Gofer Mining plc and head of operations for Greece, overseeing the group refinery buildout.

Oleksandr Mashtepa
Head of Ukrainian operations, age 41

Oleksandr is a business man active in the Ukrainian resource development industry, is a public figure and social activist. A graduate of the Kiev National Economic University.

Oleksandr started his business activities in 2003 via LLC Svit which led the exploration activities in the Carpathian Mount region. He has extensive experience building effective exploration teams and delivering quality resources with a focus on gold and coal. As an executive Oleksandr provided strategic vision, planning, and implementation of many values creating programs for junior and senior gold, copper and coal producers.

In 2012 and 2014 participated in elections to Ukrainian Parliament as a people's candidate. Involved in numerous social and charitable activities within Ukraine in cooperation with foundations and public organizations.

Eddie Green
Non-executive director, age 38

Eddie is a wealth manager with over 15 years' experience at Barclays, Credit Suisse and BNY Mellon providing wealth management, investment and asset management advice to family office and private clients.

Eddie is client focused and believes that it is important to fully understand the client's preference and goals whilst ensuring that they are kept up to date with changing financial conditions that could impact them.

Fluent speaker of Arabic and Russian and holds the Level 6 PCIAM as well as is a chartered member of the CISI. Graduate of Oxford University.

Elliot James Cohen
Non-executive director, age 35

Elliot is a Chartered Professional Accountant with extensive finance experience in the technology, manufacturing and resources industries.

Elliot has served as director, chief financial officer, and controller for several publicly traded companies since 2011 focusing on forecasting, business development, development of internal controls and complete financial reporting services, notably for Blackrock as Vice President of Finance.

During his career Elliot has been involved in raising over $1 billion in financing for various junior resource companies.

Holds a bachelor of business administration from Simon Fraser University and completed his Chartered Accountant designation in 2008, while also completing his Chartered Director Certification in 2017. He currently serves as a non-executive for three other firms.

Corporate governance

Introduction

The Company fully supports the principles set out in the United Kingdom Corporate Governance Code (the "Code") and complied wherever possible given both the size and the resources available to the Company.

In 2019, the board of directors (the "Board") adopted the principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") to support the Company's corporate governance framework. The directors acknowledge the importance of the ten principles set out in the QCA Code. The QCA Code is a code of best practice for public companies.

Set out below are the ten principles of corporate governance in the QCA Code, the Company's compliance with each of the ten principles and the required annual report and accounts disclosure.

Compliance with the principles of the QCA code

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

The Company is developing a portfolio of gold, copper and lithium exploration and production assets in Ukraine, Greece and other countries. The Company has a clear strategy of growing a sustainable mining business globally which is fully set out in the chairman's statement, strategic report and other sections of this annual report.

As with any other company in the extractive industries, a key challenge is to replace the mineral resources mined. This is being addressed by the Company commencing the programme of geological exploration for new mineral resources explained therein. A further key future challenge is the safe working of its operations and the next annual report will set out the measures adopted by the Company in 2020 when assets go live to address this challenge.

2 Seek to understand and meet shareholders' needs and expectations

The Board maintains an extensive two-way dialogue with its shareholders.

The Board meets shareholders at its annual general meeting each year. Directors and senior management regularly meet shareholders at investor events and other forums.

Individual meetings are held with larger shareholders who occasionally visit the Company's operations in Greece and Ukraine. The Company also regularly updates shareholders on its activities through press releases and via other news channels. Podcasts and video interviews by senior management will also be disseminated in the future via well-known investor websites such as Proactive and Vox. The Company is developing an active and effective investor relations programme that will include institutional roadshows and presentations. The Company website is monitored and regularly updated to be a current and a comprehensive source of information to all stakeholders.

3 Take into account wider stakeholder and social responsibilities and their implications for long term success

The Company takes its wider responsibilities for corporate and social responsibilities very seriously and has contributed to the economic and social development of the local communities in which it operates. This includes plans on a local hospital in Ukraine, further explained in the chairman's statement and this annual report.

The Company regularly meets with community leaders in the areas in which it operates. In addition, the Company uses the annual report and financial statements, the interim statements and its website to provide further information to shareholders and wider stakeholders.

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

The Company and its directors have identified and keep under consideration the risks facing the Company. It has an established framework of internal financial controls including an audit committee to address financial risks.

The Company does not have a formal corporate risk management programme for non-financial risks although the Board regularly discuss and review exposure and management of all risks. The requirement for a formal risk management programme is kept under review and the Company may reassess the need to establish such a programme in the future.

The Group maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Group and the Group and the Board review the adequacy of the cover regularly.

The principal risks and uncertainties section of this annual report details a number of other risks which the Company is subject to and how these are addressed. In particular:

a. country risk;
b. operational risk;
c. commodity price risk;
d. foreign currency risk; and
e. liquidity and interest rate risk.

One of the main corporate risks is the safe future operation of its mines and processing operations. To address this specific risk, the Company has a well-developed and adequately staffed Health, Safety and Environment ("HSE") department to ensure safe and clean working at its mines and processing sites. The Company also has a Health, Safety, Environment and Technology ("HSET") committee comprising Mikhail Zhelyazo, Oleksandr Mashtepa and Elliot Cohen. The committee's primary function is to assist the Board in fulfilling its HSE oversight responsibilities. Its oversight responsibilities are set out in section 9 below.

The HSET committee, with exception to incorporation, chaired by Elliot Cohen, convened twice during 2019 at the Company's main Muzhievo operating site and in Greece at the future refinery location. The committee discussed all aspects of the future safe operation of its mines and processing plants as well as set a 5-year respective plan.

5 Maintain the Board as a well-functioning, balanced team led by the chair
The Board is a well-balanced team including specialists of the major technical disciplines required in the mining industry. Their names and biographies are set out in this annual report on page 44. Two of the six directors, being Elliot Cohen and Eddie Green are independent.

Gofer Mining's board composition complies with the QCA Code and each independent director has been assessed and is considered to be independent by the Board. The biographies of Board members of the Company are also available on the Company website. All directors are expected to devote the necessary time commitments required by their position and are expected to attend at least six board meetings each year.

The number of board meetings held during 2019 and the attendance of the directors are as follows:

	Number of board meetings each director attended of a total of 8 in 2019
Dr. Sergey Kolpidi	8
Michail Kolpidis	8
Larisa Kolpidou	8
Oleksandr Mashtepa	8
Elliot Cohen	8
Eddie Green	8

The role and duties of the audit, nomination and remuneration committees are set out in the respective reports of the committees in section 10 below.

The respective reports also set out the number of times the committees met in the year and the attendance of the directors.

The meetings of the health, safety, environmental and technological committee are set out in section 4 above.

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

The directors are experienced with a total over 100 years of experience in all areas of business, and particularly the natural resource industries. All directors are able to seek outside advice wherever necessary. Throughout the majority of 2019, the Company had an internal company secretary.

The Board has a nominations committee which reviews and considers the Board structure and composition. The nominations committee meets as required to consider and make recommendations on the appointment of directors to the Board and senior management as well as recommendations in relation to professional training and development. The biographies of the directors can be found on page 44 of this annual report and on the Company website. There is no formal process to keep directors' skill sets up-to-date given their wealth of experience.

The Board obtained tax advice from Smith Barclay LLP and was advised by its solicitors (Eversheds Sutherland (International) LLP) on the financial and legal aspects of the Company in 2019. The internal company secretary also provided advice on this matter.

