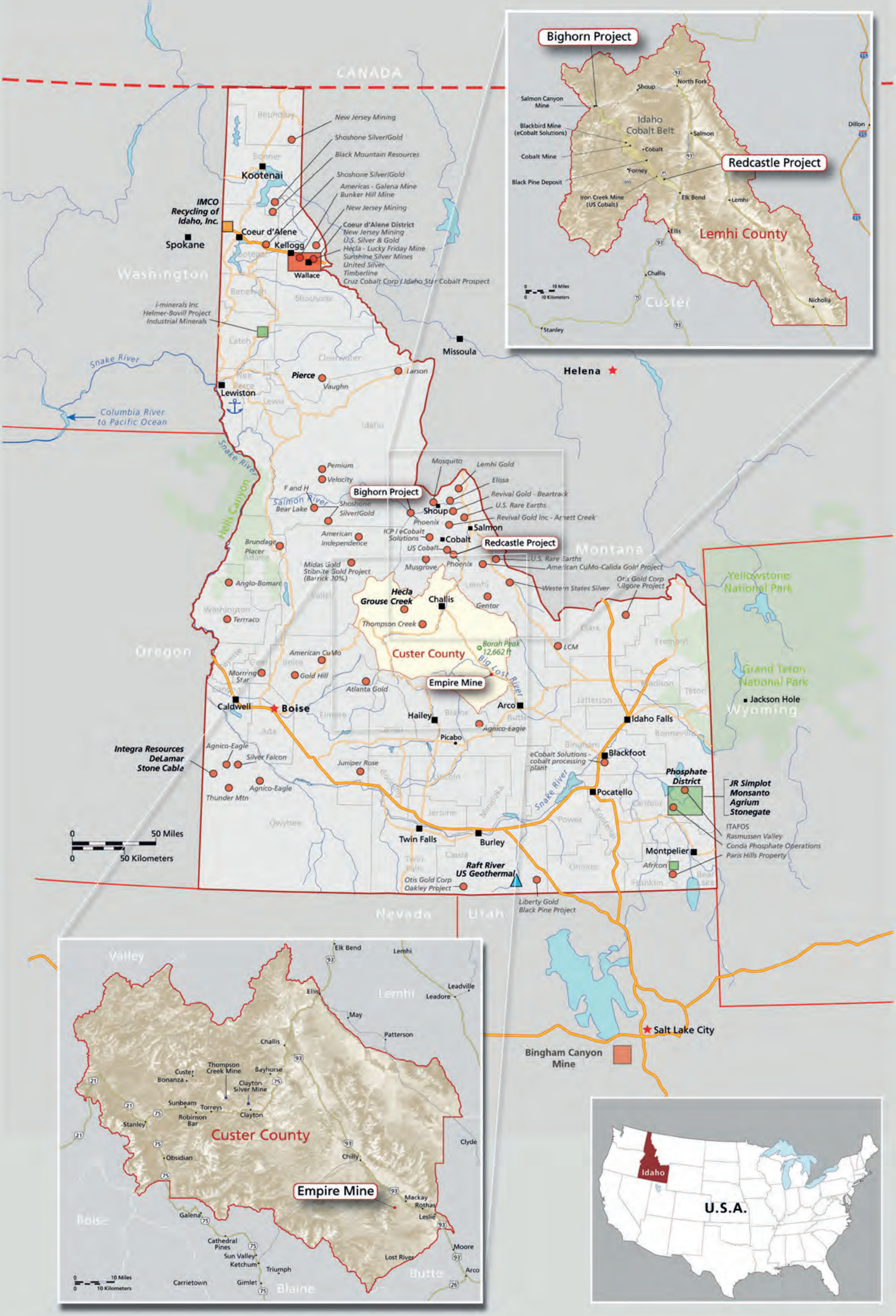
PHOENIX GLOBAL MINING LIMITED

2018

ANNUAL REPORT AND ACCOUNTS 2018



CANADA
Washington
Oregon
Montana
Wyoming
Nevada
Utah
Spokane
Missoula
Helena
Salt Lake City
Jackson Hole
Yellowstone National Park
Grand Teton National Park
Bingham Canyon Mine
Snake River
Columbia River to Pacific Ocean
Hells Canyon
Salmon River
Big Lost River
Kootenai
Coeur d'Alene
Kellogg
Wallace
IMCO Recycling of Idaho, Inc.
New Jersey Mining
Shoshone Silver/Gold
Black Mountain Resources
Shoshone Silver/Gold
Americas - Galena Mine
Bunker Hill Mine
New Jersey Mining
Coeur d'Alene District
New Jersey Mining
U.S. Silver & Gold
Hecla - Lucky Friday Mine
Sunshine Silver Mines
United Silver
Timberline
Cruz Cobalt Corp / Idaho Star Cobalt Prospect
i-minerals Inc
Helmer-Bovill Project
Industrial Minerals
Lewiston
Pierce
Vaughn
Larson
Premium
Velocity
F and H
Bear Lake
Shoshone Silver/Gold
Bighorn Project
Mosquito
Lemhi Gold
Elissa
Revival Gold - Beartrack
U.S. Rare Earths
Revival Gold Inc - Arnett Creek
Shoup
Phoenix
Salmon
ICP / eCobalt Solutions
Cobalt
US Cobalt
Redcastle Project
American Independence
Brundage Placer
U.S. Rare Earths
American CuMo-Calida Gold Project
Musgrove
Phoenix
Midas Gold Stibnite Gold Project (Barrick 30%)
Otis Gold Corp Kilgore Project
Western States Silver
Anglo-Bomarc
Hecla Grouse Creek
Challis
Gentor
Terraco
Thompson Creek
Custer County
Borah Peak 12,662 ft
LCM
American CuMo
Morning Star
Gold Hill
Atlanta Gold
Empire Mine
Arco
Caldwell
Boise
Hailey
Agnico-Eagle
Idaho Falls
Picabo
Blackfoot
eCobalt Solutions - cobalt processing plant
Integra Resources DeLamar Stone Cable
Agnico-Eagle
Silver Falcon
Juniper Rose
Agnico-Eagle
Thunder Mtn
Phosphate District
JR Simplot
Monsanto
Agrium
Stonegate
ITAFOS
Rasmussen Valley
Conda Phosphate Operations
Paris Hills Property
Pocatello
Montpelier
African
Twin Falls
Burley
Raft River US Geothermal
Otis Gold Corp Oakley Project
Liberty Gold Black Pine Project
0 50 Miles
0 50 Kilometers
Bighorn Project
Salmon Canyon Mine
Shoup
North Fork
Idaho Cobalt Belt
Blackbird Mine (eCobalt Solutions)
Cobalt
Cobalt Mine
Salmon
Forney
Black Pine Deposit
Redcastle Project
Iron Creek Mine (US Cobalt)
Elk Bend
Lemhi
Dillon
Ellis
Lemhi County
Challis
Custer
Nicholia
Stanley
0 10 Miles
0 10 Kilometers
Valley
Elk Bend
Lemhi
Leadville
Leadore
Ellis
May
Patterson
Challis
Custer
Bonanza
Thompson Creek Mine
Clayton Silver Mine
Bayhorse
Sunbeam
Torreys
Robinson Bar
Clayton
Stanley
Custer County
Obsidian
Clyde
Chilly
Empire Mine
Mackay
Rothas
Leslie
Boise
Galena
Cathedral Pines
Sun Valley
Ketchum
Triumph
Moore
Lost River
Butte
Arco
Carrietown
Gimlet
Blaine
0 10 Miles
0 10 Kilometers
Idaho
U.S.A.

