METALS EXPLORATION PLC

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Metals Exploration plc (AIM: MTL) (the "Company" or the "Group"), a Philippine gold producer, announces its final audited results for the year ended 31 December 2020.

The financial information set out in this announcement does not comprise the Group's statutory accounts for the year ended 31 December 2020 or 31 December 2019. The financial information has been extracted from the statutory accounts of the Group and the Company for the year ended 31 December 2020 and 31 December 2019. The auditors reported on those accounts; the 31 December 2020 report was unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006; the 31 December 2019 report was unqualified but drew attention to the reader of a material uncertainty without qualifying their report and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2020 will be delivered to the Registrar of Companies following the Company's annual general meeting.

To access a full version of the 2020 annual report please go to the Company website investor centre web-page.

CHAIRMAN'S STATEMENT

Dear Shareholder,

It is with great pleasure that I present my first Chairman's Statement to shareholders, on behalf of the full board of directors of the Company (the "Board"), having recently been appointed as Chairman of the Company.

The period under review has seen the world face very challenging circumstances due to the ongoing COVID-19 pandemic. No countries or companies have remained immune to the impact of the associated lock-down measures. However, what is particularly pleasing to note, and is a testament to the team we have in place, is that despite in-country and global travel restrictions and supply constraints, we have remained operational. At times during FY2020 this has been at reduced mining and gold recovery rates, however, conversely it is pleasing to note the last quarter of the year saw the Company register a record quarter, achieving record levels of gold sales and gold recoveries, that is a reflection of the foundations put in place by the Company's new management team.

Our employees and stakeholders' health and safety remain an utmost priority to the Company, something which has been highlighted even more so over the past year. Runruno continues to record an outstanding safety record with currently over 13 million person-hours without a reportable injury. This exceptional record has also been acknowledged by the Filipino Mines and Geoscience Bureau who have recently awarded Runruno as the nation's Safest Surface Mining Operation, the overall Safest Mining Operation, and Best Mine Supervisor, Engr. Lester Magliwan of the Company's wholly owned subsidiary, FCF Minerals Corporation ("FCF").

In the last year, safety and health have not been limited to our operations, as we have implemented numerous protocols and measures to combat COVID-19 and to help prevent its spread. Until the end of March 2021 we had been successful in that only one COVID-19 case was reported at the mine site, again an excellent achievement given the circumstances. Since 31 March 2021 however, in line with the new wave of infections surging across the Philippines, we have recorded approximately 30 positive COVID-19 cases on the mine site. Effective quarantine arrangements have been put in place for positive case personnel and their traced close contacts. Initially these cases have been concentrated within the administrative and other supporting non-operational departments, and to date there has been no flow-on interruption to mining/processing operations.

We will continue to apply the most rigorous measures possible at the mine gate, for as long as necessary, to protect our staff's safety and well-being, and the on-going mine operations. At the date of this report there are no positive COVID-19 employees in isolation on the mine site.

Given this backdrop, it is extremely pleasing to note the progress your Company has made both operationally and corporately during the year.

One of the key aspects of the year was completing the Company's debt restructuring providing Metals Exploration with a stable and sustainable debt profile to enable the management team to focus its efforts on further improving operational performance and considering future growth options. This was a major achievement after extensive negotiations with our lenders, leaving the Company with much more flexible and commercially attractive debt terms. This ensures that our debt does not jeopardise the future of Metals Exploration and also ensures that both the Company and its lenders share the upside and downside risks associated with our operational performance and gold price fluctuations.

Completion of the debt restructuring enabled the Company to seek new independent directors to the Board. The Company undertook an extensive search and interview process which culminated in my appointment as independent Non-Executive Chairman of the Company in April 2021. We were also extremely pleased to appoint Andrew Chubb and Jeremy Wrathall as Non-Executive Directors. It is anticipated that the new Board members will provide a good mix of mining and corporate industry experience, augmenting the established directors' skill set, to assist the Company's future aspirations; as well as providing greater compliance with corporate governance expectations.

During the year, we were also delighted to announce that Hannam & Partners joined our team of advisers as Corporate Broker. We look forward to working further with them.

Operationally, FY2020 saw the Company continue to consolidate on the progress and improvements that were made at Runruno during 2019. Despite the restrictions and implications of COVID-19 the focus remained upon improving cash flow generated by the Runruno operation with a continued focus on plant maintenance and reliability. Given this, as mentioned above, it was particularly pleasing to be able to report record gold sales of 20,295 ounces in Q4 2020, with total sales for FY2020 of approximately US$122 million, a 30% increase over the previous year. We are confident about the year ahead, and there are currently a number of projects underway to optimise operations at Runruno further. We also believe that considerable exploration upside remains with the potential to extend the current projected mine life.

ESG (environment, social and governance) issues remain at the forefront of what we do at Metals Exploration. We have a long track record of operating in the Philippines, with over 98% of our workforce being Filipino. We continue to prioritise the development of our local community and have strong partnerships with the various national agencies and local governments from Barangay to the Provincial level. We continue to focus on health, education and infrastructure building amongst others in our local communities. We have adapted our programmes with further community support to provide food and relief supplies to local communities/families, particularly affected by the COVID-19 quarantine work restrictions, and the extreme weather events affecting the area during November 2020.

Combined with this, the Company continues to actively promote and implement "responsible mining" practices, actively reducing our operations' potential environmental impacts and enhancing our environmental performance in mined-out and disturbed areas.

On behalf of the Board, I would like to take this opportunity to thank our entire workforce for all their efforts in what has been, without a doubt, a challenging period. I look forward to when I, together with the rest of the Board, can travel to the mine site and meet with our dedicated staff and view the operations first hand.

Through our staff's endeavours, our continued focus on maintaining our exceptional safety record and implementing the appropriate protocols, we believe that we are well positioned to continue to improve the operational performance at Runruno for 2021 and beyond.

I, and the other two new directors, are extremely excited by the opportunity and challenge of being involved with your Company and anticipate continued positive news flow from all our endeavours.

David Cather
Independent Non-Executive Chairman
20 May 2021

BUSINESS REVIEW

GROUP VISION & MISSION STATEMENT

The Group's vision is to be the most admired gold producer in the Philippines. Our mission is to enhance the lives of our people and local communities through the responsible management of our natural resources, and to deliver resource development and performance that owners have confidence in and employees are proud of.

Evidence of adhering to these values is the incredible safety record that the Group's employees and contractors have achieved. As at the date of this report the Group has achieved in excess of 13 million man-hours with no lost time incidents occurring since the last lost time incident in December 2016. This is a remarkable achievement for an operation of this nature, and all employees and contractors are to be congratulated on this outstanding record.

This safety record has been recognised with the Group recently receiving the Philippine government's 2020 award for both the Safest Surface Mining Operation and the Safest Overall Mining Operation.

COVID-19 IMPACT

As at the date of this report management has been dealing with the impact of COVID-19 government quarantine guidelines upon its Runruno operations for over 12 months. During this period, notwithstanding the pandemic impacting on the movement of goods and people, the Group has managed to continue its mining and processing operations, enabling it to continue to sell/export its gold doré.

The main impacts of the pandemic have been interruptions to the supply of various consumables/spares, the temporary need to export doré to a different refining group, increased expenditure on new health and safety measures and restrictions on the movement of people, both internally in the Philippines and internationally in/out of the Philippines. As of 31 March 2021 there was only one known case of a COVID-19 positive person having accessed the mine site.

Since late March 2021, however the Philippines has experienced a surge in COVID-19 cases. This has been particularly prevalent in areas near the Runruno mine in the Province of Vizcaya, especially in the Municipality of Quezon. Unfortunately, notwithstanding the various on-site/mine entry procedures to test for and quarantine potential COVID-19 cases, numerous on-site cases of COVID-19 have, since 1 April 2021, been detected. Initially these cases have been concentrated within the administrative and other supporting non-operational departments, and to date there has been no flow-on interruption to mining/processing operations.

As a result of the increased level of infection across the Philippines, the Group has introduced even more stringent on-site testing and mine site access procedures. Effective quarantine arrangements are in place for positive case personnel and their traced close contacts. The COVID-19 cases detected and the Group's responses have been reported to the appropriate government agencies and the Group continues to be compliant with all relevant government directives with regards COVID-19.

Social distancing measures and increased strict site access protocols will continue in place at the Runruno mine to minimise the risk of further COVID-19 outbreaks amongst the on-site personnel. As part of this endeavour, the Group is currently limiting the number of non-operational support staff on-site. Notwithstanding the above, an increase in the number of COVID-19 cases amongst on-site personnel could put the continuity of future mine operations at risk, at least for a temporary period.

In addition to the recent mine site detected COVID-19 cases, the difficulty in satisfying international travel restrictions/quarantine requirements to enable senior personnel to travel to the mine site continues to impact on the efficiency of the Group's operations.

