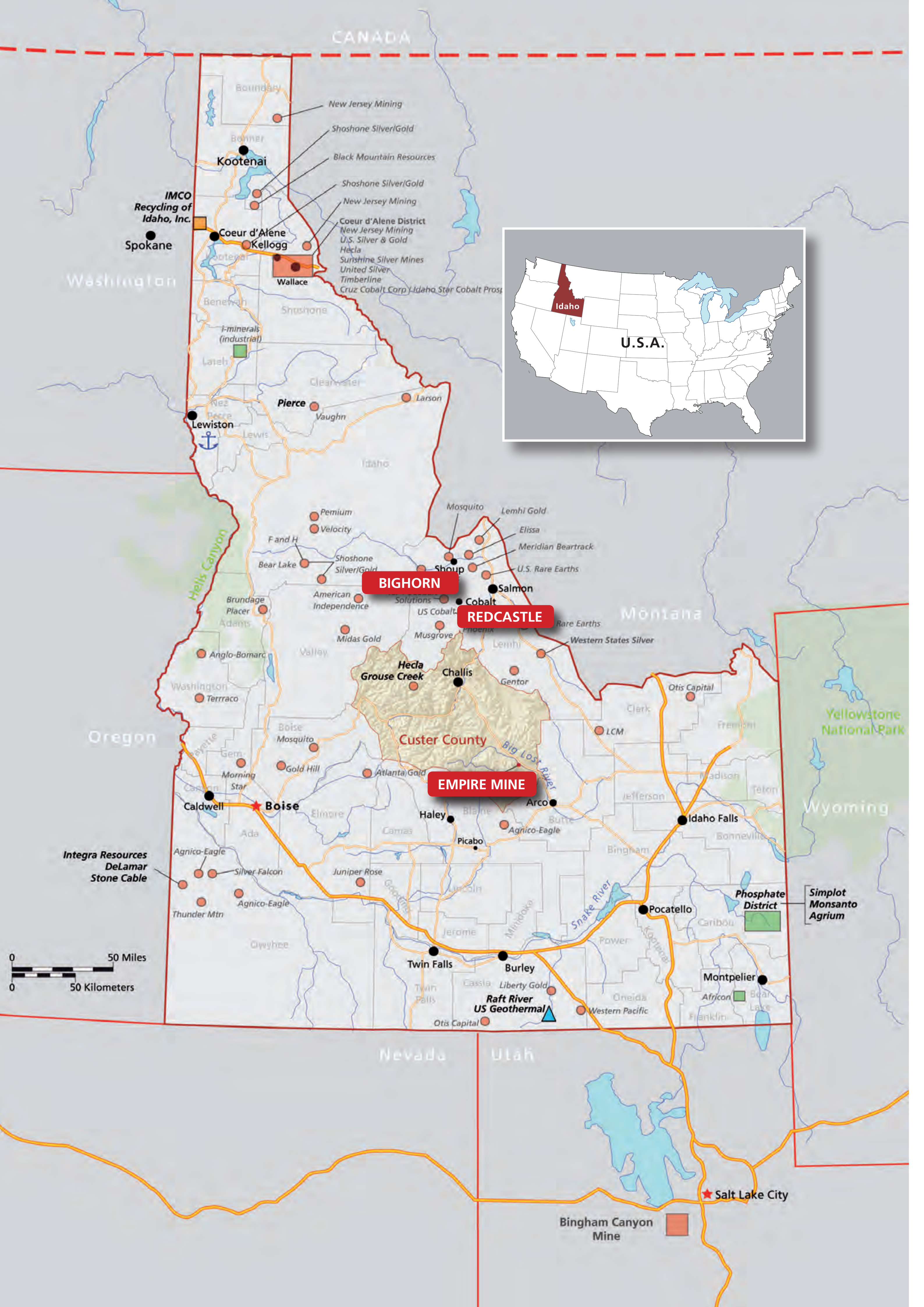
PHOENIX GLOBAL MINING LIMITED

2017

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017



CANADA
Boundary
New Jersey Mining
Bonner
Shoshone Silver/Gold
Kootenai
Black Mountain Resources
Shoshone Silver/Gold
New Jersey Mining
IMCO Recycling of Idaho, Inc.
Coeur d'Alene District
New Jersey Mining
U.S. Silver & Gold
Hecla
Sunshine Silver Mines
United Silver
Timberline
Cruz Cobalt Corp / Idaho Star Cobalt Prosp
Spokane
Coeur d'Alene
Kellogg
Wallace
Washington
Benewah
Shoshone
I-minerals (industrial)
Latah
Clearwater
Larson
Pierce
Vaughn
Lewiston
Lewis
Idaho
Pemium
Velocity
F and H
Bear Lake
Shoshone Silver/Gold
Mosquito
Lemhi Gold
Elissa
Meridian Beartrack
U.S. Rare Earths
Shoup
Salmon
BIGHORN
Cobalt
US Cobalt
REDCASTLE
Rare Earths
Western States Silver
Montana
Hells Canyon
Brundage Placer
Adams
American Independence
Musgrove
Midas Gold
Lemhi
Valley
Anglo-Bomarc
Hecla Grouse Creek
Challis
Gentor
Washington
Terraco
Otis Capital
Clark
Fremont
Yellowstone National Park
Oregon
Boise
Mosquito
Custer County
Big Lost River
LCM
Gem
Gold Hill
Atlanta Gold
Madison
Teton
Jefferson
EMPIRE MINE
Morning Star
Canyon
Caldwell
Boise
Elmore
Haley
Arco
Butte
Agnico-Eagle
Idaho Falls
Wyoming
Ada
Camas
Picabo
Bingham
Bonneville
Integra Resources DeLamar Stone Cable
Agnico-Eagle
Silver Falcon
Juniper Rose
Lincoln
Gooding
Thunder Mtn
Agnico-Eagle
Phosphate District
Simplot Monsanto Agrium
Snake River
Pocatello
Caribou
Jerome
Minidoka
Power
Owyhee
0 50 Miles
0 50 Kilometers
Twin Falls
Burley
Cassia
Liberty Gold
Montpelier
Raft River US Geothermal
African
Bear Lake
Oneida
Western Pacific
Franklin
Twin Falls
Otis Capital
Nevada
Utah
Salt Lake City
Bingham Canyon Mine
Idaho
U.S.A.

Fast-tracking, low cost, open pit copper production at the previously producing Empire Mine in Idaho, with significant exploration potential

Phoenix Global Mining Ltd is a North American focused base and precious metals exploration and development company with copper, cobalt and gold projects in Idaho, USA and Northwest Territories, Canada.

Empire Mine open pit BFS underway

8,000 tpa target copper production

Cobalt exploration underway

- Listed on AIM in June 2017 raising £4.6 million
- Acquired 80% of Konnex Resources, owner of the past-producing Empire copper mine
- 51% increase in Empire open pit mineral resource
- 33% increase in Empire open pit contained copper
- Zinc, gold and silver added to the open pit resource
- Preliminary economic assessment on Empire open pit completed
- 16% increase in target copper production
- Acquired two cobalt properties on the Idaho Cobalt Belt
- Option to acquire 80% of the high grade Gordon Lake gold project in NWT, Canada

Contents

Chairman's statement

Dear Shareholders

I am delighted to be writing to you at the end of our first year as a listed company.

During the IPO marketing we made a number of bold claims and prognoses and I am glad to say the team has delivered on them. We started the year with, in April 2017, a JORC resource of 12.8 million tonnes of ore containing 68,300 tonnes of copper. In November this had increased by 51% to an NI 43-101 resource of 19.3 million tonnes of ore containing 90,547 tonnes of copper, 51,925 tonnes of zinc, 165,686 ounces of gold and 6.4m ounces of silver, worth over $1.2bn ($462m in April 2017) at recent prices.

We also delivered, in April 2018, a Preliminary Economic Analysis on our initial open pit project which supports production of over 8,000 tonnes per annum of copper over an eight year mine life. This represents a 16% increase on our previously targeted 7,000 tonnes per annum. With copper forecast by many respected analysts to be trading above $8,000 a tonne when we are in production, and a production cost of $4,000 a tonne, the economics of the Empire Mine project look exciting, and we look forward to sharing the proceeds with you all.

During the year we were able to acquire neighbouring claims abutting the Empire Mine and have increased our land position from 813 acres to 1,774 acres. We have also commenced opening up the old underground adits in order to be able to access the higher-grade sulphide area in our search for the source rock for the oxide cap on which we will commence production. Idaho State agencies have been helpful to us in enabling us to get back underground. Two diamond drill holes confirming the existence of the right geological structures were also completed.

In addition, we managed to secure two properties, totalling 1,180 acres, on the Idaho Cobalt Belt, where Konnex CEO and Empire Project Manager Ryan McDermott had worked on an exploration project several years ago. One of our neighbours is in the process of being acquired at a significant premium and we look forward to following up on our surface sampling, which showed cobalt mineralisation above detection limits in all cases, with a drilling programme.