Fast-tracking low cost , open pit, heap leach copper and zinc production at the previously producing Empire Mine in Idaho, USA, with significant exploration potential.

Phoenix Global Mining Ltd is an AIM listed North American focused base and precious metals exploration and development company with copper and cobalt projects in Idaho.

Empire Mine
open pit BFS underway

8,000 tpa
target copper / zinc production

New discovery
at Red Star

- Admitted to trading on New York OTCQX Market in October 2018
- Completed an additional 8,600 metre, 93 hole drilling programme to update open pit resource
  - 46% increase in Measured & Indicated resource to 15.2 million tonnes
  - 37% increase in M&I contained copper to 73,872 tonnes
  - 108% increase in M&I contained zinc to 29,813 tonnes
  - 76% increase in M&I contained gold to 139,000 ounces
  - 70% increase in M&I contained silver to 6.038 million ounces
  - 60% increase in value of open pit M&I contained metal to $849 million
- Bankable Feasibility Study on Empire Mine open pit heap leach SX-EW project underway
- Empire Mine land acreage increased to 5,717 acres
- Maiden Inferred sulphide resource at newly discovered Red Star lead / silver zone
- 45% increase in Net Assets to $9.15 million (2017: $6.30 million)
- $1.24 million raised in February 2019 and $900,000 in late May 2019

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Front cover: Copper outcropping at Red Star

Chairman's statement

Dear Shareholders

I am happy to be reporting to you on what has been a year of exciting progress for Phoenix – our second as a public company. Expenditure of approximately $3 million has resulted in an increase in value of Measured and Indicated ("M&I") contained metal within our proposed open pit of $317 million at current prices, as well as a significant increase in our land acreage, and the discovery of a new high grade lead/silver extension to the existing orebody.

It is a great credit to the technical team and our supportive shareholders that we are still on track for copper and zinc production at the Empire mine in 2021, despite what has been a difficult year for commodity prices and junior miners.

During the 2018 drilling campaign we completed a further 93 holes to add to the 320 already drilled and have boosted our M&I resource from 10.42 million tonnes to 15.17 million tonnes – an increase of 46%. At recent prices, the value of contained metal in the M&I resource has risen 60% from $532 million to $849 million.

Within the M&I resource we have over 10 million tonnes of ore grading at 0.61% copper. This will spearhead our advance to production in 2021. This grade is 30% higher than the 2017 global average for copper oxide open pit mines of 0.47% (source AME global mine database), and higher than the global average, including sulphide deposits, of 0.58%. This grade, combined with the comparatively low costs and ease of operating in Idaho, ensures that our project will generate returns well above standard industry hurdle rates at current metal prices.

The 2018 drilling campaign is a major breakthrough for our company, in that the updated resource shows that the planned Empire open-pit mine, combined with the lower-cost SX-EW processing plant, is now economic at current metal prices and will generate early cashflow to enable us to explore the higher-grade sulphide deposits underneath the open-pit mine, process the gold and silver, and pay dividends in the future.

The Empire project is already attracting interest from mining finance and trading houses, and we hope to be able to fund capital expenditure predominantly with debt and other forms of project and metal offtake finance, involving minimal issues of ordinary shares.

Our medium-term prospects have been significantly boosted by several undertakings during the year. We conducted a successful surface sampling programme at our two Idaho Cobalt Belt properties, Redcastle and Bighorn, finding grades of up to 0.31% cobalt and 4.12% copper. Following our significant discovery at Red Star, north of the Empire open-pit project, where we have just published a maiden Inferred resource with high grade values of silver and lead, as well as copper, gold and zinc, we expanded our territory from 818 acres, pre-April 2018, to 5,717 acres. This new territory includes the previously-producing Horseshoe Mine, directly to the north of the planned open-pit mine, the Windy Devil area further to the north, where there are several old workings, and the Navarre Creek claims, which exhibit the rich, Carlin-style gold mineralisation found in neighbouring Nevada.

I draw shareholders' attention to a report on Empire dated 5 April 2019 prepared by our consulting geologist, Nigel Maund. The report is available on our website pgmining.com/research. In the report Nigel states that we are sitting on a major, district-style opportunity. Nigel was the first geologist to recognise the extent of the Olympic Dam system in Australia. His analysis of the drill core and structures suggests the existence of a cluster of porphyry molybdenum and tungsten deposits over some five kilometres of strike length, and he concludes that we currently understand less than 2% of the ore system. Along with cobalt, tungsten is on the list of thirty-five minerals deemed critical to the economic and national security of the United States. Tungsten and molybdenum currently sell for $25,000 to $30,000 a tonne.

Now that Phoenix is tradeable on the OTCQX exchange in New York, we look forward to welcoming an increasing number of North American investors onto our register.

During the year Governor C.L “Butch” Otter, concluded his term and handed over to his Deputy, Brad Little. Governor Otter has since joined the board of our neighbours on the Idaho Cobalt Belt, and continues his strong support for the mining industry in Idaho. We look forward to working with Governor Little, who has also offered his support in this very mining-friendly State.

Although copper prices seem range-bound until the trade talks with China are resolved we are confident that the developing shortage of new production coming on stream will support the price of copper, particularly with the growth in renewable energy and the expansion of the electric vehicle fleet as key drivers on the demand side.

I look forward to updating you on what should be an exciting and transformative year ahead for our company, and thank you for your continued support.

Marcus Edwards-Jones
Executive Chairman
30 May 2019

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 2018. The directors herewith provide a review of the Company's 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

Despite recent fluctuations in metal prices, copper and cobalt in particular, I believe we can look forward to the rest of 2019 and beyond with great confidence and optimism. Market expectations are that both copper and cobalt prices will recover on the back of underlying strong fundamentals, which do not appear to have changed. It is also reassuring to note that the Company is operating in a geopolitically stable jurisdiction and that we have both early production potential and significant exploration upside, across a diverse and strategic suite of in-demand metals, including copper, cobalt, zinc, gold and silver.

Empire Mine - Open Pit Heap Leach SX-EW Copper Project in Idaho, USA

Following our 2017 drilling programme, in November 2017 we announced a new NI 43-101 compliant open pit copper oxide "Measured and Indicated" resource of 10.42 million tonnes at 0.52% copper. This resource was based on a 0.184% copper cut-off and underpinned a work programme leading to the completion of a Preliminary Economic Assessment ("PEA") on the Empire Mine open pit heap leach solvent extraction and electro-winning ("SX-EW") copper project in April 2018.