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

The Board believes its clear objective is the financial performance of the business whilst closely ensuring the interests of all other stakeholders are properly upheld. The financial performance of the business is closely monitored. The Company reviews board, committee and individual director performance on an on-going basis in the context of their contribution to the Company's financial performance. The chairperson will normally take leadership of the performance assessment process and allows for feedback from other board members about their performance.

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

The Company operates to the highest ethical standards. The Board is very mindful that it operates in the extractive industries in an emerging market economy.

Accordingly, the Board takes every opportunity, including the induction process of senior management, to reinforce its high ethical standards. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders.

Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives. The Company is also aware that the safe operation of its mines and processing plants is determined in large part by a culture which is highly "safety conscious".

The Board has taken actions during the year to promote this culture of safe working such as strengthening its HSE activities and regular safety reviews.

There is no formal mechanism to monitor the Company's corporate culture which the Board believes is appropriate given the size of the business.

However, the Board investigates very thoroughly any instance of serious malpractice etc. which is brought to its attention. There were no instances during 2019 of any failing of the Company due to poor culture brought to the attention of the Board.

The effectiveness of the "safety conscious" culture can be monitored directly by the HSET committee and indirectly through the number of reported safety incidents etc.

The Company has adopted, a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are to be listed in the future and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Company's governance structures are appropriate for a company of its size and all necessary committees such as audit and remuneration regularly meet. The Board also meets regularly and the directors continuously maintain an informal dialogue between themselves.

The Board has audit, nomination and remuneration committees. The role and duties of the audit, nomination and remuneration committees are set out in the respective reports of the committees in section 10 below.

The Board has a health, safety, environment and technology committee which comprises Mikhail Zhelyazo, Oleksandr Mashtepa and Elliot Cohen and meets as required.

The committee's primary function is to assist the Board in fulfilling its oversight responsibilities in the following areas:

- health, safety, environmental and technological issues relating to the Company;

- the Company's compliance with corporate policies that provide processes, procedures and standards to follow in accomplishing the Company's goals and objectives relating to health, safety and environmental issues, to ensure that the Company's operations and work practices comply as far as is practicable with the best international standards; and

- the management of risk related to health, safety, environmental and technological issues.

10 Communicate how the Company is governed by maintaining a dialogue with shareholders and other relevant stakeholders
The Company maintains an adequate dialogue with its shareholders as set out in section 2 above. Gofer Mining is committed to providing full and transparent disclosure of its activities. Furthermore the historical annual reports and interim accounts will be available on the Company website.

Details of all shareholder communications are provided on the Company website. The Board holds meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with all shareholders, including presentations on current business that are subsequently made available on the website.

The outcome of each vote in the annual general meeting is always reported to shareholders and released as on an announcements platform. It can also be obtained on the Company website.

There is a formal process of maintaining the relationship between the company and the government of Ukraine as well as Greece led by the local head of operations who regularly meets Government officials.

10.1 Report of the audit committee Members of the audit committee
The audit committee comprises Michail Kolpidis and Eddie Green.
The non-executive chairman is invited to all meetings.

Meetings of the audit committee held in 2019
With exception to incorporation, the audit committee met once in 2019, to approve the financial statements for the six months ended 30 June 2019. The entire board as well as the external auditor attended the meeting.

Role of the audit committee
The main duties of the audit committee are as follows:

- provide formal and transparent arrangements for considering the application of all applicable financial reporting standards;

- ensure the interim and full year financial statements are properly prepared in accordance with all applicable accounting standards, legal and all other requirements and reflect best practice;

- review the findings of any management letter or other communication from the external auditor regarding internal controls;

- ensure the full year financial statements are audited by the external auditor in accordance with all applicable audit standards, legal and other requirements;

- assessment of the need for an internal audit function; and

- ensure the independence and objectivity of the external auditor and approve all non-audit work by the external auditor.

Non-audit work
The external auditor performed certain tax compliance work and gave tax advice as set out in section 6 above and note 8 to the Group financial statements. This work was approved by the audit committee as it did not affect the independence or objectivity of the external auditor.

Internal audit
The Group does not currently have an internal audit function due to the small size of the Group and limited resources available. The requirement for an internal audit function is kept under review.

Whistleblowing
The Group does not currently have a formal whistleblowing policy due to the small size of the Group. The Group maintains a very open dialogue with all its employees which gives every opportunity for employees to raise concerns about possible improprieties in financial reporting or other matters.

10.2 Report of the remuneration committee
The remuneration committee comprises Dr. Sergey Kolpidi and Larisa Kolpidou and meets as required. It is the remuneration committee's role to establish a formal and transparent policy on executive remuneration and to set remuneration packages for individual directors.

There were no changes in senior management or directors or to their remuneration in 2019 and therefore the committee did not meet in the year with exception to upon incorporation.

10.3 Report of the nomination committee

The nomination committee comprises Dr. Sergey Kolpidi, Michail Kolpidis and Elliot Cohen and meets as required. It is the role of the nomination committee to review and consider the Board structure and composition and to consider and make recommendations on the appointment of directors to the Board.

There were no changes to directors in 2019 and therefore the committee did not meet in the year with exception to upon incorporation.

Directors' Report
year ended 31 December 2019

Annual report and financial statements
The directors present their annual report together with the audited Group financial statements on pages 67 to 123.

Principal activities
The principal activity of Gofer Mining plc (the "Company") is that of a holding company for mining and exploration activities.

Business review and future prospects
A review of the activities of the business throughout the year and up to 31 December 2019 is set out in the chairman's statement on pages 11 to 12 and the strategic report on pages 13 to 43 which includes information on the Group's risks, uncertainties and key performance indicators. These sections are incorporated in this directors' report by reference.

Dividends
No dividends have been paid or proposed for the year ended 31 December 2019, whereas the full details of the Company's dividend policy is set out in the chairman's statement on pages 11 to 12 as well as same confirmed in note 27 to the Group financial statements.

Capital structure
Details of the Company's authorised and issued share capital, together with the movements for the years ended 31 December 2019 are disclosed in note 24 – 'Equity' to the Group financial statements. The Company has one class of ordinary share and they carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. All issued ordinary shares are fully paid.

There are no specific restrictions on the size of a holding or on the transfer of the ordinary shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

Certain directors owns ordinary shares in the Company and certain parties own 5 per cent. or more of the ordinary shares in the Company. These holdings are set out in the 'Directors' interests' and 'Substantial shareholders' sections of this directors' report.

No person has any special rights of control over the Company's share capital. There is no scheme in place for all employees to acquire ordinary shares in the Company. Certain employees, shareholders and directors have been granted options to acquire ordinary shares.

Details of the share options granted are disclosed in note 25 – 'Share-based payment' to the Group financial statements.

With regard to the appointment and replacement of directors, the Company is governed by its articles of association, the Companies Act 2006 and related legislation. It also complies with the Quoted Companies Alliance Corporate Governance Code.

The articles of association themselves may be amended by special resolution of the shareholders. The powers of the directors are described in the corporate governance report on pages 48 to 56.

Under its articles of association, the Company has authority to issue 500 million ordinary shares.

There are no agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

There are also no agreements to which the Company is a party which provide for compensation for loss of office or employment that occurs because of a takeover bid.