As we are all aware, timing is important and we hope that with potential copper shortages developing, the growth in the number of electric cars, which use more than three times the amount of copper than internal combustion engine vehicles, and the rise in demand for cobalt for the batteries, our company is attractive to resources investors. We also anticipate that buyers of the metals we plan to produce will continue to focus on sustainability of production from geopolitically stable, transparent and responsible sources, such as Idaho in the United States.

We were gladdened during the year by the reduction of US corporation tax from 35% to 21%, which makes a significant difference to the forecast cash flows from the Empire Mine.

It is refreshing to be working in a mining-friendly state in a mining and business friendly country. We have been pleasantly surprised by the ease with which operations can be conducted in Idaho. To quote governor C.L. "Butch" Otter, "Idaho moves at the speed of business." The permitting process has been significantly accelerated by his creation and supervision of the Office of Energy and Mineral Resources, which works with the Federal Government to ensure that the federal and state permitting processes run concurrently rather than sequentially. We think this will have a significant effect on the relative attractiveness of Idaho as a mining destination, as well as speeding up the implementation of our open pit project.

Idaho is the fastest-growing state in the Union but approximately 30% of the State was not mapped until the 1990s so, apart from world-class mining districts such as Coeur d'Alene, Idaho has been "under the radar," according to Michael Gray, head of Canadian mining equity research, Macquarie Capital Markets. However, Barrick Gold's recent announcement that it is acquiring 20% of Midas Gold, suggests that this might not be the case for much longer.

High grade gold also entered the Phoenix portfolio with the addition of the Gordon Lake project in the Northwest Territories of Canada, on which Phoenix has the option to earn into 80%, courtesy of our partners in the Empire project, ExGen Resources (EXG on the Toronto Stock Exchange). Gordon Lake contains 17 known zones of high grade, shear-hosted gold mineralisation. 59 holes have been drilled so far with intersections such as 4.8m at 34.1 g/t Au and 7.4m at 19.4 g/t Au, showing the potential of the project. Phoenix will be able to work on this project in the winter, when cobalt exploration will be more difficult. Gordon Lake is located to the North East of Yellowknife, near the Great Slave Lake, which is a major gold producing area and home to the Giant, Con and Discovery mines, which have historically produced 13.5 million ounces of gold.

As a result of our increased cooperation with ExGen, the CEO of ExGen, Mr Jason Riley, has joined the board of Phoenix as a non-executive director. We welcome him to our board and look forward to working with him as we look to widen our shareholder base into North America.

It has been an eventful and highly productive year but not without a moment of great sadness. During the IPO roadshow, Scott Anderson, CEO of Konnex Resources, and the General Manager of the Empire Mine passed away suddenly in London. Our thoughts remain with his family and friends. Scott was succeeded by Ryan McDermott who also possesses an encyclopaedic knowledge of Idaho mining matters, and we thank Ryan for his excellent work since taking over under such difficult circumstances.

I would like to thank the whole Phoenix team and our advisers for their hard work in passing the various milestones, and to you, our shareholders, for your continued support, and I look forward to updating you on further progress over the coming months.

Marcus Edwards-Jones
Chairman
16 May 2018

Strategic report

The directors present their report and the audited financial statements of Phoenix Global Mining Limited ("Phoenix" or "The Company") for the year ended 31 December 2017. The directors herewith provide a review of Company progress over the last year and also provide the required Strategic Report that outlines how the Company intends to deliver shareholder value going forward.

Principal activities and review of the business

The Empire Mine

The Empire Mine Oxide Open Pit

On completing its IPO on AIM on 29 June 2017 the Company acquired 80% of the Empire Mine operating company, Konnex Resources Inc, from ExGen Resources Inc. ExGen retains the balance of 20% of Konnex. The initial open pit oxide project became the chief focus for the Company with the intention of fast-tracking its development as a low strip-ratio open pit mine producing copper cathodes via a heap leach, solvent-extraction/electro-winning processing method (SX-EW). A work programme immediately commenced with the aim of completing a Preliminary Economic Assessment (PEA) for an open pit mining operation to produce 7,000 tonnes of copper cathode per annum.

The Company successfully completed the PEA work programme in April 2018. This included:

- appointing industry high profile resource, mining, process, metallurgical, geotechnical and environmental consultants
- completing a detailed drone-based topographical survey
- 28 diamond and reverse circulation (RC) holes drilled into the oxide zone
- completing an update of the pre-IPO JORC compliant oxide resource calculation for copper, gold, silver and zinc to NI 43-101 standards
- continuing the programme of historic drill core logging and ore body modelling
- completing bottle roll and column metallurgical test work on oxide samples
- commencing ongoing detailed baseline environmental studies including vegetation, wildlife, and hydrology
- expanding the Konnex land holding from the 813 acres of the original Empire claim block by adding 961 acres of the Horseshoe Mine claim block to the north of the property
- site selection studies for waste dumps, heap leach pad site, plant site and infrastructure
- geotechnical pit slope and site selection studies

Notably, in November 2017, the Company reported new increased resources following the 2017 drilling campaign. The effect of the increase in new resources is summarised as follows:

- 51% increase in total mineral resources to 19,382,569 tonnes ore (April 2017: 12,809,000 tonnes)
- 43% increase in Measured and Indicated Resources to 10,419,483 tonnes ore (April 2017: 7,263,000 tonnes)
- 33% increase in total contained copper to 90,547 tonnes (April 2017: 68,300 tonnes)

The resource also included zinc, gold and silver for the first time, being:

Zinc	51,925 tonnes
Gold	165,686 ozs
Silver	6,411,703 ozs

The effect of this updated resource has been to increase the estimated contained metal value from approximately $460 million at the time of the IPO to over $1.2 billion at current metal prices.

The results from the PEA programme based on open pit oxide copper production and excluding any potential revenue from gold, silver or zinc, were announced in April 2018, the highlights of which are:

i) 8,124 tonnes of annual copper production, an increase of 16% above the originally projected output of 7,000 tonnes per annum

ii) $65 million average annual revenue, assuming $8,265 per tonne copper price across the life of mine

iii) 8 year mine Life @ 0.24% copper cut-off grade

iv) 76% heap leach copper recovery, up from 61% originally estimated

v) $61.2 million pre-production capex

vi) $4,068 per tonne copper cash cost of production

vii) $53.66 million after tax NPV (7.5% discount); $70.58 million (5% discount)

viii) 23.5% IRR after tax

The Empire Mine Sulphide Exploration Programme

The Company completed two scout diamond drill holes totalling 1,752 feet in early December 2017 as a prelude to an anticipated underground sampling programme below the oxide zone at the Empire Mine. The primary purpose of the drilling was to determine geological structure beyond the old workings at depth and specifically to locate the skarn structures which host the mineralisation. The two scout holes demonstrated that favourable primary sulphide ore hosting geology is present below surface oxide mineralisation and confirmed the presence of the predicted larger sulphide zone beneath the present oxide resources. Both holes intersected the skarn structures over much of their length, with much of the core mineralised throughout its length and higher grade polymetallic values being returned, including significant occurrences of tungsten values.

A plan to reopen the historic 700 and 1100 level adits in order to gain access to old workings beneath the proposed open pit was also commenced. Initial work commenced on reopening the 700 level. Access was achieved for approximately 1,000 feet, where mineralisation was seen. However, underground conditions were deemed too unsafe to allow sampling or further access to take place, due to the manner in which the historic workings had been abandoned in the 1940s. Access to the 1100 level has proved more amenable and work continues at this level.

Bighorn and Redcastle Cobalt Projects

In August 2017 the Company registered in Idaho a 100% owned subsidiary company, Borah Resources Inc. Borah was established to enable the Company to explore for cobalt and copper in the prospective Idaho Cobalt Belt in Lemhi County, approximately 95 miles north of the Empire Mine in adjoining Custer County. In October 2017 the Company announced that it had staked and filed two groups of claims, the Bighorn and Redcastle properties, for a total of 1180 acres. The Company commenced a short exploration programme consisting of surface grab samples and collected 20 samples from Bighorn and 26 samples from Redcastle. All of the sample results showed cobalt mineralisation above detection limits and ranged from 2.0 ppm to 3120 ppm, or 0.31% cobalt. The sample results showing cobalt values greater than 100 ppm and copper values greater than 0.5% are considered significant for the purposes of future exploration and targeting for the 2018 exploration programme.

Gordon Lake

In February 2018 the Company signed an option agreement with ExGen Resources to earn into an 80% interest in the Gordon Lake high grade, shear-hosted gold exploration project located 68 miles northeast of Yellowknife, in the Northwest Territories, Canada. The property consists of two mining leases covering an area of 1505 acres and contains 17 zones of high grade shear hosted gold mineralisation, over a 1 kilometre strike length. 59 mineralised diamond core holes have previously been drilled into 4 zones returning high grades of gold, including 4.8m at 34.1 g/t and 7.4m at 19.4 g/t.