In June 2018 five drill rigs embarked on a drilling programme of 8,604 metres in 93 holes. Our goals were to increase "Measured and Indicated" resources by way of infill drilling in order to upgrade "Inferred" resources to the "Measured and Indicated" categories, to increase overall resources by drilling outside the envelope enclosing the 2017 resources, and to enhance our metallurgical testing programme with the collection of additional large diameter core to augment ongoing feasibility studies. We accomplished both these objectives, and in May 2019 we announced an updated resource model at the same 0.184% copper cut-off grade, as used in the April 2018 PEA, resulting in a "Measured and Indicated" resource of 15.17 million tonnes at 0.49% copper, a 45.6% increase in overall "Measured and Indicated" tonnage, containing 73,872 tonnes of copper, 29,813 tonnes of zinc, 139,000 ounces of gold, and 6,038,000 ounces of silver. This represents a 37.4% increase in contained copper, over 100% increase in contained zinc, 75.9% increase in contained gold and 69.6% increase in contained silver, giving a combined metal value at current prices of approximately $850 million. We also reported an additional 4.3 million tonnes of "Inferred" resources.

Going forward, we will now proceed as fast as possible to complete our Bankable Feasibility Study ("BFS") on the open pit oxide project. This study will be based only on the "Measured and Indicated" resources. At a 0.325% copper cut-off grade there are over 10 million tonnes in the "Measured and Indicated" category with an average grade of 0.61% copper and 0.22% zinc, plus five million tonnes of low grade stockpile for subsequent processing. This is the current strategy for the development of a low capital cost fast-track open pit mine, producing 8,000 tonnes of copper and zinc annually. We will also evaluate the potential for early cash flow from the gold and the silver.

Empire Mine - Property Claims

At the time of the Company's IPO in mid-2017, the Empire Mine property consisted of 818 acres. In 2018 the property area was increased to 1,837 acres through the acquisition of an additional 54 claims containing the northern extension of the Empire Mine skarn orebody through to the old Horseshoe lead/zinc/copper mine, and a further four claims in the Granite block to the south of the Empire open pit.

In February 2019 we staked another 194 claims which increased the property to 5,717 acres (23.14 square kilometres). The extension includes more than 30 historical prospects, shafts and adits north of the Horseshoe block into the Windy Devil area, resulting in an overall length of identified contiguous skarn mineralisation of some 5.38 kilometres. It also includes the Navarre Creek area some four miles west of the Empire Mine, a 2,420-acre zone geologically similar to the Carlin Trend gold belt in Nevada and suggesting excellent potential for near surface precious metal discoveries.

Empire Mine - Sulphide Potential

In early 2018 I was pleased to report the results from two deep diamond drill holes drilled in late 2017, which confirmed the presence of higher-grade sulphide mineralisation in the skarn structures at depth. Both of the core holes intersected mineralised skarn over much of their length and the analytical data from both drill holes intersected numerous significant intervals of copper, gold, silver, zinc, lead, and tungsten throughout their depths. The tungsten values were particularly interesting as they positively reinforced the Company's consulting geologist's predictions of the Empire system hosting significant values of tungsten at depth. In 2018 five drill holes intercepted copper sulphide mineralisation. One hole returned 5.53% copper, 7.67 g/t gold, and 120 g/t silver, and was further north of any historical underground mining, whilst another returned 5.19% copper adjacent to historical underground workings. The gold and silver grades generally are major considerations, ranging to 7.93 g/t gold and 256 g/t silver.

However, a new zone of surface mineralisation in the Empire block, now named Red Star, was discovered, located 330 metres north-northwest of the Empire oxide pit. Red Star was identified from a 20 metres wide surface outcrop across the skarn structure and the surface mineralisation is a mix of spectacularly covered oxides and sulphides, with strong chrysocolla and bornite showings, exposed in a heavily timbered canyon. Three reverse circulation ("RC") drill holes were drilled on the target and assay results reported the presence of high-grade lead and silver sulphides including intercepts of 20% lead and 1,111 g/t silver. In early May 2019, the Company announced a small maiden "Inferred" sulphide resource of 103,500 tonnes, containing 577,000 ounces of silver, 3,988 tonnes of lead, 957 tonnes of zinc, 338 tonnes of copper, and 2,800 ounces of gold. Red Star represents an exciting exploration prospect for the Company.

Empire Mine - Medium/Long Term Exploration Potential

In April 2019 Nigel Maund, our consultant geologist, completed an update of his 2015 overview report of the Empire Mine geological setting and mineralisation. He visited the property in March 2019 to review the drill core from the Company's 2017 and 2018 drilling campaigns. Amongst his conclusions, he confirmed that the Empire Mine comprises a world class polymetallic ore system containing tungsten and molybdenum as well as copper, gold, silver, zinc and lead and that the mine is sited along a major north south structure with some five kilometres of geologic strike, compared with one kilometre referred to in the April 2018 PEA on the heap leach SX-EW copper project. Furthermore, he reported that exploration has to date focused on the near surface oxides in the proposed open pit and he was of the opinion that only 1% to 2% of the ore system has been tested to date.

Borah Resources – Idaho Cobalt Belt

Borah Resources is a 100% Idaho registered subsidiary of the Company. Given the world's growing need for battery metals and cobalt in particular, our Redcastle and Bighorn properties represent a very timely and positive acquisition for the Company, strategically located in the USA's only prospective cobalt region, the Idaho Cobalt Belt, approximately 100 miles north of the Empire Mine. In 2018 we announced the results of our 2017 reconnaissance programme of 46 surface grab samples which gave cobalt values ranging from 2 ppm to 0.31% cobalt. In 2018 we continued our exploration programme focusing on detailed structural and stratigraphical mapping, as well as rock chip and channel sampling. Final sampling results are currently awaited but are expected to confirm the presence of cobalt across both properties, and especially the continuity of the rocks at Redcastle from First Cobalt's Iron Creek property. This will enable us to plan the next work programme for 2019.

Gordon Lake Gold – Northwest Territories, Canada

In February 2018, the Company signed an option agreement with ExGen Resources Inc 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. In early 2019, and taking into account the gold exploration potential of the Navarre Creek claim block, a decision was made to let the option lapse in order to focus our resources on Empire.

Outlook

I am particularly excited with the future prospects for the Company. Our projects are in an excellent jurisdiction. Idaho is the fastest growing State in the USA and it has a natural resources based economy. The outgoing Governor, 'Butch' Otter, has championed the development of new mining investment into Idaho by spearheading roadshows advertising that Idaho is "open for business". He also set up a new Office of Energy & Mineral Resources within the Governor's office and these initiatives have accelerated permitting within the State, which is now a concurrent Federal and State process and not sequential as in other States. These initiatives have led to Idaho being placed jointly at the top of the "Mining Journal World Risk Report" in 2018 for least perceived risk. I am pleased to report that the former Lieutenant Governor, Brad Little, took office as Idaho's new Governor in January 2019. Governor Little is continuing to drive forward the positive climate for investment and development started by Governor Otter.