Although the impacts of the COVID-19 pandemic continue, the results of the Group's efforts over the last 12 months in maintaining positive cash flow operations gives the Group reason to believe that COVID-19 will not have a material negative impact on the medium to long term future of the Group.

FINANCIAL YEAR 2020 ("FY2020") OVERVIEW

The Runruno operation's performance in FY2020 consolidated upon positive improvements that first emerged during FY2019. Notwithstanding FY2020 production being hampered by the impact of the COVID-19 pandemic, for the second year running the project produced an operational profit. Operational profit increased 3.4 times from US$8.9million in FY2019 to US$30.5 million for FY2020. The All-In-Sustaining-Cost for FY2020 was US$1,259 per ounce (2019: US$1,281 per ounce).

Gold production during FY2020 was negatively impacted by numerous interruptions to project power supply which reduced the efficiency and stability of the process operation, and in particular the BIOX® circuit. Notwithstanding these issues, gold production for FY2020 was 67,552 ounces compared to 68,983 ounces in FY2019.

The sustained gold price increase resulted in an average sales price of US$1,782 per ounce in FY2020 compared to US$1,400 per ounce in FY2019. Total sales for FY2020 were US$122 million, a 30% increase over the FY2019 sales proceeds.

Management's operational focus during FY2020 (when not COVID-19 restrained) was on improving plant performance and operational reliability. Mill throughput was increased to above nameplate design levels, while numerous studies were conducted into improving the oxidation rate through BIOX®. At the date of this report several designed changes have been implemented in BIOX® and management is confident it has developed new protocols that will deliver consistently higher BIOX® oxidation rates (and hence better gold recoveries) over the medium to long term.

During FY2020 management also concentrated on achieving a debt restructuring that would put the Group on a stable financial footing. In October 2020 the debt restructuring was completed. The restructured debt provides the Group with much greater flexibility in repaying its borrowings while providing certainty of its ongoing financial stability.

DEBT RESTRUCTURING

In early 2019, the Group approached its lenders on the basis that its current debt structure was unsustainable. The Group sought, and was granted, a Standstill Agreement with both its senior bank lenders and the mezzanine lenders during which the Group was relieved of making any principal or interest payments. The purpose of the standstill was to provide the Group and its external lenders time to negotiate a restructuring of the debt that would provide the Group with a sustainable debt position.

In January 2020, Runruno Holdings Ltd and MTL (Guernsey) Ltd, (an associated company of MTL Luxembourg SARL), the Company's two largest shareholders and mezzanine lenders, completed a sale agreement with HSBC and BNP Paribas to purchase all the rights and obligations under Runruno Facility Agreement (the "Senior Facility"). Subsequently in March 2020, the parties were unable to reach agreement on the continuation of the Standstill Agreement in respect of the Senior Facility resulting in an event of default on the debt. Due to the material uncertainty as to the Company's financial condition, its shares were suspended from trading on the AIM market of the London Stock Exchange.

In October 2020, the Group successfully restructured all its debt facilities. Importantly under the debt restructuring the Group no longer has an obligation to meet any fixed principal and interest repayment schedule. The Group's repayment obligation is now limited to making a quarterly repayment of that amount which equals the available working capital over and above a minimum US$5 million net working capital buffer.

As at year end the Group had total debt, including unpaid interest, of US$127.5 million (2019: US$124.1 million). During FY2020 repayments of senior debt interest/principal totaled US$12 million; while a further US$18.6 million in senior debt interest/principal repayments have been made since year end.

Refer to Note 22 for full details of the debt restructuring.

An important outcome of the debt restructuring was the termination of the 2011 Shareholders Agreement which was replaced by new relationship agreements between the Company and its two largest shareholders. These new relationship agreements provide the basis for improved corporate governance practices such that the Company can be in far greater compliance with the QCA Code.

The suspension of the Company's shares to trading on the AIM market was lifted on the completion of the debt restructuring on 26 October 2020.

MINING OPERATIONS

Total material moved during FY2020 was slightly down on FY2019 at 11.4mT (million tonnes) compared with 11.8mT.

Mining operations were restricted in March 2020 as the initial impacts of the COVID-19 pandemic unfolded, and the ability of the Group to continue operating the mine was under threat. Full mining operations had resumed by the end of Q2 2020 once the Group had resolved the immediate difficulties of operating in accordance with the government restrictions imposed in response to the pandemic.

Mining activities during FY2020 were aided by the commissioning of three 100 tonne Komatsu 785 dump trucks to bolster the Group's own fleet, while the overdue long term truck and shovel fleet rebuilds were also completed during FY2020.

A major undertaking actioned during the year was the peaceful removal of the majority of illegal miners from the Stages 3 and 4 mine plan areas. This programme was largely completed by the year-end however the responsibility for, and process of, removing the remaining small number of illegal miners now rests with the relevant government authorities.

Unfortunately, the Group's access to Stages 3 and 4 did not occur as early as planned due to delays in removing the illegal miners from these areas. As a result the Group was forced to alter its mine plan and develop a new access road into Stages 3 and 4. This new access road runs from the Company's waste area behind the east pit wall across into Stage 3. The Company completed this access road in early Q2 2021. These delays in having suitable access to Stage 3 has affected the 2021 mining schedule resulting in a reduction to the scheduled 2021 head grade, with higher grade material from Stage 3 being pushed into the 2022 mining schedule.

Mining was negatively impacted by the excessive rainfall experienced in Q4 2020, largely a result of four Typhoons that passed over the Philippines during that quarter. The wetter than normal wet-season caused some pit-wall slippages in the Stages 2 and 3 mining areas. These slippages have required clean-up and re-buttressing. In addition, studies have determined that a further cut-back to the upper levels of the east wall is required for future stability. A 60 metre pit-wall step-out has been designed and is being developed.

All relevant permits for operations remain in place for the Runruno mine.

RESERVE STATEMENT
In April 2020 the Company issued a new gold reserve statement as follows:

Table 1 – 2020 Ore Reserve estimate

Reserve	Ore	Gold	
Category	**Mt**	**g/t**	**M Oz**
Proved	Nil	Nil	nil
Probable	11.7	1.38	0.50
Total	**11.7**	**1.38**	**0.50**
Inferred resources included in LOM model pit			
Inferred material	2.7	1.21	0.10

The 2020 Ore Reserve Statement is in line with a reconciled depletion reserve based on the previously issued reserve statement. An infill drilling campaign that commenced in August 2019 has continued through FY2020 and into FY2021. This ongoing drill programme has moved into Stages 3 and 4 in an effort to improve the Group's certainty of gold resources and to improve its mine schedule planning. In addition, investigative drilling of deeper areas of Stage 2 is underway in an effort to outline additional economic resources in Stage 2 prior to the commencement of the planned back-fill of the mine pit at Stage 2.

The Company is planning to publish a new gold reserve statement by the end of FY2021.

PROCESS PLANT
During FY2020 the Group achieved an overall gold recovery from processing operations of 72.2%, a modest but significant improvement upon FY2019 which was 70.8%. Importantly the average gold recovery for Q4 2020 was 79.8%, with these levels of gold recovery continuing into FY2021. This represents a significant 25% improvement from the FY2018 levels of gold recovery of only 57.9%. Total gold poured in FY2020 was 67,552 ounces compared to 68,983 ounces in FY2019.

Plant performance in FY2020 continued to show improvement in gold recovery from both the flotation and BIOX® circuits. During Q4 2020 the results of numerous studies demonstrated a need for further design modifications to the BIOX® circuit to achieve an improvement to BIOX® circuit oxidation rates. All modifications identified are expected to be completed by the end of Q2 2021. Further, as FY2020 progressed issues with power interruptions were overcome, and during Q4 2020 the entire processing plant operated at a higher degree of stability, resulting in improved overall gold recoveries.

During Q2 2020 and early Q3 2020 the performance of the processing plant was negatively impacted due to the project site suffering from significant and repeated power outages, including back up power system failures due to the unreliability of circuit and transmission power. These events resulted in extended periods of loss of air to BIOX®. Unfortunately, a lack of air delivered to BIOX® leads to a collapse of the BIOX® bacteria culture and negatively impacts the BIOX® oxidation process. In this scenario the reactivation of the BIOX® circuit takes several weeks during which gold recoveries are impacted. These events caused instability in the BIOX® process for an extended period impacting upon gold recoveries during Q2 and Q3 2020.

Other unplanned process plant downtime impacting on production during FY2020 included: further power outages, compressor trips, blocked SAG mill discharge gates, tails line failures and BIOX® agitator gearbox failure/repair and conveyor belt repairs.