Operational update and Outlook

Empire Mine

Following the results of the PEA programme the Company is now concentrating on the execution of a programme to produce a Bankable Feasibility Study (BFS) for the oxide open pit. The target completion date is the second quarter of 2019. This will include a programme of RC and diamond drilling aimed at enhancing and increasing the resources by infill drilling to move Inferred Resources to Measured and Indicated Resources and adding additional resources by step-out drilling outside the presently designated open pit area, especially towards the untested newly-acquired Horseshoe claims along the northern extension of the Empire orebody. Further refinement of the mining and processing methodology will also be undertaken, as well as continued environmental baseline work in preparation for the formal mine permitting process to commence in 2019. The Company will also continue its programme to gain entry to the 1100 and other levels, sampling underground workings where possible with a view to acquiring further information on planning the exploration of the historically mined high grade sulphide mineralisation potential.

Bighorn and Redcastle Cobalt Projects

The Company will carry out an exploration programme in the 2018 field season with the intention of identifying prospective drilling targets. These targets will then be the subject of a diamond drilling programme during the 2019 season.

Gordon Lake

The Company will carry out a preliminary detailed assessment of Gordon Lake, the objective over the medium term being to design and cost a field work programme to generate measured and indicated resources over a 2-3-year period to justify a small high-grade underground gold mine.

Outlook

With the completion of the PEA on the Empire oxide open pit, the Company has reached a significant milestone in its evolution. We set out a series of objectives at our IPO and, thanks to the sterling efforts of the whole Phoenix team from Board to site, we have delivered what will now, as a result of the proposed BFS programme, progress into a commercially profitable copper mine, with significant additional gold and silver production potential. The projected copper production is now targeted to be 16% higher than originally planned and, during our BFS programme, we will be refining the project both in the technical aspects of the operation, and the economic model, including expected reductions in both capital and operating costs. We have a first class team of specialists in Mackay, Idaho working on the project and I expect, through their efforts and those of our consultants, the BFS to deliver an open pit project from which the Company and its shareholders will benefit considerably.

Additionally, since the IPO, we have started to probe the underground sulphides at the Empire Mine, while acquiring three additional very prospective projects. Particularly exciting in this world of renewable energy and electric vehicles is the acquisition of the Bighorn and Redcastle projects in the Idaho Cobalt Belt (ICB). In the present market, the ICB is one of the world's most desirable "addresses" for cobalt in which to have property, as evidenced by the recent acquisition of one of our neighbours at a significant premium to market capitalisation. Our initial short field programme returned cobalt values in all samples and as we progress into the 2018 field season, we will continue to explore the properties with a view to establishing an appropriate drilling programme for 2019. In Gordon Lake we have an exciting gold project which also has the potential for delivering significant value for the Company.

Financial Review

The results of the Group are set out in the Directors' Report and the accompanying financial statements. The Company listed on AIM on 29 June 2017, raising gross proceeds of $6.0 million (£4.6 million) by way of a placing and subscription of 115,000,000 shares at 4.0 pence per share.

The directors' assessment of going concern is set out in note 2 to the financial statements.

Key performance indicators ('KPIs')

To date the Group has been focused on the delivery of the project evaluation work programmes to assess the available mineral resources and the extraction methods to apply, each within the available financial budgets. This work will continue until the BFS is completed on the Empire open pit mine, and construction commences.

At that stage the Group will consider and implement appropriate operational performance measures and related KPIs as the objective of recommencing commercial production at Empire nears fruition.

On behalf of the Board

Dennis Thomas
Chief Executive Officer
16 May 2018

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Future developments

The performance of the Group and its future development are set out in the Strategic Report on page 4. The Group's principal area of operation is North America.

Results and dividend

The Company listed on the AIM of the London Stock Exchange on 29 June 2017, raising gross proceeds of $6.0 million (£4.6 million) by way of a placing and subscription of 115,000,000 shares at 4.0 pence per share. Simultaneously the Company completed the acquisition of 80% of Konnex Resources Inc, the British Columbia registered company which owns the mining rights to the past producing Empire copper-gold-silver-tungsten mine in Idaho, USA. On 25 August 2017 Konnex was re-domesticated into Idaho and is now an Idaho registered company. On 21 August 2017 the Company incorporated Borah Resources Inc, a wholly owned Idaho registered company, which subsequently staked and filed the Bighorn and Redcastle copper-cobalt properties on the Idaho Cobalt Belt.

For the year ended 31 December 2017 the Group reports a loss of $1.36 million, after charging $0.1 million in share based payments relating to options and warrants granted during the period, as well as $0.3 million relating to the AIM placing and subscription. Net assets totalled $6.3 million, including $5.3 million relating to the Empire mine. Further details are shown in the consolidated financial statements and related notes.

The financial statements are presented in US dollars because the principal operating activities of the Group are now in the USA. Prior to the IPO the functional currency of the Company was pound sterling. The functional currency of the Group is now considered to be the US dollar.

The directors intend to adopt a dividend policy that takes into account the Group's expected future profitability, underlying growth prospects, availability of cash and distributable reserves, and the need for funding to support the development of the business.

The Board will not declare a final dividend for the current year (2016: nil).

Capital structure

Details of the Company's share capital are disclosed in note 21 to the financial statements.

In the year the Company issued 1,900,000 ordinary shares at £0.001 per share, 38,385,314 ordinary shares at £0.021 per share and 115,000,000 ordinary shares at £0.04 to raise $7.0 million before share-issue expenses (2016: 24,369,304 ordinary shares to raise $0.8 million). All issued shares are fully paid. During the year 56,667 treasury shares were cancelled.

Since the year end the Company has issued 2,530,951 shares, 530,951 relating to the exercise of warrants, and 2,000,000 issued as part of the acquisition cost of the Gordon Lake gold property in the Northwest Territories, Canada. The Company currently has 232,286,473 shares in issue.

Substantial shareholdings

On 2 May 2018 the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

	Number	Percentage
JIM Nominees Ltd	28,255,482	12.16
WB Nominees Ltd [1]	25,578,070	11.01
Cheviot Capital (Nominees) Ltd	20,574,547	8.86
ExGen Resources Inc	13,300,000	5.73
Lynchwood Nominees Ltd	11,974,600	5.16
Pershing Nominees Ltd	11,321,750	4.87
Forest Nominees Ltd	9,902,592	4.26
BNY (OCS) Nominees Ltd	7,653,415	3.29

[1] WB Nominees Ltd includes the beneficial interests of Roger Turner and Dennis Thomas, each of whom hold over 3% of the Company's share capital. See directors' interests below.

Directors

The Directors of the Company are:

Marcus Edwards-Jones
Dennis Thomas
Richard Wilkins
Roger Turner
Andre Cohen
Jason Riley (appointed 27 February 2018)

The remuneration of the directors is disclosed in note 28.

Directors' interests

The beneficial interests of the directors in the share capital of the Company are as follows:

	31 December 2017 Number	31 December 2016 Number
Marcus Edwards-Jones	2,698,786	698,786
Dennis Thomas	10,651,870	9,201,870
Richard Wilkins	6,032,149	4,352,149
Roger Turner	11,067,494	9,742,494
Andre Cohen	1,356,669	466,669
Jason Riley (appointed 27 February 2018)	-	-
Geert Trappeniers (resigned 22 July 2016)1	-	6,416,663
	31,806,968	30,878,631

Since the year end, directors have acquired additional shares in the Company as follows: Marcus Edwards-Jones 457,100 shares; Dennis Thomas 50,000 shares; Richard Wilkins 42,814 shares; Roger Turner 82,506 shares; Andre Cohen 300,000 shares.

The beneficial interests of the directors in warrants to subscribe for the share capital of the Company are as follows:

	31 December 2017 Number	31 December 2016 Number
Marcus Edwards-Jones	1,342,314	-
Dennis Thomas	140,277	140,277
Richard Wilkins	70,000	70,000
Roger Turner	212,777	212,777
	1,765,368	423,054

The beneficial interests of the directors in share options to subscribe for the share capital of the Company are as follows:

	31 December 2017 Number	31 December 2016 Number
Marcus Edwards-Jones	1,000,000	-
Dennis Thomas	3,000,000	-
Richard Wilkins	3,000,000	-
Roger Turner	3,000,000	-
Andre Cohen	500,000	-
	10,500,000	-

10,500,000 share options have been issued to key management personnel in the year (2016: nil). Since the year end 250,000 share options have been granted to Jason Riley.

Events after the balance sheet date

In February 2018 the Company entered into an exclusive option to acquire 80% of the high grade Gordon Lake gold property in the Northwest Territories, Canada, from ExGen Resources Inc., at an initial cost of $25,000. In addition the Company issued 2,000,000 shares to ExGen and has committed to spend a minimum of $250,000 on the property within twelve months of entering into the option in order to exercise the option.