The Empire Mine is located in a basin that has no direct route to the Pacific Ocean, and therefore no population of migratory salmon and steelhead. The historic mining activities at Empire were much less impactful than those encountered at most former mine sites, resulting in a brownfield project with no environmental legacy issues. In 2004, the Idaho Department of Environmental Quality conducted an environmental assessment at Empire as part of their abandoned mine lands programme. The environmental assessment resulted in a "finding of no significant impacts". In addition to the absence of legacy environmental conditions, the Empire project area appears to be isolated hydrologically as a result of its unique geology. The depth to groundwater is estimated at approximately 1,000 feet below surface, and surface water is limited to ephemeral streams.

We have had a third-party environmental engineering firm conducting plant and wildlife, hydrology, and surface impact studies at the Empire Mine for two years now as an integral part of the Plan of Operations development. No fatal environmental flaws have been identified. We are therefore well placed to fast-track our development plans at the Empire Mine and we are focused on metals which have significant potential demand in the very near future.

We entered 2019 waiting for the last of the Empire Mine 2018 drilling assay results. The new resources were completed in early May 2019, which now provides the platform on which to complete the BFS with the objective of achieving early copper cathode and zinc production. We have appointed an internationally recognised team of independent consultants to assist us with the BFS, which is scheduled for completion in 2020.

The Red Star discovery has given us a seriously attractive and low cost near surface sulphide exploration target and the expanded claim holdings protect our future from competition, providing the Company with potential base and precious metals resources and perhaps the discovery of a world class skarn deposit.

In conclusion I would state that we have a dedicated team of highly professional staff, consultants and advisers, who will allow us to continue to adapt our work programmes to market conditions as appropriate in order to maximise the medium and long-term benefits for the Company and our various stakeholders. We also look forward to engaging directly with the North American market, where our projects are located, having successfully admitted our shares for trading on New York's OTCQX Market in October 2018.

Financial Review

The results of the Group are set out in the Directors' Report and the accompanying financial statements. During the year the Company raised a further $4.7 million gross by way of further share issues.

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
30 May 2019

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2018.

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

For the year ended 31 December 2018 the Group reports a loss of $1.65 million (2017: ($1.36 million), after charging $0.17 million (2017: $0.10 million) in share-based payments relating to options and warrants granted during the year, $0.14 million relating to the Company's admission to trading on New York's OTCQX Market, and $0.16 million relating to the Company's exclusive option to acquire the Gordon Lake gold exploration property in Canada, which has been allowed to lapse. Net assets totalled $9.15 million (2017: $6.30 million), including $9.88 million (2017: $5.28 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 which is also the functional currency of each company within the Group. The principal operating activities of the Group are in the USA.

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 (2017: nil).

Capital structure

Details of the Company's share capital are disclosed in note 20 to the financial statements. In August 2018 the Company consolidated its ordinary shares in a ratio of 1 new ordinary share for each 10 existing shares. The Company's shares have no nominal value.

In the year the Company issued 53,095 (consolidated) ordinary shares at £0.21 per share, 200,000 (consolidated) ordinary shares at £0.46 per share, 8,571,429 (consolidated) ordinary shares at £0.35 per share and 1,278,924 ordinary shares at £0.28 per share to raise $4.7 million before share-issue expenses (2017: 15,528,531 (consolidated) ordinary shares to raise $7.0 million). All issued shares were fully paid.

Since the year end the Company has issued a further 5,588,235 ordinary shares at £0.17. The Company currently has 38,667,234 ordinary shares in issue.

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 25.

Directors' interests

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

	31 December 2018 Number	31 December 2017 Number Restated
Marcus Edwards-Jones	548,231	269,878
Dennis Thomas	1,154,872	1,065,187
Richard Wilkins	684,067	603,214
Roger Turner	1,197,142	1,106,749
Andre Cohen	252,809	135,666
Jason Riley (appointed 27 February 2018)	15,000	-
	3,852,121	3,180,694

Since the year end, Marcus Edwards-Jones, Dennis Thomas, Richard Wilkins and Roger Turner have each acquired a further 41,176 shares, and Andre Cohen has acquired a further 40,000 shares.

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

	31 December 2018 Number	31 December 2017 Number Restated
Marcus Edwards-Jones	167,731	134,231
Dennis Thomas	28,057	14,028
Richard Wilkins	20,393	7,000
Roger Turner	34,671	21,278
Andre Cohen	11,786	-
Jason Riley	2,679	-
	265,317	176,537

Since the year end a further 10,294 warrants have been issued to each of Marcus Edwards-Jones, Dennis Thomas, Richard Wilkins and Roger Turner.

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

	31 December 2018 Number	31 December 2017 Number Restated
Marcus Edwards-Jones	100,000	100,000
Dennis Thomas	300,000	300,000
Richard Wilkins	300,000	300,000
Roger Turner	300,000	300,000
Andre Cohen	50,000	50,000
Jason Riley	25,000	-
	1,075,000	1,050,000

Events after the balance sheet date

In February 2019 the Company allowed its exclusive option to acquire 80% of the Gordon Lake gold property in Northwest Territories, Canada, from ExGen Resources Inc, to lapse. The cost of the option was $25,000, plus 200,000 (consolidated) shares valued at $130,180. The total cost of $155,180 has been written off to cost of sales.

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 importance of sound corporate governance, and have applied the Quoted Companies Alliance's Corporate Governance Code 2018 (the "QCA Code") from September 2018.

The board is assisted by an Audit and Compliance Committee comprising Andre Cohen, who chairs it, and Roger Turner, and a Remuneration Committee comprising Andre Cohen, who chairs it, Roger Turner and Marcus Edwards-Jones.

During the year the Audit and Compliance Committee received and reviewed reports from the executive directors and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditors.

The Audit and Compliance Committee met two times during the year, to review the 2017 annual accounts and the interim accounts to 30 June 2018 and audit planning for the year ended 31 December 2018. The Committee reviewed with the independent auditor its judgments as to the acceptability of the Company's accounting principles.

Since the year end the Audit and Compliance Committee has met further with the auditors to consider the 2018 financial statements. In particular, the Committee discussed the significant audit risks, and the application of new accounting standards. In addition, the Audit and Compliance Committee monitors the auditor firm's independence from Company management and the Company.

The Remuneration Committee met independently of the executive directors two times in the year.

The directors' report in respect of corporate governance compliance and issues arising is set out on page 12.

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 2018. 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 U.K. 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 Wednesday 26 June 2019 at 11.00 a.m.