Directors

The directors who served throughout the year and up to 31 December 2019 are set out on pages 44 to 47. No directors retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election.

Company secretary

Andrew Barry, One Canada Square, London E14 5AB, United Kingdom.

Registration of the Company

The Company is registered in England and Wales.
Its registered number is 11943653.

Registered office

One Canada Square, London E14 5AB, United Kingdom.

Directors' insurance

The Company has made qualifying third-party provision for the benefit of its directors during the year which remains in force at the date of this report.

Substantial shareholders

The Company has been notified of the following interests of 5 per cent. or more in its issued share capital as at 31 December 2019:

	Number of ordinary shares	Per cent.
Gofer Wealth plc	31,000,000	42.58%
Grosvenor Barclay LLP	28,000,000	38.46%
Barclays PLC	6,800,000	9.34%
Gofer Corporation	5,500,000	7.55%

Going concern

The directors have prepared the Group financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 December 2020 and satisfying themselves that the Group will have sufficient funds on hand to meet its obligations as and when they fall due over the period of their assessment.

Appropriate rigour and diligence has been applied by the directors who believe the assumptions are prepared on a realistic basis using the best available information.

The Group had cash balances of £ 113.118 million and a total debt of £ 410 million of which £ 310 million is from shareholders and likely to be converted to equity as at 31 December 2019. The Group is able to fund its working capital requirements and service its borrowings from cash generated from its financing activities. The Group's borrowings are unsecured and without any financial covenants and all payments of interest and principal in 2019 to date have been made in accordance with the terms of the relevant loan agreements. The Group has access to local sources of both short and long term finance should this be required.

The Group's business activities, together with the factors likely to affect its future development, performance and position, can be found within the chairman's statement on pages 11 to 12 and within the strategic report on pages 13 to 43. In addition, note 23 to the Group financial statements includes the Group's objectives, details of its financial instrument exposures to credit risk and liquidity risk.

After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

2) the director has taken all the 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Smith Barclay LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Corporate governance

A report on corporate governance is set out on pages 48 to 56.

Annual general meeting

The Company will hold its annual general meeting for 2019 on 3 March 2020. Notification of the meeting has been appended to this annual report.

Relations with shareholders

Communications with shareholders are considered important by the directors. The directors regularly speak to investors and analysts during the year. Press releases have been issued throughout the year and since the balance sheet date in relation to the progress of the Group. The Company website, www.gofermining.com, is regularly updated and contains a wide range of information about the Group.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the relevant matters affecting the performance of the Group. This is mainly achieved through informal meetings which the directors believe is the most appropriate method given the current number of Group employees.

Internal controls

The board of directors acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and for reviewing its effectiveness. The procedures which include, inter alia, financial, operational and compliance matters and risk management are reviewed on an ongoing basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The directors do not believe an internal audit function is practicable in a company of this size.

Donations

The Group has made charitable donations during the year of £ nil. Political donations of £ nil were made.

Research and development

There was no expenditure on research and development during the year.

Related party transactions

Related party transactions are disclosed in note 29 – 'Related party transactions' to the Group financial statements.

Financial risk management

The Group's operations expose it to financial risks that include liquidity risk, credit risk, foreign exchange risk and interest rate risk.

The Group does not enter into any derivative transactions, and it is the Group's policy that no trading in such financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, foreign exchange risk and interest rate risk.

Further details are disclosed in note 23 – 'Financial instruments' to the Group financial statements.

By order of the board of directors

Andrew Barry

Andrew Barry
Company secretary
7 February 2020

Report on directors' remuneration
year ended 31 December 2019

Policy on the executive director's remuneration
The Company operates within a competitive environment and its performance depends on the individual contributions of the directors and employees.

An executive director's remuneration package may include:

i) basic annual salary; and
ii) health insurance for the executive and his family.

The Group does not make any contribution to any pension plan of any of the directors.

The executive director's remuneration is reviewed once per year. In deciding upon appropriate levels of remuneration the remuneration committee has regard to rates of pay for similar jobs in comparable companies as well as internal factors such as performance.

Directors' emoluments
Amounts paid by the Group in respect of directors' services are as follows:

	Consultancy	Fees	Benefits	Total
	£	£	£	£
Dr. Sergey Kolpidi	165,000	-	15,000	180,000
Michail Sergios Kolpidis	-	170,000	10,000	180,000
Larisa Nikolaos Kolpidou	165,000	-	15,000	180,000
Oleksandr Mashtepa	100,000	50,000	30,000	180,000
Elliot James Cohen	20,000	50,000	-	70,000
Eddie Green	20,000	50,000	-	70,000
	470,000	**320,000**	**70,000**	**860,000**

Share option scheme
The Group has initiated a share option scheme for its employees and relevant shareholders. This was set up in order to reward employees and stakeholders for the performance of the Company on a long-term basis and to enable the Company to continue to attract a high calibre of management, investment and operational personnel.

Details of share options issued under the scheme are disclosed in note 25 – 'Share-based payment' to the Group financial statements. No director exercised any share options during the year ended 31 December 2019.

Directors' contracts

The executive directors currently may have employment contracts which may be terminated by the Company with up to 12 months' notice. No other payments are made for compensation for loss of office.

The remuneration of the non-executive directors is determined by the board of directors within the limits set out in the articles of association. Non-executive directors currently have employment contracts which may be terminated by the director or the Company with three months' notice. No other payments are made for compensation for loss of office.

By order of the board of directors

Andrew Barry

Andrew Barry
Company secretary
7 February 2020

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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, as required by the rules of the London Stock Exchange, elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The directors are also responsible for preparing the directors' report in accordance with the Companies Act 2006 and applicable regulations.

In the case of the Group's IFRS financial statements, the directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing the Group financial statements the directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard ("IAS") 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;

- state whether they have been prepared in accordance with IFRS;

- prepare the accounts on a going concern basis unless, having assessed the ability of the Group to continue as a going concern, management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so; and

- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting frameworks, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report, which is incorporated into the strategic report and the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the board of directors

Dr. Sergey Kolpidi
Non-executive chairman
7 February 2020

Independent auditor's report
to the members of Gofer Mining PLC

Our opinion on the financial statements
In our opinion:

- Gofer Mining PLC Group financial statements (the "financial statements") give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of the Group's profit and loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gofer Mining PLC which comprise as follows:

Consolidated balance sheet as at 31 December 2018
Consolidated income statement for the year then ended
Consolidated statement of comprehensive income for the year then ended
Consolidated statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended

Related notes 1 to 29 to the financial statements, including a summary of significant accounting policies

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 below. We are independent of the Group and Parent company in accordance with the

ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified.

These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and any other relevant factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 6 reporting components of the Group, we selected 5 components covering entities within the United Kingdom, Greece and Ukraine, which represent the principal business units within the Group.

We performed an audit of the complete financial information of those 5 components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100% of the Group's Loss before tax and 100% of the Group's Total assets.

The remaining component represents less than 1% of the Group's Loss before tax. For this component, we performed other procedures, including analytical reviews, testing of consolidation journals and intercompany eliminations and inquiries of management about unusual transactions in these components, to respond to any potential risks of material misstatement to the Group financial statements.

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other global network firms operating under our instruction.

Of the five full scope components, audit procedures were performed on three of these directly by the primary audit team.