Employees

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 various factors affecting the performance of the Group. This is achieved through formal and informal meetings and employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Group also operates an employee share option scheme.

The Group is committed to providing equal opportunity for individuals in all aspects of employment. The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group’s policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Going concern

Going concern is discussed within the Strategic Report on page 4 and in note 2.

Corporate governance

The directors recognise the value of the UK Corporate Governance Code ("the Code") and whilst under AIM rules full compliance with the Code is not required for the year ended 31 December 2017, the Company will seek to comply with the principles of the code. The board is assisted in this regard by an Audit and Compliance Committee and a Remuneration Committee.

The Board are currently assessing the requirements of the revised corporate governance rules to be applied by AIM rules which are to be introduced effective from 28 September 2018.

The Audit and Compliance Committee comprises Andre Cohen, who chairs it, and Roger Turner. The Committee is responsible for ensuring that the financial performance of the Company is properly reported on and reviewed, and also for ensuring that the Company has in place the procedures, resources and controls to enable compliance with the AIM Rules and with MAR. The Committee has unrestricted access to the Company's external auditors.

The Remuneration Committee comprises Andre Cohen, who chairs it, Roger Turner and Marcus Edwards-Jones. The Committee is responsible for determining the remuneration packages of the Company's senior executives, non-executive directors and other members of executive management. No director or manager may be involved in any discussions as to their own remuneration.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

The directors are required to prepare financial statements for each financial year. The directors have elected to prepare the Group financial statements in compliance with IFRSs as adopted by the European Union as it applies to the financial statements of the Group for the year ended 31 December 2017. The directors have also elected to prepare the parent company financial statements in accordance with those standards.

The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with FRS 102; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group. 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.

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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 auditor is aware of that information.

Crowe Clark Whitehill LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual general meeting

The Company's Annual General Meeting will be held at The Washington Mayfair Hotel, 5 Curzon Street, London W1J 5HE on 11 June 2018 at 11.00 a.m.

On behalf of the Board

Richard V L Wilkins
Director & Company Secretary
16 May 2018

Independent auditor's report to the members of Phoenix Global Mining Limited

Opinion

We have audited the financial statements of Phoenix Global Mining Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2017, which comprise:

- the Group and parent statement of comprehensive income for the year ended 31 December 2017;
- the Group and parent company statements of financial position as at 31 December 2017;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with 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. We are independent of the Group 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, 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 ISAs (UK) require us to report to you when:

- 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.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be $150,000, based on 2% of the Group's total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of $10,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Parent Company and its subsidiaries are principally accounted for from one central operating location in Idaho, USA. Our audit was conducted from the main operating location and all group companies were within the scope of our audit testing.

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of mining development assets	We reviewed management's assessment which concluded that there are no facts or circumstances that suggest the recoverable amount of the asset exceeds the carrying amount.
There may be evidence of impairment to the carrying value of the mining development assets.	In considering this assessment we reviewed the following sources of evidence: • board minutes, budgets and other operational plans setting out the Group's current plans for the continued commercial appraisal of mining development assets; and • current copper ore and licence reserves appraisals. We also discussed current plans and intentions for the assets with management.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

As explained more fully in the directors’ responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Group’s members, as a body. Our audit work has been undertaken so that we might state to the Group’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 Group’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Bullock (Senior statutory auditor)
for and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
London
16 May 2018

Consolidated income statement

	Note	Year Ended 31 December 2017 $	Year Ended 31 December 2016 $
Continuing operations			
Turnover	6	-	-
Cost of sales		(3,824)	(2,033)
Gross loss		(3,824)	(2,033)
Administrative expenses		(1,053,902)	(227,210)
Expenses of Placing	11	(302,867)	(26,730)
Payments to the shareholders of Continental Resources Development Group Limited	11	-	(50,684)
		(1,356,769)	(304,624)
Loss from operations		(1,360,593)	(306,657)
Finance income		1,903	-
Loss before taxation		(1,358,690)	(306,657)
Tax on loss on ordinary activities	12	-	-
Loss for the year	7	(1,358,690)	(306,657)
Loss attributable to:			
Owners of the parent		(1,346,635)	(306,657)
Non-controlling interests		(12,055)	-
		(1,358,690)	(306,657)
Loss per share attributable to owners of the parent:			
Basic and diluted EPS expressed in cents per share	13	(0.82)	(0.53)

The notes on pages 25 to 41 form part of these financial statements.

Consolidated statement of comprehensive income

	Year Ended 31 December 2017 £'000	Year Ended 31 December 2016 £'000
Loss for the year	(1,358,690)	(306,657)
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	204,227	(167,243)
Total comprehensive income for the financial year	(1,154,463)	(473,900)
Total comprehensive income attributable to:		
Owners of the parent	(1,142,408)	(473,900)
Non-controlling interests	(12,055)	-
	(1,154,463)	(473,900)

The notes on pages 25 to 41 form part of these financial statements.

Consolidated statement of financial position

	Note	31 December 2017 $	31 December 2016 $
Non-current assets			
Mining development asset	14	-	1,429,987
Property, plant and equipment – mining property	14	5,282,596	-
Intangible assets	15	67,569	-
		5,350,165	1,429,987
Current assets			
Trade and other receivables	17	14,250	86,100
Cash and cash equivalents	18	1,903,742	19,214
		1,917,992	105,314
Total assets		7,268,157	1,535,301
Current liabilities			
Trade and other payables	19	199,762	340,176
Non-current liabilities			
Provisions for other liabilities	20	767,444	99,987
Total liabilities		967,206	440,163
Net assets		6,300,951	1,095,138
Equity			
Ordinary shares	21	-	-
Share Premium		9,034,541	2,432,093
Retained loss		(2,876,840)	(1,634,314)
Foreign exchange translation reserve		(18,588)	297,359
Equity attributable to owners of the parent		6,139,113	1,095,138
Non-controlling interests		161,838	-
Total equity		6,300,951	1,095,138

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2018.

On behalf of the Board

Richard V L Wilkins
Director

The notes on pages 25 to 41 form part of these financial statements.

Consolidated statement of changes in equity

	Ordinary shares $	Share premium $	Retained loss $	Foreign exchange Translation reserve $	Total $	Non-controlling interest $	Total equity $
At 1 January 2016	-	2,019,635	(1,381,919)	49,924	687,640	-	687,640
Loss for the year	-	-	(306,657)	-	(306,657)	-	(306,657)
Foreign exchange translation differences	-	(414,678)	-	247,435	(167,243)	-	(167,423)
Total comprehensive income for the year	-	(414,678)	(306,657)	247,435	(473,900)	-	(473,900)
Shares issued in the period	-	827,136	-	-	827,136	-	827,136
Share issue expenses	-	-	-	-	-		-
Share-based payments	-	-	54,262	-	54,262	-	54,262
Total transactions with owners	-	827,136	54,262	-	881,398	-	881,398
At 31 December 2016	-	2,432,093	(1,634,314)	297,359	1,095,138	-	1,095,138
At 1 January 2017	-	2,432,093	(1,634,314)	297,359	1,095,138	-	1,095,138
Loss for the year	-	-	(1,346,635)	-	(1,346,635)	(12,055)	(1,358,690)
Foreign exchange translation differences	-	520,174	-	(315,947)	204,227	-	204,227
Total comprehensive income for the year	-	520,174	(1,346,635)	(315,947)	(1,142,408)	(12,055)	(1,154,463)
Shares issued in the period	-	7,035,364	-	-	7,035,364	-	7,035,364
Share issue expenses	-	(953,090)	-	-	(953,090)	-	(953,090)
Share-based payments	-	-	104,109	-	104,109	-	104,109
Acquisition of non-controlling interest	-	-	-	-	-	173,893	173,893
Total transactions with owners	-	6,082,274	104,109	-	6,186,383	173,893	6,360,276
At 31 December 2017	-	9,034,541	(2,876,840)	(18,588)	6,139,113	161,838	6,300,951

The notes on pages 25 to 41 form part of these financial statements.

Consolidated statement of cash flows

	31 December 2017 $	31 December 2016 $
Cash flows from operating activities		
Adjustments for:		
Loss before tax	(1,358,690)	(306,657)
Share-based payment to CRD shareholders	-	50,684
Share-based payments	104,109	3,578
Exchange differences	408,639	11,719
Other reserve movements	161,838	-
	(684,104)	(240,676)
Decrease/(increase) in trade and other receivables	71,850	(86,100)
(Decrease)/increase in trade and other payables	(140,415)	235,319
Net cash (used)/generated from operating activities	(752,669)	(91,457)
Cash flows from investing activities		
Purchase of intangible assets	(67,569)	-
Purchase of property, plant and equipment	(2,723,300)	(727,439)
Cash transferred in business combination	(798,664)	-
Cash acquired with business (note 25)	144,456	-
	(3,445,077)	(727,439)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	7,035,364	827,136
Share-issue expenses	(953,090)	-
Net cash generated from financing activities	6,082,274	827,136
Net increase in cash and cash equivalents	1,884,528	8,240
Cash and cash equivalents at the beginning of the year	19,214	10,974
Cash and cash equivalents at the end of the year	1,903,742	19,214

Significant non-cash transactions:

Employee and consultants' fees and salaries, including directors, were partially paid through the issue of shares for both 2016 and 2017.