On behalf of the Board

Richard V L Wilkins
Director & Company Secretary
30 May 2019

Corporate governance statement

The corporate governance arrangements that the board has adopted are designed to ensure that the Company delivers medium and long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the board.

It should be noted that all the directors are shareholders in the Company and in some cases are founder shareholders. The directors therefore view their own medium and long-term value to be integrally linked to the medium and long-term value of the Company, and as such the interests of the directors are directly aligned with those of the shareholders.

The QCA Code sets out 10 principles that should be applied. These are listed below with a short explanation of how the Company applies each of the principles together with an explanation of any divergence from these principles should there be any. Save as set out below there are no exceptions to report for the current or previous financial years.

Principle 1 – Business Model and Strategy

The Company is focused on North America and, in particular, Idaho in the USA, which is recognised as a pro-mining geopolitically stable jurisdiction. The directors intend to develop the flagship Empire copper mine in Idaho in stages, thereby enabling sound management of the development of the mine in a manner that is professional and efficient, and does not burden the Company with excessive fundraisings and unnecessary dilution to shareholders. In addition, the Company's cobalt properties will be developed in a timely manner that does not distract from the main focus on the Empire mine, but will consistently add incremental value to the Company. The Company is assisted in its work by internationally recognised mineral consultants, where appropriate.

Principle 2 – Understanding Shareholder Needs and Expectations

The directors are themselves shareholders and therefore have aligned interests with the shareholder base as a whole. The Company has a close relationship with most of its shareholders. The Company is in regular dialogue with its strategic shareholder, ExGen Resources Inc, holds regular meetings with larger shareholders and brokers representing private shareholders, and also holds quarterly lunch meetings with smaller private shareholders. The Company regularly updates its website, participates in podcasts and investor presentations, attends mining conferences, and releases news flow and operational updates. Shareholders are also encouraged to attend the Annual General Meeting. The executive directors are also available by telephone and regularly receive calls from individual shareholders.

Principle 3 – Consider Wider Stakeholder and Social Responsibilities

The board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Group and its contractors, consultants, advisers, suppliers, regulators and other stakeholders, including the local communities where the projects are located. The board of the Company and the senior management of its operating subsidiaries make every effort to ensure that all stakeholders are communicated with effectively, that contractual terms are complied with, and that employees, in particular, are afforded a safe and enjoyable working environment, and are remunerated and incentivised appropriately. At the Empire Mine project site in Mackay, Idaho, the local community is engaged on a regular basis via meetings with the local mayor and other officials, including project site visits, and at the State level, ongoing communication is maintained with the relevant regulatory authorities. Konnex Resources Inc, the Group's Idaho registered operating company, is also a member of the Idaho Mining Association.

Principle 4 – 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 board is assisted in this matter by an Audit and Compliance Committee. After consultation with the Company's external auditors, an internal audit function is not considered necessary or practical due to the size of the Company, and the close day to day control is exercised instead by the executive directors. This position will be reviewed on an annual basis by the board, in consultation with the Audit and Compliance Committee and the external auditors.

The Group also takes out relevant insurance as appropriate.

Principle 5 – A Well-functioning Board of Directors

The board consists of three executive directors, including an executive chairman, chief executive officer and chief financial officer, and three non-executive directors. Marcus Edwards-Jones chairs the board. The directors comprise a combination of technical (Roger Turner and Dennis Thomas), financial (Richard Wilkins) and corporate (Marcus Edwards-Jones, Andre Cohen and Jason Riley) experience, specifically within the minerals sector worldwide.

The Company also employs a non-board chief operating officer (Ryan McDermott), who is also the chief executive officer of the Company's principal operating subsidiary in Idaho. The chief operating officer is entitled to attend all board meetings. The board meets quarterly in person and regularly by telephone. The board has also established an Audit and Compliance Committee and a Remuneration Committee. The Company considers that, at this stage of its development, and given the current size of its board, it is not necessary to establish a formal Nominations Committee. This position will also be reviewed annually by the board.

Andre Cohen is considered to be an independent director and chairs both the Audit and Compliance Committee and the Remuneration Committee. Jason Riley represents the Company's strategic shareholder, ExGen Resources Inc, and is therefore not considered to be an independent director. The QCA Code recommends that there be two independent directors, and the board will review further appointments as the Group's scale and complexity grows.

The Company reports annually on the number of board and Committee meetings that have been held and the attendance record of individual directors. Since listing on AIM at the end of June 2017 the Company has to date held a total of 24 board meetings, at which all directors have been present in person, or by telephone, or by proxy.

Principle 6 – Appropriate Skills and Experience of the directors

The board consists of six directors, including Richard Wilkins, a qualified chartered accountant, who also acts as company secretary. The Company believes that the current balance of skills within the board as a whole reflects a broad and appropriate range of commercial, technical and professional skills relevant to the mining sector and to the successful development of the Company within that sector. Each of the directors has direct experience in public markets.

Brief CVs of each of the directors and officers are set out on the Company's website.

Principle 7 – Evaluation of Board Performance

Internal evaluation of the board, its Committees and individual directors and officers is to be undertaken on an annual basis by reference to how the director or officer has performed in fulfilling his/her specific functions, attendance at board and Committee meetings as appropriate, and overall contribution to the Group as a whole. The executive chairman also consults periodically with key shareholders to obtain their feedback on the board's performance. All directors seek re-election as appropriate at the Annual General Meeting in accordance with the Company's Articles and the Companies Act. Although the Company is BVI registered, the Memorandum and Articles of Association were amended at the time of the AIM IPO to be compliant with the UK Companies Act.

The directors acknowledge that succession planning is also a vital task for boards, and the management of succession planning will represent on ongoing key responsibility of the board.

Principle 8 – Corporate Culture

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities and environments in which the Group operates. The board considers this to be essential if medium and long-term value is to be delivered. The directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback, particularly with regard to environmental and related issues, and relevant to the ongoing successful development of the Company. The Group also participates in local community projects in Idaho and seeks to be regarded as a good corporate citizen within its spheres of operation.

Principle 9 – Maintenance of Governance Structures and Processes

The board will review annually the effectiveness of its corporate governance structures and processes. The board currently considers that the balance between executive and non-executive directors, including the independent director, and the roles of the Audit and Compliance Committee and the Remuneration Committee are appropriate for the Company's size and stage of development. The members and responsibilities of each Committee are set out on the Company's website.

In accordance with the Companies Act, the board seeks to comply with a duty to act within its powers, a duty to promote the success of the Company, a duty to exercise independent judgment, a duty to exercise reasonable care, skill and diligence, a duty to avoid conflicts of interest, a duty not to accept benefits from third parties, and a duty to declare any interest in a proposed transaction or arrangement.

The Company has also implemented a code for directors' and employees' dealings in shares which is appropriate for a company whose shares are traded on AIM and is in accordance with the requirements of the Market Abuse Regulations which came into effect in 2016.