The primary audit team followed a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits the client sites once a year. During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in Greece and Ukraine. This visit involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, undertaking operation visits and reviewing key audit working papers on the identified risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £ 100k, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and 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 its 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 are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 65 to 66, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006.

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

Smith Barclay LLP

Dr. James Whitelaw (Senior statutory auditor)
for and on behalf of Smith Barclay LLP, Statutory Auditor
London
7 February 2020

Group statement of financial position

year ended 31 December 2019

	Notes	2019 £000
Non-current assets		
Intangible assets	13	23,652
Property, plant and equipment	14	89,750
Subsidiary capital	15	38,000
Other receivables	16	170,100
Current assets		
Inventory	17	92,400
Trade and other receivables	16	25,761
Cash and cash equivalents	18	113,118
		231,279
Total assets		**552,781**
Current liabilities		
Trade and other payables	19	(2,404)
Interest-bearing borrowings	20	(100,000)
		(102,404)
Net current assets		128,875
Non-current liabilities		
Non-interest borrowings	20	(310,000)
Total liabilities		(412,404)
Net assets		**140,377**
Equity		
Share capital	24	72,800
Retained loss		(24,823)
Revaluation reserve	17	92,400
Total equity		**140,377**

Group statement of income

year ended 31 December 2019

	Notes	2019 £000
Continuing operations		
Administrative expenses		(11,216)
Other operating expenses	7	(13,604)
Operating loss	**8**	**(24,820)**
Finance cost	10	(3)
Loss before tax		**(24,823)**
Loss attributable to the equity holders of the parent		**(24,823)**
Loss per share attributable to the equity holders of the parent		
Basic (UK cents per share)	**12**	**34.09**
Diluted (UK cents per share)	**12**	**34.09**

Group statement of comprehensive income

year ended 31 December 2019

	2019 £000
Loss for the year	(24,823)
Total comprehensive loss	**(24,823)**
Attributable to the equity holders of the parent	(24,823)

Group statement of cash flows
year ended 31 December 2019

	Notes	2019 £000
Cash flows from operating activities		
Loss before tax		**(24,823)**
Adjustments to reconcile loss before tax to net cashflows:		
Finance costs	10	3
Depreciation of property, plant and equipment	14	361
Amortisation of mining rights and other intangible assets	13	29
Disposal of obsolete equipment	7	88
Operating cash flow before movements in working capital		**(24,342)**
(Increase)/decrease in trade and other receivables		(25,761)
Increase in inventories		(92,400)
Increase/(decrease) in trade and other payables		2,404
Cash loss from operations		**(115,757)**
Net cash flow from operating activities		**(140,099)**
Cash flows from investing activities		
Expenditure on property, plant and equipment and mine development		(220,478)
Investment in exploration and evaluation assets including other intangible assets		(63,502)
Investment in subsidiary capital		(38,000)
Revaluation of tailings	17	92,400
Net cash used in investing activities		**(229,580)**
Cash flows from financing activities		
Proceeds from issue of shares	24	72,800
Proceeds from borrowings	21	410,000
Interest paid		(3)
Net cash used in financing activities		**482,797**
Net increase in cash and cash equivalents	**18**	**113,118**
Cash and cash equivalents at the beginning of the year		**0**
Cash and cash equivalents at the end of the year	**18**	**113,118**

Group statement of changes in equity

year ended 31 December 2019

	Notes	Share capital £000	Revaluation reserve £000
12 April 2019		**0**	**0**
Loss for the year		-	-
Shares issued	24	72,800	-
Tailings	17	-	92,400
31 December 2019		**72,800**	**92,400**

	Notes	Retained loss £000	Total equity £000
12 April 2019		**0**	**0**
Loss for the year		(24,823)	(24,823)
Shares issued	24	-	72,800
Tailings	17	-	92,400
31 December 2019		**(24,823)**	**140,377**

Notes to the Group financial statements
year ended 31 December 2019

1 General information
Gofer Mining plc (the "Company") is a company incorporated and limited by shares in England and Wales under the Companies Act 2006. The address of its registered office is set out in Company information on page 123 of this annual report. The Company is a holding company. The principal activities and place of business of the Company and its subsidiaries (the "Group") are set out in note 15, the chairman's statement on pages 11 to 12 and the strategic report on pages 13 to 43 of this annual report.

2 Basis of preparation
The Group's annual report is for the year ended 31 December 2019 and includes the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group financial statements have been prepared using accounting policies set out in note 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union.

The Group financial statements have been prepared under the historical cost convention except for the treatment of revaluation, share-based payments and trade receivables at fair value. The Group financial statements are presented in United Kingdom Pounds Sterling ("£") and all values are rounded to the nearest thousand except where otherwise stated. In the Group financial statements "$" are references to the United States Dollar.

As set out in the directors' report on pages 57 to 62, the board of directors assessed the ability of the Group to continue as a going concern and these financial statements have been prepared on a going concern basis.

The directors have prepared the Group financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 31 December 2020 and satisfying themselves that the Group will have sufficient funds on hand to meet its obligations as and when they fall due over the period of their assessment. Appropriate rigour and diligence has been applied by the directors who believe the assumptions are prepared on a realistic basis using the best available information.

The Group had cash balances of £ 113.118 million and a total debt of £ 410 million of which £ 310 million is from shareholders and likely to be converted to equity as at 31 December 2019. The Group is able to fund its working capital requirements and service its borrowings from cash invested.

The Group's borrowings are unsecured and without any financial covenants and all payments of interest and principal in 2019 to date have been made in accordance with the terms of the relevant loan agreements. The Group has access to local sources of both short- and long-term finance should this be required.

The Group's business activities, together with the factors likely to affect its future development, performance and position, can be found within the chairman's statement on pages 11 to 12 and within the strategic report on pages 13 to 43. The financial position of the Group, its cash flow, liquidity position and borrowing facilities can be seen in these statements. In addition, note 23 to the Group financial statements includes the Group's objectives, details of its financial instrument exposures to credit risk and liquidity risk.

After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

3 Adoption of new and revised standards

3.1 New and amended standards and interpretations

The Group applied IFRS 9 – 'Financial Instruments' for the first time from 1 June 2019. The nature and effect of the changes on the consolidated financial statements of the Group as a result of the adoption of these two new standards are described below in details. Other than the changes described below, the accounting policies adopted are consistent with those of a standard financial year.

Several other amendments and interpretations applied for the first time in 2019. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group and, hence, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

i) IFRS 9 'Financial Instruments'

IFRS 9 – 'Financial Instruments' replaces IAS 39 – 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 June 2019, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 June 2019 and has adjusted the comparative information. There were no material impacts on the comparative balances other than a change in classification and separate disclosure of some trade receivables. There was no impact on hedging as the Group did not hedge in 2019 or apply hedge accounting.

The effects of adopting IFRS 9 are set out below.

a) Classification and measurement

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under IFRS 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the Group's business model for managing the assets and whether the contractual cash flows of the financial instruments represent 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. A financial asset can only be measured at amortised cost if both of the following are satisfied:

- Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows.

- Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest.

The assessment of the Group's business model was made as of the date of initial application, 1 June 2019, and then applied retrospectively to those financial assets that were not derecognised before 31 December 2019. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group other than to change the presentation of trade debtors relating to provisionally priced sales (explained in more detail below).

Financial assets

The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

- Trade receivables (not subject to provisional pricing) and other current financial assets (i.e., other receivables and loans) previously classified as loans and receivables: these were assessed as being held to collect contractual cash flows and give rise to cash flows representing SPPI. Although now classified as debt instruments at amortised cost, their measurement has not changed.