In 2016 payments to Continental Resources Development Group Limited ('CRD') were enacted through a share-for-share exchange.

In 2016 the purchase of mining property, included within property, plant and equipment, included shares included to conditionally acquire 80% of Konnex Resources Inc. See also note 25.

The notes on pages 25 to 41 form part of these financial statements.

Company income statement

	Note	Year Ended 31 December 2017 $	Year Ended 31 December 2016 $
Continuing operations			
Turnover	6	238,164	-
Cost of sales		(3,824)	(2,033)
Gross loss		234,340	(2,033)
Administrative expenses		(1,230,334)	(227,210)
Expenses of Placing	11	(302,867)	(26,730)
Payments to the shareholders of Continental Resources Development Group Limited	11	-	(50,684)
		(1,533,201)	(304,624)
Loss from operations		(1,298,861)	(306,657)
Finance income		1,903	-
Loss before taxation		(1,296,958)	(306,657)
Tax on loss on ordinary activities		-	-
Loss for the year		(1,296,958)	(306,657)
Company statement of comprehensive income			
Other comprehensive income			
Currency translation differences		334,257	-
Total comprehensive income for the financial year		(962,701)	(306,657)

The notes on pages 25 to 41 form part of these financial statements.

Company statement of financial position

	Note	31 December 2017 $	31 December 2016 $
Non-current assets			
Mining development assets	14	902,752	1,429,987
Investments	16	1,489,532	-
		2,392,284	1,429,987
Current assets			
Trade and other receivables	17	2,302,663	86,100
Cash and cash equivalents	18	1,787,439	19,214
		4,090,102	105,314
Total assets		6,482,386	1,535,301
Current liabilities			
Trade and other payables	19	53,824	340,176
Non-current liabilities			
Provisions for other liabilities	20	109,742	99,987
Total liabilities		163,566	440,163
Net assets		6,318,820	1,095,138
Equity attributable to owners of the parent			
Ordinary shares	21	-	-
Share Premium		9,034,541	2,432,093
Retained loss		(2,827,163)	(1,634,314)
Foreign exchange translation reserve		111,442	297,359
Total equity		6,318,820	1,095,138

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2018.

On behalf of the Board

Richard V L Wilkins
Director

The notes on pages 25 to 41 form part of these financial statements.

Company statement of changes in equity

	Ordinary shares $	Share premium $	Retained loss $	Foreign exchange Translation reserve $	Total equity $
At 1 January 2016	-	2,019,635	(1,381,919)	49,924	687,640
Loss for the year	-	-	(306,657)	-	(306,657)
Foreign exchange translation differences	-	(414,678)	-	247,435	(167,243)
Total comprehensive income for the year	-	(414,678)	(306,657)	247,435	(473,900)
Shares issued in the period	-	827,136	-	-	827,136
Share issue expenses	-	-	-	-	-
Share-based payments	-	-	54,262	-	54,262
Total transactions with owners	-	827,136	54,262	-	881,398
At 31 December 2016	-	2,432,093	(1,634,314)	297,359	1,095,138
At 1 January 2017	-	2,432,093	(1,634,314)	297,359	1,095,138
Loss for the year	-	-	(1,296,958)	-	(1,296,958)
Foreign exchange translation differences	-	520,174	-	(185,917)	334,257
Total comprehensive income for the year	-	520,174	(1,296,958)	(185,917)	(962,701)
Shares issued in the period	-	7,035,364	-	-	7,035,364
Share issue expenses	-	(953,090)	-	-	(953,090)
Share-based payments	-	-	104,109	-	104,109
Total transactions with owners	-	6,082,274	104,109	-	6,186,383
At 31 December 2017	-	9,034,541	(2,827,163)	111,442	6,318,820

The notes on pages 25 to 41 form part of these financial statements.

Company statement of cash flows

	31 December 2017 $	31 December 2016 $
Cash flows from operating activities		
Adjustments for:		
Loss before tax	(1,296,958)	(306,657)
Share-based payment to CRD shareholders	-	50,684
Share-based payments	104,109	3,578
Exchange differences	234,135	11,719
	(958,714)	(240,676)
(Increase)/decrease in trade and other receivables	(2,216,563)	(86,100)
(Decrease)/increase in trade and other payables	(286,353)	235,319
Net cash (used)/generated from operating activities	(3,461,630)	(91,457)
Cash flows from investing activities		
Purchase of property, plant and equipment	(786,218)	(727,439)
Investment in subsidiary entities	(66,201)	-
	(852,419)	(727,439)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	7,035,364	827,136
Share-issue expenses	(953,090)	-
Net cash generated from financing activities	6,082,274	827,136
Net increase in cash and cash equivalents	1,768,225	8,240
Cash and cash equivalents at the beginning of the year	19,214	10,974
Cash and cash equivalents at the end of the year	1,787,439	19,214

Significant non-cash transactions:

Employee and consultants' fees and salaries, including directors, were partially paid through the issue of shares for both 2016 and 2017.

In 2016 payments to Continental Resources Development Group Limited ('CRD') were enacted through a share-for-share exchange.

The notes on pages 25 to 41 form part of these financial statements.

Notes to the consolidated financial statements

1 General information

Phoenix Global Mining Limited is engaged in exploration and mining activities, primarily precious and base metals, primarily in North America. The Company is domiciled and incorporated in the British Virgin Islands on 19 September 2013 (registered number 1791533). The address of its registered office is OMC Chambers, Wickhams Cay 1, Road Town, Tortola VG1110, British Virgin Islands.

2 Going concern

The Company obtains all of the funds needed to meet its exploration, evaluation and administrative expenditure from its shareholders, issuing share capital as the need arises. The Company has sufficient cash resources to complete its Initial evaluation programme. The Company will seek additional funding from its shareholders prior to committing to commercial production.

3 Basis of preparation

Summary of significant accounting policies

The consolidated financial statements of Phoenix Global Mining Limited have been prepared in accordance with International Financial Reporting Standards and IFRC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union ("EU").

The principal accounting policies applied by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented. The financial statements have been prepared on a historic cost basis.

Changes to accounting policies since the last period

The following standards, interpretations and amendments, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are both relevant and effective for the first time in the current financial year and have been adopted by the Company with no significant impact on its results or financial position for the current reporting period:

- Amendments to IAS 7: Disclosure Initiative (effective date for accounting periods from 1 January 2017).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective date for accounting periods from 1 January 2017).
- Amendments to IAS 40: Transfers of Investment Property.
- Amendments to IFRS 9: Prepayment Features with Negative compensation.
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures. This amendment is not yet endorsed for use in the EU.
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle. This amendment is not yet endorsed for use in the EU.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement. This amendment is not yet endorsed for use in the EU.
- IAS 17: Insurance Contracts. This amendment is not yet endorsed for use in the EU.
- IFRIC 22: Foreign Currency Translations and Advanced consideration.
- IFRIC 23: Uncertainty over Income Tax Treatments. This amendment is not yet endorsed for use in the EU.

Management has concluded that to date there has been no impact on the results or net assets of the Company as a result of these amendments.

New standards, interpretations and amendments not yet effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group.

Revenue Recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group is not yet producing revenues from its mineral exploration and mining activities.

Retirement Benefits: Defined contribution schemes

Contributions to defined contribution schemes are charged to the statement of comprehensive income in the year to which they relate. The Group does not operate any defined benefit pension schemes.

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated on the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains of transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment to the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets were acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- fair-value of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair-value of any asset or liability resulting from a contingent consideration arrangement; and
- fair-value of any pre-existing equity interest in the subsidiary.

Included in mining development assets of the Company at 29 June 2017 were costs of £1,103,357 ($1,434,364) related to the business combination. On that date the Company achieved control of Konnex Resources Inc and those costs were transferred to the cost of investment in the Company's financial statements and reclassified on consolidation as the fair-value of consideration paid in respect of the 80% holding in Konnex Resources Inc acquired.

Identifiable assets and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair-values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the fair-value of the non-controlling interest's proportionate share of the acquired entities net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair-value of any previous equity-interest over the fair-value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair-value of the net identifiable assets of the business acquired, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of acquisition transaction. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is defined as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair-value with changes in fair-value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair-value at the acquisition date. Any gains and losses arising from such remeasurement are recognised in profit and loss.

Mineral rights acquired and exploration and evaluation expenditure capitalised

Mineral rights and exploration and evaluation costs arise from expenditure incurred prior to development activities and include the cost of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area for mineralisation.