Principle 10 – Shareholder Communication

The board is committed to maintaining good communication and having constructive dialogue with its shareholders. The directors will continue to meet with and receive calls from shareholders, large and small, institutional and private, as appropriate. The Company will continue to keep its website up to date, participate in podcasts and investor presentations, attend mining conferences, and to release news flow and operational updates as appropriate.

Results of shareholder meetings and details of votes cast will be publicly announced through the Regulatory News Service, and also published on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against the proposed resolutions.

On behalf of the Board

Richard V L Wilkins
Director & Company Secretary
30 May 2019

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 Company) and its subsidiary undertakings (the Group) for the year ended 31 December 2018, which comprise:

- the consolidated income statement for the year ended 31 December 2018;
- the consolidated statement of comprehensive income for the year ended 31 December 2018;
- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statements of changes in equity for the year then ended;
- the consolidated statement of cash flows 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 affairs as at 31 December 2018 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.

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 Company and 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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that, in common with many businesses engaged in exploration and evaluation activities prior to production and sale of minerals, the Company and the Group will require additional funds and/or funding facilities in order to fully develop its business plan. The directors believe that such funds are likely to come from a combination of further equity issues and the arrangement of appropriate debt and/or offtake finance arrangements. Whilst a number of discussions are ongoing to secure both additional equity and appropriate structured finance for the development of the Empire Mine and the directors are confident that the necessary funding will be available, at the date of the approval of these financial statements it is not certain that this will be the case. These conditions highlight a material uncertainty which may cast significant doubt about the ability of the Company and the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

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 $200,000, based on approximately 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 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 ability of the Company and Group 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 Company or the Group 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 Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company'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 U.K. LLP
Statutory Auditor
London
30 May 2019

Consolidated income statement

	Note	Year Ended 31 December 2018 $	Year Ended 31 December 2017 $
Continuing operations			
Revenue from contracts with customers	6	-	-
Exploration & evaluation expenditure		(169,863)	(3,824)
Gross loss		(169,863)	(3,824)
Administrative expenses		(1,347,980)	(1,053,902)
Expenses of Placing	11	(136,127)	(302,867)
		(1,484,107)	(1,356,769)
Loss from operations		(1,653,970)	(1,360,593)
Finance income		1,709	1,903
Loss before taxation		(1,652,261)	(1,358,690)
Tax on loss on ordinary activities	12	-	-
Loss for the year	7	(1,652,261)	(1,358,690)
Loss attributable to:		(1,358,690)	(306,657)
Owners of the parent		(1,635,428)	(1,346,635)
Non-controlling interests		(16,833)	(12,055)
		(1,652,261)	(1,358,690)
Loss per share attributable to owners of the parent:			
Basic and diluted EPS expressed in cents per share	13	(5.82)	(8.16)

The notes on pages 23 to 38 form part of these financial statements.

Consolidated statement of comprehensive income

	Year Ended 31 December 2018 $	Year Ended 31 December 2017 $
Loss for the year	(1,652,261)	(1,358,690)
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	-	204,227
Total comprehensive income for the financial year	(1,652,261)	(1,154,463)
Total comprehensive income attributable to:		
Owners of the parent	(1,635,428)	(1,142,408)
Non-controlling interests	(16,833)	(12,055)
	(1,652,261)	(1,154,463)

The notes on pages 23 to 38 form part of these financial statements.

Consolidated statement of financial position

	Note	31 December 2018 $	31 December 2017 $
Non-current assets			
Mining development asset	14	-	-
Property, plant and equipment – mining property	14	9,876,697	5,282,596
Intangible assets	15	207,160	67,569
		10,083,857	5,350,165
Current assets			
Trade and other receivables	16	212,516	14,250
Cash and cash equivalents	17	112,964	1,903,742
		325,480	1,917,992
Total assets		10,409,337	7,268,157
Current liabilities			
Trade and other payables	18	501,301	199,762
Non-current liabilities			
Provisions for other liabilities	19	757,702	767,444
Total liabilities		1,295,003	967,206
Net assets		9,150,334	6,300,951
Equity			
Ordinary shares	20	-	-
Share Premium		13,362,353	9,034,541
Retained loss		(4,338,436)	(2,876,840)
Foreign exchange translation reserve		(18,588)	(18,588)
Equity attributable to owners of the parent		9,005,329	6,139,113
Non-controlling interests		145,005	161,838
Total equity		9,150,334	6,300,951

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2019.

On behalf of the Board

Richard V L Wilkins
Director

The notes on pages 23 to 38 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 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
At 1 January 2018	-	9,034,541	(2,876,840)	(18,588)	6,139,113	161,838	6,300,951
Loss for the year	-	-	(1,635,428)	-	(1,635,428)	(16,833)	(1,652,261)
Total comprehensive income for the year	-	-	(1,635,428)	-	(1,635,428)	(16,833)	(1,652,261)
Shares issued in the period	-	4,653,727	-	-	4,653,727	-	4,653,727
Share issue expenses	-	(325,915)	-	-	(325,915)	-	(325,915)
Share-based payments	-	-	173,832	-	173,832	-	173,832
Acquisition of non-controlling interest	-	-	-	-	-	-	-
Total transactions with owners	-	4,327,812	173,832	-	4,501,644	-	4,501,644
At 31 December 2018	-	13,362,353	(4,338,436)	(18,588)	9,005,329	145,005	9,150,334

The notes on pages 23 to 38 form part of these financial statements.

Consolidated statement of cash flows

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Adjustments for:		
Loss before tax	(1,652,261)	(1,358,690)
Share-based payments	173,832	104,109
Exchange differences	-	408,639
Other reserve movements	-	161,838
	(1,478,429)	(684,104)
Increase/(decrease) in trade and other receivables	(198,266)	71,850
Increase/(decrease) in trade and other payables	291,798	(140,415)
Net cash (used)/generated from operating activities	(1,384,897)	(752,669)
Cash flows from investing activities		
Purchase of intangible assets	(139,591)	(67,569)
Purchase of property, plant and equipment	(4,594,101)	(2,723,300)
Cash transferred in business combination	-	(798,664)
Cash acquired with business	-	144,456
	(4,733,692)	(3,445,077)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	4,653,727	7,035,364
Share-issue expenses	(325,915)	(953,090)
Net cash generated from financing activities	4,327,812	6,082,274
Net (decrease)/increase in cash and cash equivalents	(1,790,778)	1,884,528
Cash and cash equivalents at the beginning of the year	1,903,742	19,214
Cash and cash equivalents at the end of the year	112,964	1,903,742

Significant non-cash transactions:

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

The notes on pages 23 to 38 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

In common with many businesses engaged in exploration and evaluation activities prior to production and sale of minerals the Company will require additional funds and/or funding facilities in order to fully develop its business plan. Such funds are likely to come from a combination of further equity issues and the arrangement of appropriate debt and/or offtake finance arrangements. Whilst a number of discussions are ongoing to secure both additional equity and appropriate structured finance for the development of the Empire Mine, and the directors are confident that the necessary funding will be available, at the date of the approval of these financial statements it is not certain that this will be the case.