- Trade receivables (subject to provisional pricing) and quotational period ("QP") derivatives: prior to the adoption of IFRS 9, the exposure of provisionally priced sales to commodity price movements over the QP, required embedded derivatives to be separated from the host trade receivable and accounted for separately. Under IFRS 9, embedded derivatives are no longer separated from financial assets. Instead, the exposure of the trade receivable to future commodity price movements will cause the trade receivable to fail the SPPI test. Therefore, the entire receivable is now required to be measured at fair value through profit or loss, with subsequent changes in fair value recognised in the statement of profit or loss and other comprehensive income each period until final settlement. The Group did not previously account separately for the embedded derivative in each transaction as the short one to four month transaction cycle would result in any change to the Group's financial statements being immaterial and this policy continued to be applied from 1 June 2019. The key impact of IFRS 9 was to require the separate disclosure of trade receivables between those classified at amortised cost and those at fair value in the Group's balance sheet.

Financial liabilities
The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement of the Group's financial liabilities.

b) Other impacts
The change did not have any impact on the Group's statement of cash flows and the basic and diluted EPS.

c) Impairment
The adoption of IFRS 9 has changed accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15.

All of the Group's trade receivables (not subject to provisional pricing) and other current receivables which the Group measures at amortised cost are short term (i.e., less than 12 months) and the Group does not consider that any impairment provision is required. The change to a forward-looking ECL approach did therefore not have any impact on any amount in the financial statements.

d) Hedge accounting
The Group has elected to adopt the new general hedge accounting model in IFRS 9. However, the changes introduced by IFRS 9 relating to hedge accounting currently have no impact, as the Group does not carry out any hedge transactions in 2019 or apply hedge accounting.

3.2 Standards issued but not yet effective
i) IFRS 16 'Leases'
IFRS 16 – 'Leases' was issued in January 2016 and it replaces IAS 17 – 'Leases', IFRIC 4 – 'Determining whether an arrangement contains a lease',

SIC – 15 'Operating Leases – Incentives' and SIC – 27 'Evaluation of the substance of transactions involving the legal form of a lease', IFRS 16 sets out the principles for the recognition measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. Ieases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group has various operating leases. These are the rental of light vehicles, industrial and residential land, buildings and office accommodation and working animals. The total annual rental of the operating leases is approximately £ 2,330,600 per annum of which the majority is land and buildings and vehicles. The Group will account for these leases in accordance with IFRS 16 from 1 January 2020. However, the amounts of the leases are not material, and the change of policy will therefore not result in a material difference to the Group financial statements or additional disclosures.

4 Significant accounting policies

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. 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, there is a presumption that a majority of voting rights result in control. To support this presumption and 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 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 reassesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

4.2 Revenue

The Group will be principally engaged in the future business of producing gold and silver bullion and various concentrates. Revenue from contracts with customers will be recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring them to the customer.

i) Contract balances

a) Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The Group does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

b) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy 4.12 for the accounting policies for financial assets and accounting policy 4.13 for the accounting policy for trade receivables.

c) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

ii) Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method.

4.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Group income statement on a straight line basis over the lease term.

4.4 Taxation

i) Current and deferred income taxes

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Group 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 for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised in the Group income statement is charged or credited in the Group income statement. Deferred tax relating to items recognised outside the Group income statement is recognised outside the Group income statement and items are recognised in correlation to the underlying transaction either in the Group statement of comprehensive income or directly in equity.

Deferred tax assets are not recognised in respect of temporary differences relating to tax losses where there is insufficient evidence that the asset will be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The not-payable tax currently is based on non-taxable loss for the year. Taxable loss differs from net loss as reported in the Group income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

The tax expense represents the sum of the tax currently payable and deferred tax.

ii) Value-added taxes ("VAT")

The Group pays VAT on purchases made in all, Ukraine, Greece and the United Kingdom. Under all jurisdictions, VAT paid is refundable. Greece and Ukraine jurisdictions permit to a degree an offset of the respective VAT credit against other taxes payable to the state budget.

4.5 Transactions with related parties

For the purposes of these Group financial statements, the following parties are considered to be related:

- where one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions;
- entities under common control; and
- key management personnel.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

It is the nature of transactions with related parties that they cannot be presumed to be carried out on an arm's length basis.

4.6 Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time the assets are considered substantially ready for their intended use, i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the Group income statement in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the 'probable economic benefits' test. Any related borrowing costs are therefore generally recognised in the Group income statement in the period they are incurred.

4.7 Intangible assets

i) Exploration and evaluation assets

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Exploration and evaluation assets are carried forward during the exploration and evaluation stage and are assessed for impairment in accordance with the indicators of impairment as set out in IFRS 6 – 'Exploration for and Evaluation of Mineral Resources'.

In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the period. No amortisation is charged prior to the commencement of production.

Once commercially viable reserves are established and development is sanctioned, exploration and evaluation assets are transferred to assets under construction.

Upon transfer of exploration and evaluation costs into assets under construction, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within assets under construction.

When commercial production commences, exploration, evaluation and development costs previously capitalised are amortised over the commercial reserves of the mining property on a units-of-production basis.

Exploration and evaluation costs incurred after commercial production start date in relation to evaluation of potential mineral reserves and resources that are expected to result in increase of reserves are capitalised as evaluation and exploration assets within intangible assets. Once there is evidence that reserves are increased, such costs are tested for impairment and transferred to producing mines.

ii) Mining rights
Mining rights are carried at cost to the Group less any provisions for impairments which result from evaluations and assessments of potential mineral recoveries and accumulated depletion. Mining rights are depleted on the units-of-production basis over the total reserves of the relevant area.

iii) Other intangible assets
Other intangible assets are mainly the costs of agricultural compensation paid to landowners for the use of land ancillary to the Group's mining operations. These costs are depreciated over the respective terms of right to use the land.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Group income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Group income statement when the asset is derecognised.

4.8 Property, plant and equipment and mine properties

Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase.

Upon completion of mine construction, the assets initially charged to assets in the course of construction are transferred into 'Plant and equipment, motor vehicles and leasehold improvements' or 'Producing mines'. Items of 'Plant and equipment, motor vehicles and leasehold improvements' and 'Producing mines' are stated at cost, less accumulated depreciation and accumulated impairment losses.

During the production period expenditures directly attributable to the construction of each individual asset are capitalised as 'Assets under construction' up to the period when the asset is ready to be put into operation. When an asset is put into operation it is transferred to 'Plant and equipment, motor vehicles and leasehold improvements' or 'Producing mines'. Additional capitalised costs performed subsequent to the date of commencement of operation of the asset are charged directly to 'Plant and equipment, motor vehicles and leasehold improvements' or 'Producing mines', i.e. where the asset itself was transferred.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

i) Depreciation and amortisation

Accumulated mine development costs within producing mines are depreciated and amortised on a units-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight line method is applied. The unit of account for run of mine ("ROM") costs and for post-ROM costs is recoverable ounces of gold. The units-of-production rate for the depreciation and amortisation of mine development costs takes into account expenditures incurred to date.

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of the mine on a units-of-production basis.