Notwithstanding the above, the process plant crushed ore operations were above design throughput with the following points of note:

- The crushing and grinding circuit operated above design throughput, achieving an availability rate of 90.6% (2019: 87.2%) and processing 2.06mT of ore (2019: 1.95mT);
- The milling circuit operated adequately during FY2020 with incremental throughput being achieved maintaining production at approximately 260t/hr. Unfortunately, the planned commissioning of a mill variable speed drive was unsuccessful due to inconsistent power supply quality. This issue is being further investigated as the installation of the variable speed drive should assist with maintaining throughput and providing a more consistent size faction to flotation. Upon completion of this detailed review, another attempt at the commissioning of the variable speed drive is expected to be undertaken Q2 2021;
- The gravity circuit operated at close to design recoveries of 30%;
- Fine-tuning of the flotation circuit improved its performance ensuring incremental increases in recovery and improving concentrate grade for BIOX®. The circuit operated reliably with only minor maintenance issues;
- The CIL circuit achieved an overall CIL recovery of 85.6% (2019: 84%);
- Further improvement in BIOX® oxidation levels is anticipated once a fourth blower is installed and design modifications are finalised. This fourth blower was originally due to be installed in Q4 2020 but is now expected to be installed during Q2 2021;
- The ancillary systems including counter current decantation, neutralisation, reagents, cyanide destruction and residue disposal circuits are all operating adequately and have benefited from regular maintenance programmes; and
- The improved cash-flows have enabled the Group to expand its inventory of critical spares reducing the risk of lost production from unplanned downtime.

RESIDUAL STORAGE IMPOUNDMENT (RSI)

The Group's tailings products are delivered to a residual storage impoundment (RSI) structure. This structure has been designed and is being constructed to international standards that relate to water storage dams. The standard to which the RSI is being constructed far exceeds international standards that apply to traditional mining tailings dam structures.

During Q4 2020, the project site was impacted by extreme rainfall from numerous typhoons and low-pressure rain-bearing systems that passed through the region. The RSI slipway operated as per design in safely releasing water overflow from the RSI during one such event. Additional pumping capacity was installed to improve the Group's ability to control rain-water runoff and to return the dam water freeboard level to design levels.

Although the RSI construction has continued at a rate slower than budgeted, the RSI remains in compliance with local guidelines and the development requirements. Studies have commenced into two alternate final in-rock spillway structures. Geotechnical drilling of the two possible alternatives has commenced. It is anticipated that a design decision for the final in-rock spillway will be made by the end of 2021 with construction of the same commencing in Q1 2022.

The performance of the RSI is continuously monitored by an independent international consulting group.

COMMUNITY AND SOCIAL DEVELOPMENT

The Community Relations Department, the community interface arm of the Group, maintains strong partnerships with various national agencies and local governments from Barangay to Provincial level. They are primarily engaged in managing the implementation of identified and prioritised projects within the mandated Social Development and Management Program and other programmes under them as a component of the Group's commitment to its Corporate Social Responsibility ('CSR').

It is the Group's objective to benefit its host communities by undertaking sustainable development within the community with programmes focused in the following key areas:

- Health;
- Education;
- Capacity building;
- Community development and empowerment;
- Enterprise development, improvement and networking;
- Infrastructure development; and
- Preservation and respect of socio-cultural values.

The reach of the programmes extends to assist the residents of the Barangay of Runruno and surrounding Barangays, the Municipality of Quezon and the Province of Nueva Vizcaya.

During the COVID-19 crisis these programs have been adapted, with community support, to provide relief foods supplies to local communities/families particularly affected by the COVID-19 quarantine work restrictions. When available to commercial organisations, the Group plans to source COVID-19 vaccinations for the local communities as part of its community/social programmes.

Further, during November 2020 the Group provided significant heavy equipment assistance to clean-up/repair community/residential infrastructure and emergency shelter/supplies to local residents impacted by the various typhoons that passed through the project area.

The relocation of illegal miners operating on the back of the existing operations in Stages 3 and 4 of the mine plan was a major issue to be tackled for which the Group had significant community support. As noted above the Group continues to work closely with the local government to ensure the smooth relocation of these itinerant people outside of the mining areas. Agreed compensation packages have been paid to those families that have chosen to relocate and to date this undertaking has proceeded without incident.

SAFETY AND HEALTH

The FY2020 COVID-19 pandemic provided many unique and new challenges for the Group to manage. At the pandemic outbreak the Group invested heavily in implementing adequate site-wide social distancing and site access protocols that were successful in keeping the project site COVID-19 free until April 2021. Refer above for commentary upon post March 2021 on-site COVID-19 infections.

Otherwise there were no material safety and health incidents throughout the project site. A safe working culture is actively promoted by a dedicated occupational health and safety department and is embraced across the Runruno site and in all departments, with all staff recognizing their individual responsibilities for their own safety and the safety of others. As noted above the operation has achieved in excess of 13 million man-hours with no lost time incidents, which has been recognised by the government whereby the project was recently awarded both the Safest Surface Mining Operation and the Safest Overall Mining Operation in the Philippines.

ENVIRONMENT

The Group is active in promoting and implementing “responsible mining” practices. It is a leader in the Philippine mining industry in its environmental and environmental rehabilitation practices. The Group recognises good environmental management as a key parameter in its CSR charter. The Group maintains and promotes its commitment to the effective stewardship, protection and enhancement of the environment in and around the areas where it operates, including the conduct of its business in an environmentally sound manner. This is the driving thrust towards the goal of sustainable development and reducing potential significant impacts of the Runruno operations upon the environment.

REFORESTATION AND REHABILITATION

The Group has continued to actively reduce the potential environmental impacts of its operations and enhance its environmental performance in mined-out and disturbed areas. It undertakes this obligation through immediate and continuous rehabilitation activities and by the re-greening of disturbed areas, establishment of protection forests and the provision of habitat for wildlife within the FTAA area. These programmes demonstrably improve the environment within and surrounding the Group's operations and are designed for beautification, stabilisation, to off-set green-house gas emissions and the impacts of the Group's operations. Through its various programmes, the Group has been responsible for planting over 2 million endemic and cash crop trees.

GREENHOUSE GAS EMISSIONS DISCLOSURE

The Group recognises its social responsibility to minimise its greenhouse gas emissions (GHG) as far as economically practicable.

Regulations made under the UK Companies Act 2006 requires the Group, to the extent practicable, to obtain relevant information on the Group's annual quantity of GHG emissions, which is reported in tonnes of carbon dioxide equivalent, and the Group's energy consumption.

Scope 1 refers to direct GHG emissions from operations that are owned or controlled by the Group, primarily emissions from fuel consumed by haul trucks, other vehicles and stationary plant at the Runruno project. These GHG emissions are regularly reported to the Philippines mines department.

The calculation of GHG emissions is based on activity data, i.e. monitoring of fuel consumption rates, fuel composition, etc multiplied by industry produced conversion factors.

Scope 2 GHG emissions are indirect emissions from the generation of purchased electricity consumed by operations that are owned or controlled by the Group. Group Scope 2 emissions have been calculated using the market-based method using Philippine government recorded supplier-specific emission factors.

The Group's total carbon footprint (generated outside of the UK) is measured as follows:

	2020 CO_2e Tons
Scope 1 GHG emissions	36,353
Scope 2 GHG emissions	69,263
Operational GHG emissions Total	105,616
	Total CO_2e Tons per ounces gold sold
Operational GHG Emissions Intensity	1.54

ENVIRONMENTAL MONITORING

The Group maintains very high compliance standards and employs a number of industry leading initiatives to ensure the highest environmental performance. It regularly conducts its own internal comprehensive environmental monitoring program to ensure compliance with its licence provisions, Philippine Regulations and any appropriate contemporary Standards. These programmes extend to reference sites outside the immediate operational area and are used to provide reference and base-line data for future use. The Government programmes quarterly monitoring by an independent, community based Multipartite Monitoring Team. The Group also engages an independent third party consultant group specialising in environment monitoring services to conduct independent monitoring of its environmental performance.

LEGAL COMPLIANCE

High compliance standards are practiced across the Group in the maintenance of its operations. A large site based team is dedicated to managing the high levels of compliance mandated within the Philippines. The site is regularly audited with upwards of sixty audits, verifications or reviews of its operations undertaken annually by the various regulators. The wide range of permits to operate in the Philippines are secured from a number of Government agencies and regulators including the Department of Environment & Natural Resources, Mines & Geosciences Bureau, Environmental Management Bureau, Forest Management Bureau, Bureau of Internal Revenue, Bureau of Customs, Bureau of Investment, Provincial Government, Municipality, Philippines National Police, National Telecommunications Commission, Water Management Bureau, and the Local Government Units.