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.

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9).
- Amendments to IFRS 9: Prepayment features with negative Compensation.
- IFRS 15 Revenue from Contracts with Customers (IFRS 15).
- Annual improvements to IFRS standards 2014-2016 cycle (IFRS 1 First-time Adoption of IFRS, IFRS 12 Disclosures of interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures).
- IFRIC Interpretation 22 Foreign Currency Transactions and Advanced Consideration.
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments.

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

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. These include IFRS 16: Leases.

The directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group. The Group has not entered into any leases as at 31 December 2018. The effect of IFRS 16: Leases will be examined by management prior to entering into any such commitment.

Revenue Recognition

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

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 entity's 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 reporting 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.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has no financial assets in a qualifying hedging relationship and has not entered into any derivative based transactions. The Group is not yet income producing and has no trade receivables.

Amortised cost

These assets arise principally from calls for share capital. They are carried at the value of the share capital applied for. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 and the probability of the non-payment of the receivables is assessed. On confirmation that the amount of the called share capital will not be collectible the related share capital is cancelled.

Other financial assets comprise security deposits paid by the Group. These are stated at fair-value less any amounts expected to be forfeit.

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 nor 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 US Dollar is also the functional currency of each company within the Group.

The functional currency of the Company was determined to be US Dollars from 1 January 2018.The Company's financial statements were presented in US dollars in 2017, consistent with the Group's major activities. The change of functional currency has been applied prospectively from 1 January 2018.

In preparing the financial statements of the Company, transactions in currencies other than the Company's or Group'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.

For 2017 and prior years the statements of comprehensive income for the Group and Company were 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 was restated at the closing rate and the difference was recognised in other comprehensive income and transferred to the translation reserve. From 1 January 2018 the financial statements for the Company have been prepared using the US Dollar at its functional currency prospectively from this date.

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, key assumptions made and sources of estimation uncertainty.

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 provision for future site restoration and remedial works in respect of the Group's mining sites, the selection of the Company's functional currency, the assessment of the fair value of the assets on acquisition of Konnex Resources Inc in 2017 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.

The key assumptions made relate to the recovery of mineral resources from the Group's mining operations in the quantity and quality of grade projected within the Group's projections for these sites. For a discussion of these refer to the Strategic Report on page 4. These key assumptions are also the primary source of estimation uncertainty within the Group.

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 US dollars and are 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 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.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks. Credit risk is managed on a Group basis. Only major banks with a good credit rating are used.

Foreign currency risk

Foreign currency risk arises from the incurring of operating expenses in Sterling and in US dollars. Share capital is raised in Sterling. Foreign currency risk is managed on a Group basis. The Group does not presently use any currency hedging contracts.

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 $9,150,334 at 31 December 2018 (31 December 2017: $6,300,951).

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.

6 Revenue from contracts with customers

The Group is not yet producing revenues from its mineral exploration and mining activities. The Company charged its subsidiary entities $361,460 (2017: $238,164) in respect of management services provided.

7 Loss before taxation

	31 December 2018 $	31 December 2017 $
Loss on ordinary activities before taxation is after charging:		
Employee costs (note 9)	676,396	440,606
Share-based payments	173,832	104,109
Foreign currency losses	94,014	49,457
Gordon Lake exclusive option allowed to lapse	155,180	-
Audit fees (Note 10)	54,245	45,830

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

	31 December 2018 Number	31 December 2017 Number
Administration	5	5
Operations	5	2
	10	7

9 Employee costs including directors

	31 December 2018 $	31 December 2017 $
Fees payable	1,009,879	755,030
Transferred to property, plant and equipment - mining property	(313,483)	(309,624)
Transferred to exploration and evaluation expenditure	(20,000)	(4,800)
	676,396	440,606

The remuneration of the directors and key management personnel is disclosed in note 25.

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 and in note 25. Employee costs transferred to mining property include $148,908 (2017: $45,000) in respect of key management personnel. Employee costs transferred to exploration and evaluation expenditure include $20,000 (2017: nil) in respect of key management personnel.

10 Auditor's remuneration

	31 December 2018 $	31 December 2017 $
Fees payable for the audit of the Company's consolidated financial statements	43,920	34,830
Fees payable for taxation compliance services	8,733	-
Fees payable in respect of tax advisory services	15,031	-
Fees payable for corporate finance services	-	49,020
	67,684	94,850

11 Exceptional items of expenditure

	31 December 2018 $	31 December 2017 $
Admission to trading on the OTCQX Market.	136,127	-
Expenses of Placing and Subscription	-	302,867
	136,127	302,867

In October 2018 the Company was admitted to trading on the OTCQX Market in New York. In June 2017 the Company completed an Initial Public Offering (IPO) on the AIM of the London Stock Exchange raising $6.1 million after expenses.

12 Taxation

	31 December 2018 $	31 December 2017 $
Current tax		
Income and corporation taxes	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of other 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 2018 $	31 December 2017 $
Tax on loss from ordinary activities		
Loss before tax use	(1,652,261)	(1,358,689)
Tax calculated at domestic tax rates applicable to profits and losses in the respective countries of 19.46% (2017: 27.00%)	321,562	366,846
Tax losses not recognised	(337,915)	(350,179)
Other differences	16,353	(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. At 31 December 2017 available tax losses amounted to $599,070.

13 Loss per share

	31 December 2018 $	31 December 2017 Restated $
Loss attributable to the parent used in calculating basic and diluted loss per Share	(1,635,428)	(1,346,634)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share (restated)	28,120,624	16,498,154
Weighted average number of shares for the purpose of diluted earnings per share	28,120,624	16,498,154
Basic loss per share (US cents per share)	(5.82)	(8.16)
Diluted loss per share (US cents per share)	(5.82)	(8.16)

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. On 14 August 2018 the Company consolidated its share capital on the basis of one new share for every ten existing shares, reducing its issued share capital from 318,000,759 shares to 31,800,075 shares. The loss per share for 2017 has been restated on a comparable basis to disclose the loss per share based upon the number of shares after the share consolidation.

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 potentially issuable shares of 3,121,206 (2017: 2,224,307 restated) all of which relate to the potential dilution in respect of warrants and share options issued by the Company. See also note 22.

14 Non-current assets

	Mining property $	Mining development assets $	Total $
At 1 January 2017	-	1,429,987	1,429,987
Exchange movements	-	4,377	4,377
At date of acquisition of Konnex	-	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	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
At 1 January 2018	5,282,596	-	5,282,596
Additions	4,594,101	-	4,594,101
At 31 December 2018	9,876,697	-	9,876,697
Net book value			
1 January 2017	-	1,429,987	1,429,987
31 December 2017	5,282,596	-	5,282,596
31 December 2018	9,876,697	-	9,876,697

Mining development assets relate to the past producing Empire Mine copper – gold – silver – zinc 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.