Exploration and evaluation expenditure is classified as an intangible asset and in the relevant area of interest comprises costs which are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;

- examining and testing extraction and treatment methods; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalised costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest, and where the existence of a commercially viable mineral deposit has been established. Costs so capitalised are classified as an intangible asset until a decision to develop the mining site is made. On this decision being made the accumulated expenditure is tested for impairment and the expected recoverable amount is reclassified as a mining property with property, plant and equipment.

No amortisation charge is recognised in respect of these intangible assets. Mineral rights and exploration and evaluation expenditure are capitalised within non-current intangible assets until such time that the activities have reached a stage which permits a reasonable assessment of the existence of commercially exploitable reserves. Once this has occurred, the respective costs previously held as intangible assets are transferred to mining property within property, plant and equipment. Amortisation of mining properties commences on the commencement of commercial production.

Where the projects have not yet been granted a licence or are determined not to be commercially viable, the related costs are written off to the income statement.

Capitalised exploration and evaluation expenditure is assessed for impairment in accordance with the indicators set out in IFRS 6 Exploration for and Evaluation of Mineral Reserves. In circumstances where a property is abandoned, the cumulative costs relating to the property are written off.

Mining development assets

Development expenditures are costs incurred to obtain access to proven reserves and to provide facilities for extracting, treating, gathering and storing. The development assets are outside the scope of IFRS6 and IAS38, but this policy is based on the guidance in IAS16 and IAS38 which have been used as a framework.

Development assets are accumulated generally on an asset by asset basis and represent the cost of developing the commercial resource discovered and bringing it into production, together with any exploration expenditures incurred in finding commercial resource.

The cost of development assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning in the reporting period.

Property, plant and equipment

On initial recognition, land, property, plant and equipment are valued at cost, being the purchase price and the directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by the Company.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use and transferred to the appropriate category of property, plant and equipment.

Mining assets including any capitalised stripping costs and except for certain mining equipment and buildings, where economic benefits from the asset are not consumed in a pattern which is linked to the production level, are depreciated using a units of production method based on estimated economically recoverable reserves, which results in a depreciation charge proportional to the depletion of reserves. In applying the units of production method, depreciation is normally calculated using the quantity of material processed at the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves.

Depreciation on all other assets is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Mining machinery and equipment	5 - 20 years
Office furniture	5 years
Computer equipment	5 years

Expenses incurred in respect of the maintenance and repair of property, plant and equipment are charged against income when incurred. Refurbishment and improvement expenditure, where the benefit is expected to be long lasting, is capitalised as part of the appropriate asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The carrying value of property, plant and equipment is assessed annually and any impairment is charged to the statement of comprehensive income. The expected useful economic life and residual values of property, plant and equipment are reviewed annually.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Any impairment loss arising from goodwill is not reversed.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services by or to third parties, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

Financial liabilities

Financial liabilities comprise trade and other payables and have all been classified as financial liabilities measured at amortised cost.

Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Rehabilitation provision

The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closing plant and waste sites and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground is disturbed at the mine's location.

Where the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that such costs were incurred as a result of the mining operations, mine development and mine construction. If further similar obligations arise as mining operations continue these costs are also capitalised. Costs related to the obligation arising after mine operations have commenced are expensed as incurred unless related to a new mine area, whereupon they are capitalised as described above.

Changes to the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising adjustments to the rehabilitation liability together with a corresponding adjustment to the asset to which it relates.

Any reduction in the obligation and therefore from the corresponding asset may not exceed the carrying value of the asset to which it relates. If a change to value of the estimate results in a corresponding increase in the value of the corresponding asset the asset is tested for potential impairment. Any irrecoverable amount is expensed directly in profit and loss.

Over time the discounted liability is increased for the change in present value based on discount rates that reflect current market assessment of the risks specific to the liability. Periodic unwinding of the discount is recognised in profit and loss as part of finance costs.

For closed sites changes to the estimated liability are recognised immediately in profit and loss.

The Group neither recognises the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the potential deferred tax liability in respect of the decommissioning asset.

Other provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

Share-based payments

Certain employees (including directors and senior executives) of the Company have received a proportion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Retirement and other employee benefits

The Company does not currently provide pension or other employee benefits. This will be reviewed by the Board as the Company develops its activities.

Exceptional items of expense

Exceptional items of expense are administrative costs which are large or unusual in nature and are not expected to recur on a regular basis.

Foreign currencies

The financial statements of the Group are presented in the currency of the primary economic environment in which it operates which is US Dollars.

The functional currency of the Company is pounds sterling. The Company's financial statements are presented in US dollars, consistent with the Group's major activities. The presentation of the Company's financial statements in US dollars is a change of accounting policy which, in the opinion of the Board, provides more relevant information to the shareholders of the Company whose primary activities are in North America.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

In preparing the Company's financial statements, which are presented in US dollars, the assets and liabilities of the Company are translated from pounds sterling at the closing rate as at the date of the financial statements.

The statements of comprehensive income for the Company are translated at the exchange rates applicable at the date of the relevant transactions for the period. At the date of the financial statements the retained profit and loss is restated at the closing rate and the difference is recognised in other comprehensive income transferred to the translation reserve.

The equity of the Company is translated at the average exchange rate for each of the years presented and then translated to the closing rate at the date of the financial statements and the difference is recognised in other comprehensive income and transferred to the translation reserve. See also note 4.

The effect of the presentation of the Company's financial statements in US dollars is disclosed in the statement of changes in equity for the Group and the Company on pages 21 and 25 respectively. The opening financial position as at 1 January 2016 and all later periods is restated.

Operating Segments

The Board considers that the Company's project activity constitutes one operating and one reporting segment, as defined under IFRS 8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company financial information.

Current exploration and evaluation activities are undertaken in the United States of America.

4 Critical accounting estimates and judgments

The Company makes certain estimates and assumptions regarding the future. The significant estimates or judgments made by the Company include the value of its exploration and evaluation expenditure and its mining property including a review of any related impairment charges relating to the mining property, the selection of the Company's functional currency, the assessment of the fair value of the assets on acquisition of Konnex and the valuation of the fair-value of its share-based payments.

Estimates and judgments are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

5 Financial instruments – Risk management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Company does not issue or use financial instruments of a speculative nature.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and placed on deposit in UK and US banks.

Trade and other payables are measured at book value and amortised cost.

The Company is exposed to the following financial risks: Liquidity risk

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements.

Capital Management

The Group's capital is made up of share capital, share premium, retained earnings, foreign currency translation reserve and the value of non-controlling interests. These amounts totalled $6,300,951 at 31 December 2017 (31 December 2016: $1,095,138).

The Company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of shareholders' equity as set out in the statement of changes in equity. All working capital requirements are financed from existing cash resources.

Business segments

Information on business segments is not presented as this information is not included in the internal reporting information provided to the chief operating decision maker.

6 Revenue

The Group is not yet producing revenues from its mineral exploration and mining activities. The Company charged its subsidiary entities of $238,164 (2016: $nil) in respect of management services provided.

7 Loss before taxation

	31 December 2017 Group $	31 December 2016 Group $
Loss on ordinary activities before taxation is after charging/(crediting):		
Employee costs	440,606	170,685
Share-based payments	104,109	54,262
Foreign currency losses	49,457	5,611
Audit fees	45,830	11,475

8 Average number of people, including executive directors, employed:

	31 December 2017 Group Number	31 December 2016 Group Number
Administration	5	6
Operations	2	-
	7	6

9 Employee costs including directors

	31 December 2017 Group $	31 December 2016 Group $
Fees payable	755,030	170,685
Other benefits	-	-
Transferred to property, plant and equipment – mining property	(309,624)	-
Transferred to exploration and evaluation expenditure	(4,800)	-
	440,606	170,685

The remuneration of the directors and key management personnel is disclosed in note 28.

The Group's employees include the directors and senior management and other staff working in the subsidiaries. Share options have also been issued to the directors and senior management. These are disclosed in the Directors' Report on page 8. Employee costs transferred to mining property include $45,000 in respect of key management personnel.

10 Auditor's remuneration

	31 December 2017 Group $	31 December 2016 Group $
Fees payable to the Company's auditor for the audit of the Company's consolidated financial statements	34,830	11,475
Fees payable to associate of the auditor for audit of subsidiaries	11,000	-
Fees payable to the Company's auditor for taxation compliance services to the	-	-
Fees payable to the Company's auditor for corporate finance services	49,020	-
	94,850	11,475

11 Exceptional items of expenditure

	31 December 2017 Group and Company $	31 December 2016 Group and Company $
Expenses of Placing and Subscription	302,867	26,730
Payments to CRD Group shareholders	-	50,684
	302,867	77,414

In June 2017 the Company completed an Initial Public Offering (IPO) raising $6.1 million after expenses. The investment in Continental Resources Development Group Limited (CRD) was acquired in the year ended 31 December 2015 through an exchange of the whole of the issued capital of CRD for ordinary shares in the Company. CRD was acquired principally for access to the shareholders of CRD to assist with the raising, in the future, of share capital by the Company. CRD contained no ongoing business. There was also a significant overlap of directors and shareholders in both CRD and the Company. The transaction was accounted in 2016 as outside of the scope of IFRS3 'Business Combinations'. The investment in CRD provided no additional value to the Company and is considered to be impaired in full.