Other plant and equipment such as mobile mine equipment is generally depreciated on a straight line basis over their estimated useful lives as follows:

- Temporary buildings – eight years (2019: eight years)
- Plant and equipment – eight years (2019: eight years)
- Motor vehicles – four years (2019: four years)
- Office equipment – four years (2019: four years)
- Leasehold improvements – eight years (2019: eight years)

An item of property, plant and equipment, and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Group income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation and amortisation are reviewed at each reporting date and adjusted prospectively if appropriate.

ii) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

4.9 Impairment of tangible and intangible assets

The Group conducts annual internal assessments of the carrying values of tangible and intangible assets. The carrying values of capitalised exploration and evaluation expenditure, mine properties and property, plant and equipment are assessed for impairment when indicators of such impairment exist or at least annually. In such cases an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into cash-generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Group evaluating its non-financial assets on a geographical or licence basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the Group income statement so as to reduce the carrying amount to its recoverable amount (i.e. the higher of fair value less cost to sell and value in use).

Impairment losses related to continuing operations are recognised in the Group income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding the intangibles referred to above, 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 an estimate of the 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 this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Group statement of comprehensive income. Impairment losses recognised in relation to indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

4.10 Fair value measurement

The Group measures financial instruments such as bank borrowings at fair value at each balance sheet date. Fair value disclosures for financial instruments measured at fair value, or where fair value is disclosed, are summarised in the following notes:

- Note 16 – 'Trade and other receivables';
- Note 18 – 'Cash and cash equivalents';
- Note 19 – 'Trade and other payables'; and
- Note 20 – 'Interest-bearing loans and borrowings'.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal marketplace for the asset or the liability; or

- in the absence of a principal market, the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a reoccurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as set out above.

4.11 Provisions

i) General

Provisions are recognised when (a) the Group has a present obligation (legal or constructive) as a result of a past event and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a risk-free rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii) Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

The obligation generally arises when the asset is installed or the ground or environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in the Group income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the Group income statement.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the Group is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

For closed sites, changes to estimated costs are recognised immediately in the Group income statement. Rehabilitation obligations that arise as a result of the standard production activities of a mine are expensed as incurred.

4.12 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15. Refer to the accounting policy 4.2 – 'Revenue from contracts with customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

ii) Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

- Financial assets at fair value through profit or loss.

iii) Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the 'effective interest rate' ("EIR") method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of trade receivables (subject to provisional pricing).

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss account.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host andaccounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Group's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss and other comprehensive income.

The Group does not currently account separately for embedded derivatives in its trade receivables subject to provisional pricing. The short one to four month transaction cycle would result in any change to the Group's financial statements being immaterial. Any adjustment to the trade receivable subsequent to initial recording is adjusted through revenue.

v) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

vi) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosure of significant assumptions: accounting policy 4.20
- Trade and other receivables: accounting policy 4.13 and note 16

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

b) Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

iii) Derecognition of financial liabilities

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Group and therefore is not considered highly liquid, for example, cash set aside to cover rehabilitation obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4.13 Trade and other receivables

The Group presents trade and other receivables in the statement of financial position based on a current or non-current classification. A trade and other receivable is classified as current as follows:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;

- held primarily for the purpose of trading; and

- expected to be realised within 12 months after the date of the statement of financial position.

Gold bullion held on behalf of third parties is classified as a current asset and valued at the current market price of gold at the statement of financial position date. A current liability of equal amount representing the liability of the gold bullion to any third parties is also established.

Advances made to suppliers for fixed asset purchases are recognised as non-current prepayments until the fixed asset is delivered when they are capitalised as part of the cost of the fixed asset.

4.14 Inventories

Metal in circuit consists of in-circuit material at properties with milling or processing operations and doré awaiting refinement, all valued at the lower of average cost and net realisable value.

In-process inventory costs consist of direct production costs (including mining, crushing and processing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

Ore stockpiles consist of stockpiled ore, ore on surface and crushed ore, all valued at the lower of average cost and net realisable value. Ore stockpile costs consist of direct production costs (including mining, crushing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

Inventory costs are charged to operations on the basis of ounces of gold to be sold. The Group regularly evaluates and refines estimates used in determining the costs charged to operations and costs absorbed into inventory carrying values based upon actual gold recoveries and current, future operating plans.

Finished goods consist of doré bars that have been refined and assayed and are in a form that allows them to be sold on international bullion markets and metal in concentrate. Finished goods are valued at the lower of average cost and net realisable value. Finished goods costs consist of direct production costs (including mining, crushing and processing; site administration costs; and allocated indirect costs, including depreciation, depletion and amortisation of producing mines and mining interests).

Spare parts and consumables consist of consumables used in operations, such as fuel, chemicals, reagents and spare parts, valued at the lower of average cost and replacement cost and, where appropriate, less a provision for obsolescence.

4.15 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, or value of services received net of any issue costs.

4.16 Deferred stripping costs

The removal of overburden and other mine waste materials is often necessary during the initial development of a mine site, in order to access the mineral ore deposit.

The directly attributable cost of this activity is capitalised in full within mining properties and leases, until the point at which the mine is considered to be capable of commercial production. This is classified as expansionary capital expenditure, within investing cash flows.

The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are accounted for as part of the cost of producing those inventories.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised as deferred stripping capital expenditure within producing mines.

If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the ore body. Components are specific volumes of a mine’s ore body that are determined by reference to the life of mine plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production.

All amounts capitalised in respect of waste removal are depreciated using the unit-of-production method based on the ore reserves of the component of the ore body to which they relate.

The effects of changes to the life of mine plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

4.17 Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and accrued but unused annual leave, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

4.18 Retirement benefit costs

The Group does not operate a pension scheme for the benefit of its employees but instead makes contributions to their personal pension policies. The contributions due for the period are charged to the Group income statement.

4.19 Share-based payments

The Group has applied the requirements of IFRS 2 – 'Share-based Payment'. IFRS 2 has been applied to all grants of equity instruments.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been calculated using management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The vesting condition assumptions are reviewed during each reporting period to ensure they reflect current expectations.

4.20 Significant accounting judgements

The preparation of the Group financial statements in conformity with IFRS requires management to make judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Group financial statements and reported amounts of revenues and expenses during the reporting period.

i) Recovery of deferred tax assets (note 11)

Judgement is required in determining whether deferred tax assets are recognised within the Group statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

ii) Exploration and evaluation expenditure (note 13)

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely from future exploitation.

If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the consolidated statement of profit or loss in the period when the new information becomes available.

iii) Impairment of intangible and tangible assets (notes 13 and 14)

The assessment of tangible and intangible assets for any internal and external indications of impairment involves judgement.

Each reporting period, the Group assesses whether there are indicators of impairment, if indicated then a formal estimate of the recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less cost to dispose ("FVLCD") and value in use.

Determining whether the projects are impaired requires an estimation of the recoverable value of the individual areas to which value has been ascribed.

The FVLCD calculation requires the entity to estimate the future cash flows expected to arise from the projects and a suitable discount rate in order to calculate present value.

iv) Production start date (note 14)

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage.

The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location.

The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and is reclassified from Assets under construction to Producing mines and Property, plant and equipment. Some of the criteria will include, but are not limited to, the following:

- the level of capital expenditure compared to the construction cost estimates;

- completion of a reasonable period of testing of the mine plant and equipment;

- ability to produce metal in saleable form (within specifications); and

- ability to sustain ongoing production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

This is also the point at which the depreciation/amortisation recognition commences.