OUTLOOK

Notwithstanding potential impacts from the COVID-19 pandemic, FY2021 is planned to be a year of consolidation with a focus streamlining procedures to capture meaningful cost savings and on additional improvements to gold recoveries through increased plant reliability and incremental process gains.

Efforts will be made from both in-pit shell and out-pit shell drilling to add further resources to the Group's gold inventory. Further, the Group's positive operational cash-flows will, in the main, be utilised to reduce the Group's senior loan facility as quickly as possible.

BOARD ENGAGEMENT WITH STAKEHOLDERS

This section serves as our section 172 statement and should be read in conjunction with the rest of the Strategic Report and the Company's Corporate Governance Statement.

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors uses its Board meetings as a mechanism for giving careful consideration to the factors set out above in discharging their duties under section 172.

Stakeholder engagement

Key stakeholder groups we engage with are listed below, together with an explanation of why we focus on them and how we engage them.

Employees
The success of the Group is dependent upon the hard work and dedication of all our employees. The Board ensures a continuing investment in existing employees who are supported through professional, technical and on-the-job training relevant to their functional areas, as well as other relevant role-specific training. The Board directs executives and senior managers to keep staff informed of the progress and development of the Group on a regular basis through formal and informal meetings and regular communications. In addition, the Board ensures funds are provided for regular events to encourage employee participation in local community initiatives. The Board is conscious of its social obligation to impart skills and knowledge onto local Philippine employees. Accordingly over 98% of the Group's workforce is Philippine. Gender diversity of our workforce is encouraged with over 27% of the workforce being female.

Government Agencies & Local Communities
The Group operates in the highly regulated mining business in the Philippines. The Board ensures the Company adopts a positive focus on maintaining productive relations with local communities and all levels of government. As a result the Chief Executive Officer and senior managers regularly conduct consultations with multi-levels of government agencies to ensure that all regulatory approvals and permits remain in good order. Development of local community improvement programmes are undertaken with consultation of local government and community representatives.

Contractors & Suppliers
Our contractors and suppliers are key business partners, and the quality of goods and services we receive are essential to supporting operations and to provide the Group with the opportunity to produce positive cash flows.

Improved relationships with our key contractors and suppliers were evidenced during the early stages of the COVID-19 pandemic. The support generated from key contractors and suppliers was crucial in enabling the Group to continue to operate. As directed by the Board, management collaborates and continually works with our contractors and the full supply chain, sharing best practice and seeking out synergies to improve performance. The reduction in the aging of key suppliers/contractors creditor balances over the last two years has played an important part in cementing these relationships.

Lenders
For the entire reporting period, the CEO and the CFO, on behalf of the Board, were in regular contact with its lenders culminating in the October 2020 debt restructuring. Notwithstanding the completion of the debt restructuring regular contact is maintained with the lenders regarding the Group's performance and to ensure expectations are properly managed.

Customers
The Group's business in mining and selling gold doré means it only deals with a small number of end customers, being refiners of doré and/or gold concentrate. The Board ensures a close relationship is maintained with senior personnel at each customer group.

Investors
Investors are considered key stakeholders, and consequently investor relations are a focus area for Directors. Where possible the Board engages investors on Group performance following trading updates and results announcements with face to face meetings and scheduled calls. Over the past year however, these consultations have been severely impacted by the legal and regulatory restrictions placed upon Directors given the debt restructuring negotiations that were ongoing for the majority of this period.

Approved by the Board of Directors and signed on behalf of the Board.

Darren Bowden, *Chief Executive Officer*
20 May 2021

Competent Persons' Statement

The information contained in this report that relates to the 2020 gold Reserves Estimate is based on information compiled by Mr Iain Ross, who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Ross is a full-time employee of Xenith Consulting. Mr Ross has sufficient experience that is relevant to the style of mineralisation and type of deposit described in the release to qualify as a Competent Person as defined by the JORC Code, 2012 Edition. Mr Ross consents to the inclusion of this information in the form and context in which it appears in this report.

Mr Darren Bowden, a director of the Company, a Member of the Australasian Institute of Mining and Metallurgy and who has been involved in the mining industry for more than 25 years, has compiled, read and approved the technical disclosure in this regulatory announcement in accordance with the AIM Rules - Note for Mining and Oil & Gas Companies.

Forward Looking Statements

Certain statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Metals Exploration plc and the Group, planned work at the Company's projects and the expected results of such work contained herein are forward-looking statementswhich are based on current expectations, estimates and projections about the potential returns of the Group, industry and markets in which the Group operates in, the Directors' beliefs and assumptions made by the Directors. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: "expects", "plans", "anticipates", "forecasts", "believes", "intends", "estimates", "projects", "assumes", "potential" or variations of such words and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties and assumptions that are difficult to predict, qualify or quantify. Among the factors that could cause actual results or projections to differ materially include, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	*2020* *US$*	*2019* *US$*
Continuing Operations			
Revenue	3	122,098,677	94,280,289
Cost of sales		(83,258,806)	(75,819,654)
Gross profit		38,839,871	18,460,635
Administrative expenses		(8,377,651)	(9,496,897)
Operating profit	4	**30,462,220**	**8,963,738**
Impairment (loss)/reversal	8	(1,292,814)	23,213,749
Loss on sale of assets		-	(569,434)
Net finance and other costs	8	(19,403,985)	(17,778,610)
Share of profit of associates	15	2,625	22,829
Profit before tax		**9,768,046**	**13,852,272**
Taxation	9/10	(19,749)	(140,072)
Profit for the period attributable to equity holders of the parent		**9,748,297**	**13,712,200**
Other comprehensive income:			
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translating foreign operations		2,947,074	1,566,525
Items that will not be re-classified subsequently to profit or loss:			
Re-measurement of pension liabilities		(28,655)	(118,035)
Total comprehensive profit for the period attributable to equity holders of the parent		**12,666,716**	**15,160,690**
Earnings per share:			
Basic cents per share	11	**0.47**	**0.66**
Diluted cents per share	11	**0.46**	**0.65**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	*2020* *US$*	*2019* *US$*
Non-current assets			
Property, plant and equipment	12	103,159,132	106,978,695
Other intangible assets	13	52,030	49,567
Investment in associate companies	15	164,033	161,408
Trade and other receivables	16	5,500,577	4,222,863
		108,875,772	**111,412,533**
Current assets			
Inventories	17	14,620,743	9,478,457
Trade and other receivables	19	11,807,274	3,609,595
Cash and cash equivalents	18	8,931,792	4,818,981
		35,359,809	**17,907,033**
Non-current liabilities			
Loans	22	(98,150,386)	(11,282,574)
Retirement benefits obligations	20	(1,799,862)	(973,000)
Deferred tax liabilities	10	(808,757)	(812,481)
Provision for mine rehabilitation	23	(3,291,388)	(2,880,092)
		(104,050,393)	(15,948,147)
Current liabilities			
Trade and other payables	21	(12,032,4876)	(14,355,288)
Loans - current portion	22	(29,264,218)	(112,794,363)
		(41,296,704)	**(127,149,651)**
Net liabilities		**(1,111,516)**	**(13,778,232)**
Equity			
Share capital	24	27,950,217	27,950,217
Share premium account		195,855,125	195,855,125
Acquisition of non-controlling interest reserve		(5,107,515)	(5,107,515)
Translation reserve		17,691,159	14,744,085
Re-measurement reserve		38,148	66,803
Other reserves	25	1,526,937	1,526,937
Profit and loss account		(239,065,587)	(248,813,884)
Equity attributable to equity holders of the parent		**(1,111,516)**	**(13,778,232)**

The financial statements were approved by the Board of Directors on 20 May 2021 and were signed on its behalf by:

Darren Bowden, *Chief Executive Officer*
20 May 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	*Share premium account*	*Acquisition of non-controlling interest reserve*	*Translation reserve*	*Re-measurement reserve*	*Other reserve*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Balance at 1 January 2020	**27,950,217**	**195,855,125**	**(5,107,515)**	**14,744,085**	**66,803**	**1,526,937**	**(248,813,884)**	**(13,778,232)**
Exchange differences on translating foreign operations	-	-	-	2,947,074	-	-	-	2,947,074
Change in pension liability	-	-	-	-	(28,655)	-	-	(28,655)
Profit for the year	-	-	-	-	-	-	9,748,297	9,748,297
Total comprehensive income/(loss) for the year	-	-	-	2,947,074	(28,655)	-	9,748,297	12,666,716
Balance at 31 December 2020	**27,950,217**	**195,855,125**	**(5,107,515)**	**17,691,159**	**38,148**	**1,526,937**	**(239,065,587)**	**(1,111,516)**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Acquisition of non-controlling interest reserve; being the goodwill arising on acquiring additional equity in a controlled subsidiary
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Re-measurement reserve: being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in other comprehensive income
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Acquisition of non-controlling interest reserve*	*Translation reserve*	*Re-measurement reserve*	*Other reserve*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Balance at 1 January 2019	**27,950,217**	**195,855,125**	**4,928,152**	**(5,107,515)**	**13,177,560**	**184,838**	**-**	**(267,454,236)**	**(30,465,859)**
Exchange differences on translating foreign operations	-	-	-	-	1,566,525	-	-	-	1,566,525
Change in pension liability	-	-	-	-	-	(118,035)	-	-	(118,035)
Profit for the year	-	-	-	-	-	-	-	13,712,200	13,712,200
Total comprehensive income/(loss) for the year	-	-	-	-	1,566,525	(118,035)	-	13,712,200	15,160,690
Fair value of warrants	-	-	-	-	-	-	1,526,937	-	1,526,937
Transfer to profit and loss	-	-	(4,928,152)	-	-	-	-	4,928,152	-
Balance at 31 December 2019	**27,950,217**	**195,855,125**	**-**	**(5,107,515)**	**14,744,085**	**66,803**	**1,526,937**	**(248,813,884)**	**(13,778,232)**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the statement of total comprehensive income for share based remuneration. As all share options have expired with no shares issued this reserve has been transferred to profit and loss.
- Acquisition of non-controlling interest reserve; being the goodwill arising on acquiring additional equity in a controlled subsidiary
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries
- Re-measurement reserve: being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in other comprehensive income
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	*2020* US$	*2019* US$
Net cash generated from operating activities	26	**28,131,523**	**13,691,659**
Investing activities			
Purchase of property, plant and equipment		(12,731,516)	(11,335,992)
Purchase of intangible assets		(76,443)	(63,078)
Proceeds from sale of plant and equipment		250,000	250,000
Net cash (used in) investing activities		**(12,557,959)**	**(11,149,070)**
Financing activities			
Repayment of borrowings	22	(11,332,074)	-
Proceeds from borrowings	22	-	899,257
Net cash (used in)/arising from financing activities		**(11,332,074)**	**899,257**
Net increase in cash and cash equivalents		4,251,490	3,441,846
Cash and cash equivalents at beginning of year		4,818,981	1,497,431
Foreign exchange difference		(138,679)	(120,296)
Cash and cash equivalents at end of year		**8,931,792**	**4,818,981**

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	*2020* *US$*	*2019* *US$*
Non-current assets			
Investment in subsidiaries	14	-	-
		-	-
Current assets			
Trade and other receivables	19	65,045,652	39,977,668
Cash and cash equivalents	18	569,732	565,166
		65,615,384	**40,542,834**
Non-current liabilities			
Loans	22	(67,596,759)	(11,282,574)
		(67,596,759)	**(11,282,574)**
Current liabilities			
Loans	22	-	(44,705,987)
Trade and other payables	21	(362,682)	(442,196)
		(362,682)	**(45,148,183)**
Net liabilities		**(2,344,057)**	**(15,887,923)**
Equity			
Share capital	24	27,950,217	27,950,217
Share premium account		195,855,125	195,855,125
Translation reserve		1,305,125	(940,976)
Other reserves	25	1,526,937	1,526,937
Profit and loss account		(228,981,461)	(240,279,226)
Equity attributable to equity holders of the parent		**(2,344,057)**	**(15,887,923)**

The Company has taken advantage of the exemption provided under section 408 of Companies Act 2006 not to publish an income statement or a statement of total comprehensive income. The total comprehensive income for the year ended 31 December 2020 dealt with in the financial statements of the Company was $11,297,765 (2019: $28,662,780).

The financial statements were approved by the Board of Directors on 20 May 2021 and were signed on its behalf by:

Darren Bowden; *Chief Executive Officer*
20 May 2021

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2020 & 31 DECEMBER 2019

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Translation reserve*	*Other reserves*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Balance at1 January 2019	**27,950,217**	**195,855,125**	**4,928,152**	**(830,624)**	**-**	**(273,870,158)**	**(45,967,288)**
Exchange differences on translating foreign currencies	-	-	-	(110,352)	-	-	(110,352)
Profit for the year	-	-	-	-	-	28,662,780	28,662,780
Total comprehensive income/(loss) for the year	-	-	-	(110,352)	-	28,662,780	28,552,428
Fair value of warrants	-	-	-	-	1,526,937	-	1,526,937
Transfer to profit and loss	-	-	(4,928,152)	-	-	4,928,152	-
Balance at 31 December 2019	**27,950,217**	**195,855,125**	**-**	**(940,976)**	**1,526,937**	**(240,279,226)**	**(15,887,923)**
Exchange differences on translating foreign currencies	-	-	-	2,246,101	-	-	2,246,101
Profit for the year	-	-	-	-	-	11,297,765	11,297,765
Total comprehensive income for the year	-	-	-	2,246,101	-	11,297,765	13,543,866
Balance at 31 December 2020	**27,950,217**	**195,855,125**	-	**1,305,125**	**1,526,937**	**(228,981,461)**	**(2,344,057)**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the income statement for share based remuneration. As all share options have expired with no shares issued this reserve has been transferred to profit and loss.
- Translation reserve; being the foreign exchange differences arising on the change of presentational currency and upon on the translation of foreign currencies
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities.
- Profit and loss account; being the cumulative loss attributable to equity shareholders

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 US$	2019 US$
Net cash used in operating activities	26	**(2,524,693)**	**(2,069,014)**
Financing activities			
Proceeds from borrowings	22	-	899,257
Advances from subsidiary		2,608,692	1,100,000
Net cash from financing activities		**2,608,692**	**1,999,257**
Net Increase/(decrease) in cash and cash equivalents		83,999	(69,757)
Cash and cash equivalents at beginning of year		565,166	664,642
Foreign exchange difference		(79,433)	(29,719)
Cash and cash equivalents at end of year		**569,732**	**565,166**

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies

The principal accounting policies are summarised below. Except as elsewhere disclosed, the accounting policies have all been applied consistently throughout the period covered by this financial information.

Basis of preparation
The financial information has been prepared on a historical cost basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

For the Group and its subsidiaries US Dollars is both the functional and presentational currency. Although the Company's functional currency is pounds sterling, it also uses US Dollars as its presentational currency, to better reflect the underlying performance of that entity.

Going concern
The consolidated financial statements of the Group have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

To date the Group has managed to limit the impact of COVID-19 on its operations. The main impacts that have arisen during the COVID-19 crises are the limitation on movement of personnel to/from the project site and in/out of the Philippines, supply chain interruptions affecting delivery of spares and consumables and the necessary introduction of on-site social distancing and site access protocols. These COVID-19 pressures have been well managed, with gold production continuing to produce positive cash flows. As a result the Group currently believes the impact of COVID-19 will not affect the going concern status of the Group.

In October 2020 the Group successfully restructured its external debt facilities on a basis that provides a sustainable financial structure to continue to operate the project to produce sustainable cashflows. The Group no longer has an obligation to meet any fixed interest and principal repayment schedule, which has removed the risk that the Group will default on its debt facilities due to not meeting a fixed principal and interest repayment schedule. In addition, the Group has the right to hold a US$5 million working capital buffer in excess of current liabilities thus ensuring external creditors can be paid from Group cash flows before debt payments are made. Further there is no obligation to make any repayment of mezzanine debt principal and interest until the senior debt is fully repaid.

Although the consolidated balance sheet continues to show net liabilities of US$1.11 million (2019: US$13.78 million) and net current liabilities of US$5.45 million (2019: US$109.24 million), operational performance during 2020 built upon the production improvements that first became evident during 2019. Notwithstanding COVID-19 impacts, the Group produced a consolidated operating profit of US$30.5 million. Since year end the operation has maintained these operational improvements and positive free cash flows are expected to continue.

However, over the next financial period, the continuing viability of the Group and its ability to operate as a going concern, and to meet its commitments as and when they fall due is dependent upon the ability of the Group to operate the Runruno project successfully; so as to generate sufficient cash flows from the project to enable the Group to settle its liabilities as they fall due.

After making enquiries and considering the matters described above, the Group's directors believe that there are reasonable grounds to believe that the use of the going concern basis remains appropriate as:

- The Group's agreement with its lenders removes the obligation for the Group to meet fixed interest and principal repayment schedules. Its repayment obligation is now limited to a quarterly payment of interest and principal of that amount which equals the available working capital over and above a US$5million working capital buffer;
- The Group's agreement with its lenders removes the risk that the Company will default on its debt facilities due to not meeting fixed principal and interest repayment schedules. As a result the Group is not at risk of the lenders enforcing security they hold against the Group, or its assets, in the event there is no quarterly payment of either interest or principal to lenders;
- The Group's agreement with its lenders provides the Company with the ability to hold a working capital buffer in excess of current liabilities thus ensuring external creditors can be paid in priority to debt repayments; and
- The Group currently believes, irrespective of ongoing COVID-19 pandemic issues, its operations will produce sufficient positive cash flow to enable the Group to pay its debts as and when they fall due.