12 Taxation

	31 December 2017 Group $	31 December 2016 Group $
Current tax		
Income and corporation taxes	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Income tax expense	-	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses in the consolidated entities as follows:

	31 December 2017 Group $	31 December 2016 Group $
Tax on loss from ordinary activities		
Loss before tax use	(1,358,689)	(306,656)
Tax calculated at domestic tax rates applicable to profits and losses in the respective countries of 27%	366,846	82,797
Tax losses not recognised	(350,179)	(82,797)
Other timing differences	(16,667)	-
Current tax	-	-

The Company is resident in the United Kingdom for corporate taxation purposes effective from 29 June 2017. Previously the Company was tax resident in the British Virgin Islands. The Group also has taxable operating activities in the USA. The Group has not recognised the benefit of tax losses potentially available.

13 Loss per share

	31 December 2017 Group $	31 December 2016 Group $
Loss attributable to the parent used in calculating basic and diluted loss per Share	(1,346,634)	(306,657)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	164,981,541	57,643,801
Weighted average number of shares for the purpose of diluted earnings per share	164,981,541	57,643,801
Basic loss per share (US cents per share)	(0.82)	(0.53)
Diluted loss per share (US cents per share)	(0.82)	(0.53)

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where the Group has incurred a loss in a year or period the diluted earnings per share is the same as the basic earnings per share as the loss has an anti-dilutive effect.

The Company has 22,243,075 potentially issuable shares (2016: 3,270,942) all of which relate to the potential dilution in respect of warrants and share options (2016: warrants only) issued by the Company. See also note 23.

14 Non-current assets – Group

	Mining property Group $	Mining development assets Group $	Total Group $
At 1 January 2016	-	802,836	802,836
Additions	-	837,181	837,181
Exchange adjustments	-	(210,030)	(210,030)
At 31 December 2016	-	1,429,987	1,429,987
Exchange movements	-	4,377	4,377
At date of acquisition of Konnex (note 25)	-	1,434,364	1,434,364
Reclassification	1,434,364	(1,434,364)	-
	1,434,364	-	1,434,364
Fair-value adjustment on acquisition of subsidiary (note 25)	684,338	-	684,338
Additions	2,723,300	-	2,723,300
Exchange adjustments	440,594	-	440,594
At 31 December 2017	5,282,596	-	5,282,596
Net book value			
1 January 2016	-	802,836	802,836
31 December 2016	-	1,429,987	1,429,987
31 December 2017	5,282,596	-	5,282,596

Mining development assets relate to the past producing Empire Mine copper – gold – silver – tungsten project in Idaho, USA. The Empire Mine has not yet recommenced production and no depreciation has been charged in the statement of comprehensive income. There has been no impairment charged in any period due to the early stage in the Group's project to reactivate the mine.

On completion of the acquisition of Konnex the accumulated expenditure on the Empire Mine mining development asset to date was reclassified as mining property.

The principal investment is based in the USA and therefore there is a currency risk in respect of the carrying value of the mining development assets. The Company does not currently engage in any hedging in respect of this asset.

14 Property, plant and equipment – Company

	Mining development assets Company $	Total Company $
At 1 January 2016	802,836	802,836
Additions	837,181	837,181
Exchange adjustments	(210,030)	(210,030)
At 31 December 2016	1,429,987	1,429,987
Exchange adjustments	4,377	4,377
At date of acquisition of Konnex (notes 14 and 25)	1,434,364	1,434,364
Reclassification of consideration (notes 14 and 25)	(1,434,364)	(1,434,364)
	-	-
Additions	786,218	786,218
Exchange adjustments	116,534	116,534
At 31 December 2017	902,752	902,752
Net book value		
1 January 2016	802,836	802,836
31 December 2016	1,429,987	1,429,987
31 December 2017	902,752	902,752

15 Intangible assets

	Exploration and evaluation expenditure Group $	Total Group $
At 1 January 2016 and 1 January 2017	-	-
Additions	67,569	67,569
At 31 December 2017	67,569	67,569

Exploration and evaluation expenditure relates to the Bighorn and Redcastle properties on the Idaho Cobalt Belt in Idaho, USA. The properties are owned by Borah Resources Inc, a wholly owned subsidiary of the parent entity, registered and domiciled in Idaho.

16 Investments

	Total Company $
At 1 January 2016	-
Additions	-
At 31 December 2016	-
Acquired in the year – notes 14 and 25.	1,434,364
Exchange adjustments	55,168
At 31 December 2017	1,489,532

The subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

Name	Principal activity	Country of incorporation	Class of share held	Proportion of shares held
Konnex Resources Inc	Exploration and mining	USA	Common	80%
Borah Resources Inc	Exploration and mining	USA	Common	100%

17 Trade and other receivables

	31 December 2017 Group $	31 December 2016 Group $	31 December 2017 Company $	31 December 2016 Company $
Other receivables	14,250	86,100	13,500	86,100
Group receivables	-	-	2,289,163	-
	14,250	86,100	2,302,663	86,100

There were no receivables that were past due or considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. The Company is exposed to exchange risk in respect of its loans made to US subsidiaries.

18 Cash and cash equivalents

Cash and cash equivalents comprise cash.

19 Trade and other payables

	31 December 2017 Group $	31 December 2016 Group $	31 December 2017 Company $	31 December 2016 Company $
Trade creditors	147,951	192,383	3,014	192,383
Accrued expenses	51,811	147,793	50,810	147,793
	199,762	340,176	53,824	340,176

All liabilities are payable on demand or have payment terms of less than 90 days. The Company is not exposed to any significant currency risk in respect of its payables.

20 Provisions

	Group $	Company $
At 1 January 2016	-	-
Decommissioning provision established in the year	100,000	100,000
Exchange adjustments	(13)	(13)
At 31 December 2016	99,987	99,987
Arising from business combination (note 25)	657,702	-
Exchange adjustments	9,755	9,755
At 31 December 2017	767,444	109,742

The provision for decommissioning is based on the directors' estimate after taking into account appropriate professional advice.

The provision arising from business combination comprises royalties payable in respect of future production at the Empire Mine acquired in the year. This liability will only be payable if the Empire Mine is successfully restored to production and will be deducted from the royalties payable. The amount of the provision will be reassessed as exploration work continues and also on commencement of commercial production.

21 Share capital

	Group and Company Number 2017	Group and Company Number 2016
Number of ordinary shares of no par value		
At the beginning of the year	74,526,875	50,157,571
Issued in the year	155,285,314	24,369,304
Treasury shares cancelled in the year	(56,667)	-
At the end of the year	229,755,522	74,526,875

The authorised share capital of the Company is a maximum of 2,000,000,000 (two billion) shares of no par value each of a single class.

In the year the Company issued 1,900,000 shares at a price of £0.001, 38,385,314 shares at a price of £0.021 and 115,000,000 shares at a price of £0.04. 56,667 treasury shares were cancelled in the year.

The ordinary shares in the Company have no par value. All ordinary shares have equal voting rights in respect of shareholder meetings. All ordinary shares have equal rights to dividends and the assets of the Company.

The Company has issued warrants to subscribe for additional shares to existing shareholders. Each warrant provides the right to the holder to convert one warrant into one ordinary share of no par value at exercise prices ranging from £0.021 to £0.06. At 31 December 2017 the number of warrants in issue was 10,243,075 (2016: 3,270,942). See also note 23.

Since the year end, 530,951 warrants have been exercised at £0.021, and a further 1,250,000 warrants have been issued with an exercise price of £0.04.

The Company has issued options to subscribe for additional shares to the directors and senior management of the Group. Each option provides the right to the holder to subscribe for one ordinary share of no par value, subject to the vesting conditions, at an exercise price of £0.045. At 31 December 2017 the number of options in issue was 12,000,000 (2016: nil).

Since the year end a further 250,000 options have been issued at an exercise price of £0.045.

The beneficial holdings in shares, warrants and options of each director are disclosed in the Directors' Report on page 8. These shareholdings include those shares held by connected persons of the individual director.

22 Capital and reserves

The Company's ordinary shares have no par value.

Share premium is the amount subscribed for share capital in excess of nominal value less attributable share-issue expenses.

The foreign exchange translation reserve is the difference arising on translation of the financial statements of the Company into US Dollars, the Group's presentational currency.

Retained deficit is the cumulative loss of the Group attributable to equity shareholders.