4.21 Significant accounting estimates

The preparation of the Group financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Group financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the Group financial statements is described below.

i) Impairment of intangible and tangible assets (notes 13 and 14)

Once an intangible or tangible asset has been judged as impaired, an estimate is made of its recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

Determining whether the projects are impaired requires an estimation of the recoverable value of the individual areas to which value has been ascribed. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the projects and a suitable discount rate in order to calculate present value.

ii) Ore reserves and resources (notes 13 and 14)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties.

The Group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and requires complex geological judgements to interpret the data.

The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body.

Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation and depreciation and amortisation charges.

iii) Inventory (note 17)
Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The ounces of gold sold are compared to the remaining reserves of gold for the purpose of charging inventory costs to operations.

iv) Mine rehabilitation provision (note 22)
The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable.

These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Changes to estimated future costs are recognised in the Group statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16 'Property, Plant and Equipment'. Expenditure on mine rehabilitation is expected to take place between 2024 and 2029.

5 Segment information

The Group determines operating segments based on the information that is internally provided to the Group's chief operating decision maker. The chief operating decision maker has been identified as the board of directors.

The board of directors currently considers consolidated financial information for the entire Group and reviews the business based on the Group income statement and Group statement of financial position on this basis.

Accordingly, the Group has only one operating segment, mining operations. The mining operations comprise the Group's major producing asset, which accounts for all the Group's future revenues and the majority of its costs, depreciation and amortisation.

The Group's mining operations are all located within Ukraine and therefore all within one geographic segment.

6 Revenue

The Group had no revenue during the year ended 31 December 2019.

All revenue from sales of gold and silver bullion and various concentrate will be recognised in year end 31 December 2020 at the time when control passes to the customer.

7 Other income and operating expenses

The Group had no other income during the year ended 31 December 2019.

	2019 £000
Other operating expenses	
JSC Zakarpatpolimetally	2,500
Saulyak LLC	1,003
Borzhava Exploration	9,012
Began LLC	987
Foreign exchange loss	14
Disposal of obsolete equipment	88
	13,604

8 Operating loss

	Notes	2019 £000
Operating profit is stated after charging:		
Depreciation on property, plant and equipment	14	361
Amortisation of MR and other intangible assets	13	29
Employee benefits and expenses	9	2,016
Foreign exchange loss		14
Operating lease expenses		1,322
Fees payable to the Company's auditor for:		
The audit of the Group's annual accounts		105
The audit of the Group's subsidiaries pursuant to legislation		80
Audit related assurance services – half year review		3
Total audit fees services		**188**
Amounts paid to auditor for other services:		
Tax compliance services		23
Total audit services		**211**

The audit fees for the parent company were £91,000. There were no non-cancellable operating lease and no sublease arrangements during 2019.

9 Staff numbers and costs

The average number of staff employed by the Group (including directors) during the year, analysed by category, was as follows:

	2019
Management and administration	37
Exploration	161
Location operations	188
	386

The aggregate payroll costs of these persons were as follows:

	2019 £000
Wages and salaries	3,677
Share-based payments	0
Social security costs	1,002
Costs capitalised as exploration	(16)
	4,663

The remuneration of the key management personnel of the Group is set out below in aggregate:

	2019 £000
Short-term employee benefits	950
Share-based payments	0
	950

The key management personnel of the Group comprise the chairman, the heads of operations, the chief technology officer, the company secretary, the chief geologist and the chief financial officer. The disclosure of the remuneration of the directors as required by the Companies Act 2006 is given in the report on directors' remuneration on pages 63 to 64.

10 Finance costs

	2019 £000
Interest charged on interest-bearing loans and borrowings	3
	3

Interest on interest-bearing loans and borrowings represents charges incurred on those credit facilities as set out in note 20 – "Interest-bearing loans and borrowings". Where a portion of the loans has been used to finance the construction and purchase of assets of the Group ('qualifying assets'), the interest on that portion of the loans has been capitalised up until the time the assets were substantially ready for use.

For the year ended 31 December 2019, £ nil interest was capitalised.

11 Taxation

The Group made a loss for the year ended 31 December 2019, therefore no income tax change was levied for the year, nor is there any deferred tax charged to the company.

12 Loss per share

The calculation of basic and diluted loss per share is based upon the retained loss for the financial year of £ 24,823.

	2019
Basic (UK cents per share)	34.09
Diluted (UK cents per share)	34.09

13 Intangible assets

	Exploration £000	Mining rights £000	Other assets £000	Total £000
Cost				
12 April 2019	-	-	-	-
Additions	3,033	12,037	8,611	23,681
31 December 2019	**3,033**	**12,037**	**8,611**	**23,681**
Amortisation and impairment				
12 April 2019	-	-	-	-
Charge for the year	2	16	11	29
31 December 2019	**2**	**16**	**11**	**29**
Net book value				
31 December 2019	**3,031**	**12,021**	**8,600**	**23,652**

14 Property, plant and equipment

	Plant and equipment and motor vehicles £000	Assets under construction £000	Total £000
Cost			
12 April 2019	-	-	-
Additions	35,962	54,237	90,199
Disposal	-	(88)	(88)
31 December 2019	**35,962**	**54,149**	**90,111**

Amortisation and impairment			
12 April 2019	-	-	-
Charge for the year	105	256	361
31 December 2019	**105**	**256**	**361**
Net book value			
31 December 2019	**3,031**	**12,021**	**89,750**

No impairment losses were recognised by the Group at 31 December 2019.

The Group assesses at each balance sheet date whether any indicators exist of impairment of its fixed assets. Should any indicators exist, the Group will perform an impairment analysis at that balance sheet date to ascertain that the carrying value of the Group's property, plant and equipment is in excess of its fair value less cost to dispose ("FVLCD"). The determination of FVLCD is most sensitive to the following key assumptions:

- production volumes
- commodity prices
- discount rates
- foreign exchange rates; and
- capital and operating costs.

The management assessed that there were no indicators of impairment at 31 December 2019. Accordingly, no impairment analysis was performed for the balance sheet at 31 December 2019.

The capital commitments by the Group have been disclosed in note 28.

15 Subsidiary undertakings

Gofer Mining PLC is the parent and ultimate parent of the Group.
The Company's subsidiaries included in the Group financial statements at 31 December 2019 are as follows:

Name	Registered address	Primary place of business	Percentage of holding
JSC Zakarpatpolimetally	Ukraine	Ukraine	91%
Saulyak LLC	Ukraine	Ukraine	100%
Began LLC	Ukraine	Ukraine	100%
"Gofer Refinery" [1]	Greece	Greece	100%

[1] Under incorporation during the creation of this document.

16 Trade and other receivables

	2019
	£000
Non-current assets	
Advances for fixed asset purchases	170,100
	170,100

	2019
	£000
Current assets	
Trade receivables – amortised cost [1]	1,988
Trade receivables – fair value [2]	3,012
Prepayments and advances	20,761
	25,761

[1] Trade receivables not subject to provisional pricing.
[2] Trade receivables subject to provisional pricing.

Refer to accounting policy 4.10 for details of fair value measurement.

The Group does not consider any trade or other receivable as past due or impaired. All receivables at amortised cost have been received shortly after the balance sheet date and therefore the Group does not consider that there is any credit risk exposure. No provision for any expected credit loss has therefore been established in 2019.