Changes in accounting policies and disclosures

The accounting policies and disclosures applied in the preparation of this financial information are consistent with the accounting policies and disclosures applied in the preparation of the prior period financial information.

New standards and interpretations

The financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective from the beginning of the accounting period on 1 January 2020. The new standards, interpretations and amendments effective from 1 January 2020 had no significant impact on the Group.

There are a number of international accounting standards, amendments to standards, and interpretations which have been issued that are effective in future accounting periods and which have not been adopted early. None of these standards, amendments to standards or interpretations are expected to have a significant effect on the Group.

Basis of consolidation

The Group financial information incorporate the financial information of the Company and its subsidiary undertakings for the year ended 31 December 2020. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiary companies have been included in the Group's financial statements from the date of acquisition when control was passed to the Group using the acquisition method of accounting. The Group financial statements include the results of the Company and its subsidiaries as if they were a single reporting entity. On consolidation, intra-Group transactions and balances are eliminated.

Foreign currency
Transactions in currencies different to the company's functional currency are recorded 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 on the balance sheet date. Exchange gains and losses on the settlement of monetary items are recognised in the statement of total comprehensive income.

On consolidation, the assets and liabilities are translated to US Dollars at the rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the period. Exchange differences are recognised within other comprehensive income in the consolidated statement of total comprehensive income.

Taxation and deferred tax
Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been substantively enacted by the balance sheet date.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited, as applicable, as a taxation debit/credit to the statement of total comprehensive income, except when it relates to items charged or credited directly to other comprehensive income in which case, the deferred tax is recognised in the other comprehensive income section within the statement of total comprehensive income.

Deferred tax assets and liabilities are offset when the Group 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 Group Company or different Group entities, which intend 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 or liabilities are expected to be settled or recovered.

Share based payments
The Company may enter into equity-settled share-based transactions with its Directors, employees of its subsidiaries, its contractors or its lenders in which the counterparty provides services/goods to the Company in exchange for remuneration in the form of certain equity instruments of the Company. The equity instruments comprise warrants and share options.

The services/goods received by the Company in these share-based transactions are measured by reference to the fair value of the equity instruments at the date of grant and are recognised as an expense in the statement of total comprehensive income with a corresponding increase in equity, via a shares to be issued reserve for share options or in other reserves for warrants.

There have been no share based payments made during either of the last two financial years.

Inventories
Inventories of finished goods (bullion), gold in circuit and stockpiles of processed ore are brought to account and stated at the lower of costs and estimated net realisable value. Cost comprises direct

materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Costs are assigned to ore stockpiles and gold in circuit items of inventory based on weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business (excluding derivatives) less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumables have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

Intangible assets

Exploration costs

Costs relating to the exploration of precious and base metal properties are capitalised as intangible assets in the balance sheet once the Group has obtained the legal right to explore an area.

Capitalised exploration costs are reclassified to tangible assets once technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The capitalised exploration costs are tested for impairment annually.

Where exploration costs have been incurred and capitalised for a specific tenement and the commercial and technical requirements to demonstrate positive economic returns using approved mining techniques has not been established, the Company recognises these costs as an intangible asset and tests these costs annually for impairment. These costs are considered fully impaired unless the results of exploration indicate the presence of mineral resources that have the potential to be defined as an inferred resource in accordance with industry standards.

Other intangible assets

Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired as part of a business combination are measured at their fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Amortisation charges are recognised in cost of sales. Computer software is amortised over its expected useful life of 3 years using the straight-line method. Licences acquired to support mining operations will be amortised over the expected useful life of the mining operation (or the term of the licence if shorter) when development is complete and mining commences. Intangible assets are tested annually for impairment.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost plus directly attributable costs and are subsequently carried at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated over their expected useful lives, using the straight-line method.

The classes of depreciable assets, their expected useful lives and their depreciation methods are:

Buildings & leasehold improvements	10 years	Straight-line
Drilling equipment	5 years	Straight-line
Motor vehicles	3-5 years	Straight-line
Fixtures, fittings and equipment	3 years	Straight-line
Process plant	applying the units of production over the useful life of the mine.	
Residual Storage Impoundment	applying the units of production over the useful life of the mine.	
Mining properties	applying the units of production over the useful life of the mine.	

Mining properties costs have arisen entirely because of a reclassification of the intangible assets deferred exploration costs, advances to surface occupants, and mining licenses. As of 20 October 2011, the extraction of gold from the Runruno site was assessed as being both technically feasible and commercially viable. Further costs since this date have been capitalised directly to mining properties.

Construction in progress tangible assets have been incurred after 1 December 2011, the date the board of Directors announced that the Group had moved into the capital construction phase of its development. The costs were substantially incurred throughout 2012 to 2017.

Construction in progress costs are allocated to a property, plant and equipment tangible asset category, once the relevant asset has been assessed as being available for use as intended by management. The costs will be treated as being reclassified and will be depreciated according to the adopted method of the appropriate asset category.

The right-of-use assets are recognised for all leases, except for low value assets and/or short duration leases. These assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date. The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Investments

Investments in subsidiaries and investment in associates are recognised at cost less any impairment losses in the Company accounts.

Equity accounting is applied to investments in associates on a Group basis. Investments in associates are recognised at the cost of investment as adjusted for post-acquisition changes in the Group's share of net assets of the associate. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Provision for mine rehabilitation and decommissioning

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) at the end of the reporting period when the related environmental disturbance occurs, based on the estimated future costs using information available at the end of the reporting period. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is classified as interest accretion in the statement of total comprehensive income. At the time of establishing the provision, a corresponding asset is capitalised and depreciated over future production from the operations to which it relates.

The provision is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depreciated prospectively.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each end of the reporting period and the cost is charged to the statement of total comprehensive income.

Revenue recognition

Gold sales

The Group is principally engaged in the business of producing gold. Revenue is recognised when the Group transfers control of its gold to a customer at the amount at which payment is expected. Sales revenue represents the gross proceeds receivable from the customer.

For gold sales, the enforceable contract is each purchase order, which is an individual, short-term contract, while the performance obligation is the delivery of the metals.

Recognition of sales revenue for the gold is based on determined metal in concentrate and the London Bullion Market Association (LBMA) quoted prices, net of smelting and related charges.

Revenue is recognized when control passes to the customer, which occurs at a point in time when the metal concentrate is credited to the buyer's account and provisionally paid by the buyer. Under the terms of offtake agreements with the customer, the Company issues a provisional invoice for the entire volume of concentrate loaded to customer's vessel. Final invoice is made thereafter upon customer's outturn of concentrates delivered and submission of their final assay report. Adjustment is accordingly made against the final invoice with respect to provisional collections received by the Company within two days to determine amounts still owing from/to customers.

As the enforceable contract for the arrangements is the purchase order, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is minimal future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

Revenue from the sale of by-products such as silver is accounted for as a credit to the cost of sales.

Interest

Revenue is recognised as interest accrues using the effective interest method.

Production Fee

Production fees, incurred pursuant to the previous Mezzanine Debt facilities, are recognised in profit or loss in the period in which they are incurred. Since the October 2020 debt restructuring there are no production fee expenses.

Financial instruments

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include payables and loans and borrowings.

Subsequent measurement

Payables

This category pertains to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued liabilities).

Payables are recognised initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction cost.

As at December 31, 2020 and 2019, the Company's payables include trade and other payables.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of total comprehensive income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of total comprehensive income.

Compound financial instruments
Compound financial instruments comprise both liability and equity components. At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability. The difference between the net issue proceeds and the liability component is the equity component, and is accounted for as equity.

Any transaction costs associated with the issue of a compound financial instrument are allocated in proportion to the equity and liability components.

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument. The difference between the interest expense and the interest payments made are included in the carrying amount of the liability.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates, assumptions and judgements that affect the application of policies, and reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from reported amounts in the financial statements.

The estimates, assumptions and judgements which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are:

Judgements
Impairment and impairment reversals of assets
The Group assesses at each reporting date whether there are any indicators that its assets and cash generating units (CGUs) may be impaired or require previous impairment provisions to be reversed. Operating and economic assumptions which could affect the valuation of assets using discounted cash flow models are regularly reviewed and updated as part of the Group's monitoring of operational and financial performance and forecasting processes. Judgement is required in determining if operating and economic changes are significant and impact the performance potential of an asset or CGU, and therefore an indication of impairment or an impairment reversal. Assets that have previously been impaired must be assessed for indicators of both impairment and impairment reversal. Such assets are recorded in the consolidated balance sheet at their recoverable amount at the date of the last impairment assessment (less annual depreciation/amortisation); therefore a change in operational plans, assumptions or economic conditions could result in further impairment or an impairment reversal if an indicator is identified.