Non-controlling interests is the value of equity in subsidiary companies owned by third parties.

23 Share-based payments

The Company has issued 10,243,075 (2016: 3,270,942) warrants to shareholders to subscribe for additional share capital of the Company. Each warrant entitles the holder to subscribe for one ordinary equity share in the Company. The right to convert each warrant is unconditional.

Additionally the Company has issued 12,000,000 (2016: nil) share options to directors and senior employees of the Company. Each share option entitles the holder to subscribe for one ordinary equity share in the Company once the vesting conditions have been satisfied. The right to subscribe for ordinary shares in the Company is subject to a minimum twelve month holding period for 50% of the share options and a 24 month minimum holding period for the balance of 50% of the share options.

In the periods presented the Company has settled remuneration liabilities by the issue of equity in lieu of cash payments for services but has not operated any equity-settled share based incentivisation schemes for employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of issue. The warrants were issued as exercisable from the date they were issued and there are no further vesting conditions applicable.

Warrants issued

	Weighted Average Exercise price	31 December 2017 Number	31 December 2016 Number
At the beginning of the year	£0.06	3,270,942	3,124,042
Issued in the year	£0.037	6,972,133	150,000
Exercised in the year	£0.06	-	(3,100)
At the end of the year	£0.044	10,243,075	3,270,942

On 19 December 2017 the warrant expiry date to subscribe for 3,270,942 ordinary shares at £0.06 per share was extended from 31 December 2017 to 31 December 2019. An additional charge of $5,257 has been incurred to reflect the change in fair-value arising from the effect of this modification.

In the year 1,810,570 warrants with an exercise price of £0.021, exercisable until 14 June 2020, and 5,161,563 warrants with an exercise price of £0.04, exercisable until 28 June 2020, were issued.

Share options issued

	Weighted Average Exercise price	31 December 2017 Number
At the beginning of the year	-	-
Issued in the year	£0.045	12,000,000
At the end of the year	£0.045	12,000,000

The total share-based payment charge for the year was $104,109 (2016: $54,262). The share-based payment charge was calculated using the Black-Scholes model. All warrants issued vest immediately on issue. Share options vest over a 24 month period from the date of issue.

Volatility for the calculation of the share-based payment charge in respect of both the warrants and the share-options issued was determined by reference to movements in the FTSE350 Mining Stocks Index.

The inputs into the Black-Scholes model for the warrants and share options issued and warrants modified in 2017 were as follows:

	31 December 2017 Share options issued	31 December 2017 Warrants issued	31 December 2017 Warrants Modification
Weighted average share price at grant date	£0.04	£0.04	£0.08
Weighted average exercise prices	£0.045	£0.04	£0.08
Expected volatility	23.94%	23.94%	23.94%
Expected life of share options/warrants in years	3.0	3.0	2.0
Weighted average contractual life of outstanding warrants in years	2.2	3.0	1.0
Risk-free interest rate	1.5%	1.5%	1.5%
Expected dividend yield	0.0%	0.0%	0.0%
Fair-value of options and warrants granted (pence)	0.5	0.5 to 0.18	0.12

Share-based payments charged to profit and loss

	31 December 2017 $	31 December 2016 $
On issue of share options	19,823	-
On issue of warrants	79,263	3,578
On modification of warrants	5,023	50,684
	104,109	54,262

The share-based payment charge has been classified as an administrative expense, and simultaneously credited to retained deficit.

24 Financial instruments

Financial assets

Financial assets include trade and other receivables and cash at bank and in hand. These are initially recognised at transaction cost. The Company's financial assets also include amounts due from subsidiary entities due on demand of $2,289,063 (2016: $Nil) measured at amortised cost.

Trade and other receivables are assessed for impairment at the end of each reporting period. If there is a decrease in the impairment loss occurring after the impairment was recognised, the impairment is reversed subject to the amount of the reversal not exceeding what the carrying amount would have been had the impairment not been recognised. All impairment charges and reversals are recognised in profit and loss.

Financial liabilities

Basic financial liabilities, which comprise trade and other payables, are initially recognised at transaction price. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. The liability for trade and other payables is derecognised when the obligation is discharged. Long-term loans are recognised at amortised cost.

Derivatives and hedging arrangements

The Group is not currently using or a party to any derivative financial instruments or hedging arrangements.

25 Business combinations

Summary of acquisition

On 29 June 2017 the parent entity acquired 80% of Konnex Resources Inc, a company registered and domiciled in British Columbia, Canada. On 25 August 2017 Konnex was redomesticated to Idaho, USA. Konnex owns the mining interests in the Empire Copper Mine in Idaho, USA (the 'Empire Mine' or the 'Mine'). The fair-values of assets and liabilities assumed were finalised on 31 December 2017. Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration

	31 December 2017 $
Cost of investment brought forward:	
5.0 million Ordinary Shares issued at 6 pence in 2015	390,000
6.3 million Ordinary Shares issued at 3 pence in 2016	245,700
Cash transferred 1 January 2014 to 29 June 2017	798,664
Fair-value of consideration	1,434,364

The assets and liabilities recognised as a result of the acquisition were:

	Book value $	Adjustments $	Fair-values $
Non-current assets			
Property plant & Equipment			
Mining development assets	1,368,704	749,998	2,118,702
Current assets			
Cash acquired with the businesses	144,456	-	144,456
Non-current liabilities			
Amounts due to ExGen Resources Inc.	(657,702)	-	(657,702)
Net identifiable assets	855,458	749,998	1,605,456
Less: Non-controlling interests			(171,092)
Net assets acquired			1,434,364
Fair-value of consideration			(1,434,364)
Goodwill			-

Significant judgments

The recoverability of the value of the mining development assets acquired is based upon the directors' estimate of the outcome of future evaluation, exploration and mine development work to be undertaken. The directors' have referred to the mining expertise of locally appointed technical specialists in Idaho when reaching their opinion.

Amounts due to ExGen Resources Inc will only be payable if the mine is successfully restored to production, and will be deducted from royalties payable.

Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity at the non-controlling interest's share of net identifiable assets.

Results of the acquired business

The acquired business had no revenue in the period since acquisition to 31 December 2017. The result of the acquired entity for the same period was a loss of $60,276. This result has been calculated using the subsidiaries results and adjusting them to adhere to the Group's accounting policies.

26 Capital commitments

There were no outstanding capital commitments at 31 December 2017 (31 December 2016: £nil).

27 Events after the balance sheet date

In February 2018 the Company entered into an exclusive option to acquire 80% of the high grade Gordon Lake gold property in the Northwest Territories, Canada, from ExGen Resources Inc., at an initial cost of $25,000. In addition the Company issued 2,000,000 shares to ExGen and has committed to spend a minimum of $250,000 on the property within twelve months of entering into the option in order to exercise the option.

28 Related party transactions

The interests of the directors in the share capital, warrants and share options of the Company are disclosed in the Directors' Report on page 8.

The key management personnel of the Company comprise the directors and one senior employee at the Empire Mine based in the United States. The remuneration of the senior employee is disclosed in note 9. The remuneration of the directors was as follows:

	31 December 2017 Group and Company $	31 December 2016 Group and Company $
Marcus Edwards-Jones	56,760	5,107
Dennis Thomas	191,178	49,230
Richard Wilkins	191,372	49,244
Roger Turner	191,178	49,244
Andre Cohen	33,282	2,364
Jason Riley	-	-
Gert Trappeniers (resigned 22 July 2016)	-	15,496
	663,770	170,685

Directors' remuneration comprises fees payable. The directors received no other benefits.

Key management personnel

	31 December 2017 Group $	31 December 2016 Group $
Senior employee	60,000	-

The Company has advanced $2,219,630 to Konnex Resources Inc (2016: $nil) and $69,533 to Borah Resources Inc (2016: $nil). The amounts advanced are in support of the mining operations at each of these subsidiaries and are classified as other receivables.

There are no other related party transactions.

29 Control

The Company has a diverse shareholding and is not under the control of any one person or entity.

Company information

Directors
Marcus Edwards-Jones
Dennis Thomas
Richard Wilkins
Roger Turner
Andre Cohen
Jason Riley (appointed 27 February 2018)

Corporate Secretary
Richard Wilkins

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Registered in the British Virgin Islands no:
1791533

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Nominated adviser & Broker
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Prince Frederick House
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Broker
Brandon Hill Capital Limited
1 Tudor Street
London EC4Y 0AH

Registrars
Computershare Investor Services (BVI) Ltd
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Tortola VG1110
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Solicitors to the Company (England and Wales)
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London SE1 2AU

Solicitors to the Company (USA)
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Golden Eagle Building
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Boise, Idaho 83702
United States of America

On route US-93 heading north into Mackay

The old Empire mine rail loadout terminal

Marcus Edwards-Jones

Drilling at Empire

Drill core from the Empire Mine

Drilling at Empire

The Konnex team at Empire

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