17 Inventory

	2019
	£000
Current assets	
Ore stockpiles [1]	92,400
	92,400

[1] Tailings have been verified as 115,500 troy ounces valued at £92.4m. Price per ounce for sale taken as £1,190 and AISC of £390.

18 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and held by the Group within financial institutions that are available immediately.

The carrying amount of these assets approximates their fair value.

The Group's cash on hand and cash held within financial institutions at 31 December 2019 (including short-term cash deposits) comprised £ 839,000 and £ 112,279,000 respectively as increased from £ nil during the year.

The Group's cash and cash equivalents are mostly held in UK Pounds.

19 Trade and other payables

	2019
	£000
Accruals and other payables	510
Trade creditors	1,894
	2,404

Trade creditors primarily comprise amounts outstanding for trade purchases and ongoing costs. Trade creditors are non-interest bearing and the creditor days were 23.

Accruals and other payables mainly consist of accruals made for accrued but not paid salaries, bonuses, related payroll taxes and social contributions, accrued interest on borrowings and services provided but not billed to the Group by the end of the reporting period. The increase of accruals mainly relates to the increase in exploration activity. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

20 Interest-bearing loans and borrowings

	2019
	£000
Barclays Bank PLC – credit line	100,000
Non-interest loans from shareholders	310,000
	410,000
Repayable in less than one year	-
Repayable in more than one year	410,000
	410,000

The directors consider that the carrying amount of interest-bearing and non-interest loans and borrowings approximates to their fair value.

Barclays Bank PLC

In May 2019, the Group entered into a working capital credit line facility for £ 250 million with Barclays Bank. The facility is for ten years with an annual interest rate of 0.5 per cent. Interest is payable monthly and the principal is repayable by 24 equal monthly instalments commencing May 2027.

Non-interest loans from shareholders

In June to September 2019, the Group raised funds as a long-term loan and borrowing with no interest from its existing shareholders, Gofer Wealth plc and Grosvenor Barclay LLP on a ten year automatically renewable basis.

21 Changes in liabilities arising from financing activities

	12 Apr. £000	Cash flows £000	31 Dec. £000
Current borrowings	-	100,000	100,000
Non-current borrowings	-	310,000	310,000
31 December 2019	**-**	**410,000**	**410,000**

Other is the effect of reclassification of the non-current portion of interest-bearing loans and borrowings to current at the end of the year due to the passage of time, the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and other adjustments.

22 Provision for rehabilitation

No provision for rehabilitation has been made for year ended 31 December 2019. The Group expects to have a future liability for restoration, rehabilitation and environmental costs arising from its future mining operations. Estimates of the cost of this work including reclamation costs, close down and pollution control will be made on an ongoing basis, based on the estimated life of the mine.

The provision will represent the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate any environmental disturbances caused by mining operations. The undiscounted liability for rehabilitation at 31 December 2019 was £ nil.

The undiscounted liability was not discounted. Expenditures on restoration and rehabilitation works are expected between 2025 and 2030.

23 Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, loans and letters of credit. The main purpose of these financial instruments is to finance the Group operations. The Group has other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. Surplus cash within the Group is put on deposit, the objective being to maximise returns on such funds whilst ensuring that the short-term cash flow requirements of the Group are met.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are capital risk, market risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below. Financial instruments affected by market risk include bank loans and overdrafts, accounts receivable, accounts payable and accrued liabilities.

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group has sufficient capital to fund ongoing production and exploration activities, with capital requirements reviewed by the board on a regular basis. Capital has been sourced through share issues to existing shareholders, and loans from banks in the UK and elsewhere. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risk and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs.

The Group is not subject to externally imposed capital requirements and monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Group's policy is to keep the gearing ratio below 50 per cent.

Interest rate risk
The Group's cash deposits, letters of credit, borrowings and interest-bearing loans are at a fixed rate of interest.

The Group manages the risk by maintaining fixed rate instruments, with approval from the directors required for all new borrowing facilities.

The Group has not used any interest rate swaps or other instruments to manage its interest rate profile during 2019.

Interest rate sensitivity analysis
The Group had no sensitivity to any movement in LIBOR rates in 2019.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial liabilities. Included in note 20 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	up to 12 months £000	1 to 10 years £000	Total £000
Loans and borrowings	-	410,000	410,000
Trade and other payables	1,598	806	2,404
31 December 2019	**1,598**	**410,806**	**412,404**

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the consolidated statement of financial position date.

The Group has adopted a policy of only dealing with creditworthy banks and has cash deposits held with reputable financial institutions. These usually have a lower to upper medium grade credit rating.

Foreign currency risk
The presentational currency of the Group is United Kingdom Pounds. The Group is exposed to currency risk due to movements in foreign currencies relative to the United States Dollar affecting foreign currency transactions and balances.

Market risk
The Group's activities are exposed to the financial risk of changes in the price of gold, silver and copper. These changes will have a direct impact on the Group's future revenues. The management and board of directors continuously monitor the spot price of these commodities.

The forward prices for these commodities are also regularly monitored. The majority of the Group's production will be sold by reference to the spot price of the commodity on the date of sale.

However, the board of directors will enter into forward and option contracts for the purchase and sale of commodities when it is commercially advantageous.

24 Equity

	2019	
	number	£
Authorised		
Ordinary shares of 1 pound each	500,000,000	500,000,000
	shares	£000
Ordinary shares issued and fully paid		
12 April	42,800,000	42,800
Exercise of share options	30,000,000	30,000
31 December	**72,800,000**	**72,800**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

The Group has a share option scheme under which options to subscribe for the Company's shares have been granted to certain shareholders, executives and senior employees (note 25).

25 Share-based payments

The Group operates a share option scheme for shareholders, directors and senior employees of the Group. The vesting periods are up to twenty years. Options are exercisable at a price equal to book value price of the Group's shares on the date the board of directors give approval to grant options. Options are forfeited for employees if the employee leaves the Group and the options are not exercised within three months from leaving date.

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year were as follows:

	2019	
		WAEP
	number	pound
12 April	457,200,000	1
Exercised during year	30,000,000	1
31 December exercisable	427,200,000	1

The weighted average remaining contractual life of the share options outstanding at 31 December 2019 was 20 years and the range of their exercise prices was 1 pound.

There were no share options issued in 2019 except upon incorporation.

The Group did not recognise the total expense related to equity-settled share-based payment transactions for the year ended 31 December 2019 of £ nil as these were recorded as share capital received from investing activities.

26 Share premium account

The Group has had no share premium due or planned, expected transactions for year ended 31 December 2019.

27 Distributions made and proposed

The Group has not made or proposed any distributions for year ended 31 December 2019.

28 Contingencies and commitments

The Group has no contingencies or commitments, nor there were any significant operating lease or capital lease commitments for the year ended 31 December 2019.

29 Related party transactions

Trading transactions

During the year ended 31 December 2019, there were no trading transactions between Group companies.

Other related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed or detailed in this note, whereas only subsidiary capital investments took place as reflected in Note 15.

Transactions between the Group and other related parties are disclosed below:

- Remuneration paid to directors is disclosed in the report on directors' remuneration on pages 63 to 64.
- Loans obtained from shareholders are a related party to the chief financial officer as same holds an official post in respective firms.

All of the above transactions were made on arm's length terms.

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Reference list for mineral resources and ore reserves within full JORC (2012) reporting as at 31 December 2019

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