Estimates
Current v Non-current borrowings
Under the Group's restructured debt arrangements there is no fixed schedule of interest and principal repayments. Rather the Group's repayment obligation is now limited to making a quarterly repayment of that amount which equals the available net working capital (NWC) over and above a minimum US$5 million NWC buffer. If at the end of any quarter the NWC is less than US$5 million there is no debt repayment obligation and there is no resultant event of default.

As a result the amount of debt principal that will be repaid within 12 months from balance sheet date is not known with certainty. Thus the amount of debt principal that is classified as either a current liability (payable within 12 months), or a non-current liability (payable after 12 months) needs to be estimated.

In order to estimate the amount of debt principal that will be repaid within the next 12 months the Group has taken into consideration the following:

- Forecast minimum debt repayment obligations based upon predicted cash flows for the 2021 year after taking into consideration:
  - Current gold prices and Bloomberg consensus forecasts gold prices for the remainder of 2021;
  - Current and forecast levels of gold recovery and gold production; and
  - Current and forecast operational and CAPEX costs (AISC).

The outcome of these considerations was to determine that US$30 million of debt principal is considered a current liability. As at the date of this report the Group has repaid US$18.6 million in debt interest and principal during 2021 (US$17.5 million principal; US$1.1 million interest).

Impairment and impairment reversals of assets

An annual review is made of the carrying amount of an asset which may not be recoverable, or has previously been subject to an impairment charge. An asset's carrying value is written down, or conversely written up, to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use). To determine value in use the Group reviews future operations using the latest life of mine (LOM) model detailing future cash flows that the Runruno operation is expected to produce. The key assumptions for these value-in-use calculations are those regarding risk discount rates, the price of gold, gold recovery levels, plant availability levels, changes in the resource statements and forecast changes in direct costs, the availability of economic funding and the ability to renew its mining permit(s).

The net present value of these expected future cash flows is used to determine if an impairment, or impairment reversal, is required.

For the year ended 31 December 2020 review the net present value of expected future cash flows was considered to be approximately equivalent to the carrying cost of the relevant assets. As a result in the year ended 31 December 2020 there was neither an impairment charge nor an impairment charge reversal raised against its mining properties, plant and equipment.

In the year ended 31 December 2019 however the review concluded the net present value of expected future cash flows to be greater than the carrying cost of the relevant assets. As a result, in the year ended 31 December 2019 the Group booked a US$25 million reversal of a portion of an impairment charge against its mining properties, plant and equipment that was originally made in 2018.

Recovery of intercompany receivable accounts
Receivables due from group companies, which are interest free, are assessed under the expected credit losses model. In each case, the most appropriate assessment is for the Company to consider the output from the impairment tests and value-in-use calculations carried out in respect of the Group's mining properties, plant and equipment assets.

In both the years ended 31 December 2019 and 2020 the Company booked a partial reversal of a 2018 year impairment made against its loans receivable from its subsidiaries. These impairment reversals recognise the improved trading outcomes of the subsidiaries such that it is estimated that the Company will receive a larger than previously estimated recovery of loans made to subsidiaries.

Refer to note 8 for detail on the impairment reversal/charges.

Determination of mineral resources and ore reserves
The determination of mineral resources and ore reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for pensions and for decommissioning and restoration.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated which may impact asset carrying values, depreciation and amortisation rates, deferred stripping costs and relevant provisions.

An updated estimation of mineral resources and ore reserves was calculated and publicised in April 2020. This new statement of mineral resources and ore reserves has been calculated and reported in accordance with the Aus.IMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves"; and was prepared by Xenith Consulting, who are competent persons as identified by the Code.

Estimating gold-in-circuit and gold stockpile inventories
Gold-in-circuit is measured by the Company's metallurgists based on the gold grade/recovery across different structures of the process plant. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained concentrates in dry metric tonnes is based on assay data, and the estimated recovery percentage is based on the expected processing outcomes. Stockpile tonnages are verified by periodic surveys. Refer to note 17.

Although regular assay data is collected and production recoveries closely monitored these estimates that are valid at the time of estimation may be significantly different to the final gold recovered once processing of the inventories is completed.

Provision for Pensions
The Group makes provision for an unfunded, non-contributory defined benefit retirement plan covering substantially all regular employees who have rendered at least six months of continuous service. Benefits are dependent on the years of service and the respective employee's compensation. The valuation of the retirement plan obligation is estimated using the projected unit credit actuarial cost method. The principal estimates used in determining the defined benefit retirement plan obligations are listed in Note 20.

Provision for environmental rehabilitation and decommissioning costs
The amount recognised as a provision represents management's best estimate of the consideration required to complete the necessary restoration and rehabilitation activity at the end of the LOM. These estimates are inherently uncertain and could materially change over time. There is judgement in the input assumptions used in determining the estimated rehabilitation and decommissioning provision. Inputs used that require estimating include:

- closure costs, which are determined in accordance with regulatory requirements,
- inflation rate, which has been adjusted for a long-term view,
- risk-free rate, which is compounded annually and linked to the life-of-mine,
- the rate at which the progressive back-fill rehabilitation is undertaken,
- whether the final construction of the RSI facility is completed during normal operations, and
- life-of-mine and related Mineral Resources and Mineral Reserves.

Recovery of VAT and other duties
Non-current receivables include amounts the Group believe it is entitled to recover from the Philippine government in respect of past paid VAT, stamp duty and import duties. The Company's Philippine operating subsidiary, FCF Minerals Corporation ("FCF"), operates the Runruno mine in accordance with the terms of a Financial and Technical Assistance Agreement ("FTAA") with the Philippine government. Under the terms of the FTAA, FCF is exempt from numerous taxes including corporate income tax, VAT, stamp duty and import duty until July 2022. After July 2022 FCF is obligated to pay the above taxes plus a government 'profit-share tax' such that all government and business taxes equal at least 50% of the net cash surplus (as defined in the FTAA) generated by the Runruno mine.

Although the Group has been exempt from paying the above listed taxes since entering into the FTAA, it has nonetheless for operational reasons needed to outlay significant amounts in paying these various taxes. FCF is pursuing reimbursement of these payments through numerous court actions. Notwithstanding the terms of the FTAA, FCF has yet to successfully recover any amounts from the Philippine government.

In each year from 2018 to 2020 the Group has estimated that an impairment charge should be raised against this non-current receivable. Refer to note 16 for detail on the impairment charges.

3. Revenue

	2020	*2019*
	US$	*US$*
Revenue from sale of gold	122,098,677	94,280,289

4. Operating profit for the year is stated after charging:

	2020	*2019*
	US$	*US$*
Depreciation of property, plant and equipment (see note 12)	16,925,778	9,290,373
Amortisation (see note 13)	56,457	48,966
Foreign exchange losses	2,156,859	1,480,638
Staff costs (see note 7)	11,561,960	10,155,565
Auditors remuneration (see note 5)	216,751	217,158

5. Auditor's remuneration

	2020	*2019*
	US$	*US$*
Fees payable to the Group and Company's auditor for the audit of the Group and Company's accounts	156,871	147,379
Fees payable to the Company's auditor and its associates for other services	6,432	21,550
Taxation compliance services	53,448	48,229
	216,751	217,158

6. Segmental analysis

Operating segments have been identified based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM') and in particular the components of the Group which are regularly reviewed by the CODM. The operating segments included in internal reports are determined on the basis of their significance to the Group. The CODM has been determined to be the Board of Directors as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. The primary segments have been identified into three geographic areas of the UK, Philippines and Singapore. The CODM uses 'profit/(loss) before tax', 'cash & cash equivalents' and 'total liabilities' as the key measures of the segments' results and these measures reflect the segments' underlying performance for the period under evaluation.