15 Intangible assets

	Exploration and evaluation expenditure $
At 1 January 2017	-
Additions	67,569
At 31 December 2017	67,569
At 1 January 2018	67,569
Additions	139,591
At 31 December 2018	207,160

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 Trade and other receivables

	31 December 2018 $	31 December 2017 $
Other receivables	212,516	14,250
	212,516	14,250

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.

17 Cash and cash equivalents

Cash and cash equivalents comprise cash.

18 Trade and other payables

	31 December 2018 $	31 December 2017 $
Trade creditors	401,231	147,951
Other creditors	41,570	-
Accrued expenses	58,500	51,811
	501,301	199,762

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.

19 Provisions

	$
At 1 January 2017	99,987
Arising from business combination	657,702
Exchange adjustments	9,755
At 31 December 2017	767,444
Exchange adjustments	(9,742)
At 31 December 2018	757,702

The provision of $100,000 for decommissioning the Empire Mine is based on the directors' estimate after taking into account appropriate professional advice.

The other provision of $657,702 arises from a business combination in 2017 and comprises potential royalties payable in respect of future production at the Empire Mine. 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.

20 Share capital

	Group and Company Number 2018	Group and Company Number 2017 Restated
Number of ordinary shares of no par value		
At the beginning of the year (consolidated)	22,975,552	7,452,687
Issued in the year	10,103,447	15,528,531
Treasury shares cancelled in the year	-	(5,666)
At the end of the year	33,078,999	22,975,552

The Company does not have an authorised capital and is authorised to issue an unlimited number of no par value shares of a single class. In August 2018 the Company consolidated its ordinary shares in a ratio of 1 new ordinary share for each 10 existing shares. The number of shares presented has been restated to reflect the consolidation.

In the year the Company issued 53,095 (consolidated) ordinary shares at £0.21 per share, 200,000 (consolidated) ordinary shares at £0.46 per share, 8,571,429 (consolidated) ordinary shares at £0.35 per share and 1,278,924 ordinary shares at £0.28 to raise $4.7 million before share-issue expenses (2017: 15,528,531 (consolidated) ordinary shares to raise $7.0 million). All issued shares were fully paid.

Since the year end the Company has issued a further 5,588,235 shares at £0.17 per share. The Company currently has 38,667,234 ordinary shares in issue.

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 £0.21 to £0.60. At 31 December 2018 the number of warrants in issue was 1,896,206 (2017: 1,024,308 consolidated). See also note 22.

Since the year end a further 3,108,910 warrants have been issued with an exercise price of £0.28.

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 £0.45. At 31 December 2018 the number of options in issue was 1,225,000 (2017: 1,200,000 consolidated).

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.

21 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 in 2017 on the translation of the financial statements of the Company from Pounds Sterling into US Dollars, the Group's presentational currency. On 1 January 2018 the Group determined that its functional currency was US Dollars.

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.

22 Share-based payments

The Company has issued 1,896,206 (2017: 1,024,308 consolidated) 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 1,225,000 (2017: 1,200,000 consolidated) 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 12 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 2018 Number	31 December 2017 Number
At the beginning of the year	£0.44	1,024,308	327,094
Issued in the year	£0.37	-	697,214
Issued in the year	£0.40	125,000	-
Issued in the year	£0.35	427,343	-
Issued in the year	£0.28	372,650	-
Exercised in the year	£0.21	(53,095)	-
At the end of the year	£0.38	1,896,206	1,024,308

Share options issued

	Weighted Average Exercise price	31 December 2018 Number	31 December 2017 Number
At the beginning of the year	£0.045	1,200,000	-
Issued in the year	£0.045	25,000	1,200,000
At the end of the year	£0.045	1,225,000	1,200,000

The total share-based payment charge for all warrants and options issued in the year was $173,832 (2017: $104,109). 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 Company's quoted share price on AIM from 30 June 2017 and the FTSE350 Mining Stocks Index prior to this date.

The inputs into the Black-Scholes model for the warrants and share options issued and warrants modified in 2018 were as follows:

	31 December 2018 Warrants issued	31 December 2018 Share options issued
Weighted average share price at grant date	£0.33	£0.41
Weighted average exercise prices	£0.28	£0.45
Expected volatility	43.63%	33.29%
Expected life of warrants and options	2.26	2.26
Weighted average contractual life of outstanding options and warrants in years	2.14	1.50
Risk-free interest rate	1.5%	1.5%
Expected dividend yield	0%	0%
Fair-value of options granted (pence)	£0.10	£0.06

The warrants were issued in six tranches. The weighted average share prices at the date of grant were from £0.26 to £0.50. The weighted average warrant exercise prices at the date of grant were from £0.21 to £0.40. The expected volatility ranged from 28.12% to 54.56%. The fair-values of warrants issued in the year were from £0.05 to £0.27. The expected life of the outstanding warrants and options ranged from 2.0 to 2.4 years.

Share-based payments charged to profit and loss

	31 December 2018 $	31 December 2017 $
On issue of share options	19,553	19,823
On issue of warrants	154,279	79,263
On modification of warrants	-	5,023
	173,832	104,109

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

23 Capital commitments

There were no outstanding capital commitments at 31 December 2018 (2017: $nil).

24 Events after the balance sheet date

In February 2019 the Company allowed its exclusive option to acquire 80% of the Gordon Lake gold property in Northwest Territories, Canada, from ExGen Resources Inc, to lapse. The cost of the option was $25,000, plus 200,000 (consolidated) shares valued at $130,180. The total cost of $155,180 has been written off to cost of sales.

25 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 amount charged within the income statement for the year in respect share options held by the directors and key management personnel is set out in note 22.

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 directors and senior employee is included in note 9.

The remuneration of the directors was as follows:

	31 December 2018 $	31 December 2017 $
Marcus Edwards-Jones	136,110	56,760
Dennis Thomas	177,850	191,178
Richard Wilkins	181,140	191,372
Roger Turner	177,850	191,178
Andre Cohen	33,091	33,282
Jason Riley	23,880	-
	729,921	663,770

Directors' remuneration comprises fees payable. Fees payable to executive directors include an annual discretionary bonus equal to 15% of salary paid in lieu of benefits. The directors received no other benefits.

Key management personnel

	31 December 2018 $	31 December 2017 $
Senior employee	205,158	60,000

Key management personnel hold 13,393 (2017: nil) warrants and 150,000 (2017: 150,000 consolidated) options to subscribe for ordinary shares in the Company. Since the year end a further 10,294 warrants have been issued to key management personnel.

The Company has advanced $6,289,953 to Konnex Resources Inc (2017: $2,219,630) and $152,350 to Borah Resources Inc (2017: $69,433). 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.

26 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:
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Nominated adviser & Broker
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Broker
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Registrars
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Night shift diamond drilling


Core splitting


Paige Roban – Geologist


Nate Bishop – Senior Geologist


Malachite in metallurgical core

Drill road construction


800 level historical ore load-out

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