The segment results for the year ended 31 December 2020 and 2019 and the reconciliation of the segment measures to the respective statutory items in the consolidated financial information are as follows:

Year ended 31 December 2020	UK	Philippines	Singapore	Total
	US$	US$	US$	US$
Segment results				
Sales revenue	-	122,098,677	-	122,098,677
Group operating (loss)/profit	(4,944,095)	35,407,951	(1,636)	30,462,220
Other income & charges	-	(1,292,814)	-	(1,292,814)
Finance costs	(12,422,774)	(6,981,211)	-	(19,403,985)
Share of profits of associates	-	2,625	-	2,625
(Loss)/profit before tax	**(17,366,869)**	**27,136,551**	**(1,636)**	**9,768,046**
Segment assets				
Segment tangibles & intangibles	-	103,211,162	-	103,211,162
Segment receivables & inventories	49,973	31,875,110	3,511	31,928,594
Segment cash	569,732	8,360,611	1,449	8,931,792
Equity-accounted investees	-	164,033	-	164,033
Total segment assets	619,705	143,610,916	4,960	144,235,581
Segment liabilities				
Segment loans	(67,596,759)	(59,817,845)	-	(127,414,604)
Segment trade & other payables	(362,682)	(11,175,565)	(6,500)	(11,544,747)
Segment provisions and retirement benefits obligations	-	(5,578,989)	-	(5,578,989)
Segment deferred tax	-	(808,757)	-	(808,757)
Total segment liabilities	(67,959,441)	(77,381,156)	(6,500)	(145,347,097)
Total segment net (liabilities)/assets	**(67,339,736)**	**66,229,760**	**(1,540)**	**(1,111,516)**
Segment other information				
Amortisation of intangible assets	-	(56,457)	-	(56,457)
Depreciation of property, plant and equipment	-	(16,925,778)	-	(16,925,778
Additions to property, plant and equipment	-	13,106,215	-	13,106,215

Segment net assets are analysed net of intercompany transactions.

The results of each segment have been prepared using accounting policies consistent with those of the Group as a whole.

Year ended 31 December 2019	UK	Philippines	Singapore	Total
	US$	US$	US$	US$
Segment results				
Sales revenue	-	94,280,289	-	94,280,289
Group operating (loss)/profit	(5,672,880)	14,637,465	(847)	8,963,738
Other income & charges	-	23,213,749	-	23,213,749
Finance costs	(10,669,507)	(7,109,103)	-	(17,778,610)
Share of profits of associates	-	22,829	-	22,829
Loss on sale of assets	-	(569,434)	-	(569,434)
(Loss)/profit before tax	**(16,342,387)**	**30,195,506**	**(847)**	**13,852,272**
Segment assets				
Segment tangibles & intangibles	-	107,028,262	-	107,028,262
Segment receivables & inventories	68,669	17,238,934	3,312	17,310,915
Segment cash	565,166	4,252,366	1,449	4,818,981
Equity-accounted investees	-	161,408	-	161,408
Total segment assets	633,835	128,680,970	4,761	129,319,566
Segment liabilities				
Segment loans	(55,988,561)	(68,088,376)	-	(124,076,937)
Segment trade & other payables	(442,196)	(13,898,989)	(14,103)	(14,355,288)
Segment provisions and retirement benefits obligations	-	(3,853,092)	-	(3,853,092)
Segment deferred tax	-	(812,481)	-	(812,481)
Total segment liabilities	(56,430,757)	(86,652,938)	(14,103)	(143,097,798)
Total segment net (liabilities)/assets	**(55,796,922)**	**42,028,032**	**(9,342)**	**(13,778,232)**
Segment other information				
Amortisation of intangible assets	-	(48,966)	-	(48,966)
Depreciation of property, plant and equipment	-	(9,290,373)	-	(9,290,373)
Additions to property, plant and equipment	-	6,627,567	-	6,627,567

7. Staff numbers and costs - Group

	2020	2019
The average number of persons, including Directors, was:	*Number*	*Number*
Administration	19	38
Development & operations	700	658
	719	696

	2020	2019
Staff costs of the above persons were:	*US$*	*US$*
Wages and salaries	9,641,894	9,805,664
Social security costs	356,549	313,921
Retirement and pension costs	1,563,517	229,063
	11,561,960	**10,348,648**

Directors' emoluments:	**2020**	2019
	US$	*US$*
Directors		
D Bowden	960,000	720,000
I Holzberger	-	15,145
Sums paid to third parties in respect of Directors of the parent Company*		
MTL Luxembourg Sarl appointee - A Stancliffe	30,873	28,070
Runruno Holdings Limited appointee – G Walker	98,406	128,547
	1,089,279	**891,762**

The Directors are considered to be the only members of key management personnel. All emoluments represent Directors' fees.

* Relationship Agreements dated 23 October 2020 with MTL Luxembourg Sarl and Runruno Holdings Limited detail the terms of remuneration that each of these companies receives for the supply of their representative Directors.

Share options held by Directors:

As at 31 December 2020, there were no share options outstanding (2019: none).

Further details relating to key management are given in note 29 to the financial statements.

8. Other charges and income applied against profit and loss

8(a). Impairment charge and impairment reversal - Group

Property, plant and equipment (PPE)
Under IAS 36 - *Impairment of Assets*, each asset that forms a cash generating unit (CGU) should be tested annually for impairment. The Group considers that the entire Runruno project (encompassing capitalised property, plant and equipment, mining licence costs and deferred exploration expenditure) comprises a single cash generating unit as all stages of the project are interdependent in terms of generating cash flow and do not have the capacity to generate separate and distinct cash flow streams. Accordingly, the annual recoverable value assessment made in accordance with IAS 36 is made on a whole of project basis.

The Group assesses the recoverable amount of the Runruno project CGU based on the value in use of the Runruno operations using cash flow projections over the remaining expected LOM and at appropriate discount rates. Based on assumptions current as at 31 December 2020 the Group reviewed its recent operational performance and its future expectations based on a review of the planned mining schedule to determine the recoverable amount the Runruno project could deliver.

The recoverable amount estimates were based on the following key assumptions and source information:

- gold resources to be mined based on current estimated reserves and resources and new remaining LOM mining schedule; adjusted for forecast mine and grade dilution;
- estimated gold recoveries forecast to be achieved over the remaining LOM based on gold recoveries achieved to date;
- estimated ongoing capital expenditure required for the remaining LOM;
- estimated operating and administration costs for the remaining LOM including an inflation factor;
- future gold revenues based upon Bloomberg consensus gold price futures;
- future gold revenues calculated for the remaining LOM of 6 years; and
- risk discount rates of 15.5% (2019: 16.0%).

The December 2020 the estimated recoverable value of the Runruno project calculated in accordance with IAS 36 approximated the current book value of the Group’s property, plant and equipment (PPE). Accordingly, at 31 December 2020 there was no requirement to book either an impairment charge or an impairment reversal in relation to the Group’s PPE book values.

As at 31 December 2019 the Group formed the view that the estimated December 2019 recoverable value of the Runruno project was significantly higher than book value. As a result a US$25 million impairment charge reversal was recorded as income for the 2019 financial year (refer note 12 - property, plant and equipment).

Receivables due
Impairment charges have been raised against trade and other receivables due, both within and after one year, in relation to stamp duties, withholding tax paid on intra-group management fees and VAT on importations and other goods and services. Under the FTAA these taxes and duties are recoverable, however given the Group continues to have little success in securing appropriate refunds of these taxes paid impairment charges have been raised. (refer note 16 - trade and other receivables due after one year; note 19 - trade and other receivables due within one year). In addition an impairment charge has been raised against advances made to associates.

The total impairment charges against all receivables was US1.3 million (2019: US$1.8 million).

8(b). Impairment charge and impairment reversal – Company

Receivables due

To a large extent the Runruno project has been funded by loans from the parent Company and these together with the Company's investment in its subsidiaries is represented by the value of the Runruno project cash generating unit. The 2018 estimate of the value of the Runruno project cash generating unit resulted in these loans and investments being fully written off.

Repayment of these loans and recovery of the investments is dependent upon the Runruno project producing sufficient cash surpluses. Both the December 2019 and December 2020 reviews of what the future estimated cash flows that the Runruno project may produce estimated that the Company's subsidiaries should produce positive cash flows over the remaining life of the project, enabling it to partially repay past parent company advances. From a review of the subsidiaries net assets it was estimated that US$65 million of these parent company advances could be repaid. As a result, the Company has booked an impairment reversal US$23 million in 2020 (2019: US$40 million) of receivables due from subsidiaries (note 19 – trade and other receivables due within one year).

8(c). Finance costs and other income

	2020	*2019*
	US$	*US$*
Exchange loss	(1,626,327)	(1,280,545)
Loan interest and fees	(17,033,574)	(16,202,713)
Warrant fair value expense	(744,890)	(295,352)
Other bank interest/fees	806	-
Finance costs and other income	**(19,403,985)**	**(17,778,610)**

9. Taxation

The taxation expense comprises the following

	2020	*2019*
	US$	***US$***
Current year corporation tax expense	11,222	-
Current year deferred tax expense	8,527	140,072
Total tax expense for the year	**19,749**	**140,072**

The total tax expense for the year can be reconciled to profit for the year as follows:

	2020	*2019*
	US$	*US$*
Profit before tax	9,768,046	13,852,272

	2020	2019
Tax on profit at UK corporation tax rate of 19% (2019: 19%)	1,852,176	2,631,932
Effects of:		
Income not taxable	(3,072,029)	(46,316)
Differing tax rates in different jurisdictions	2,182,370	2,768,484
Deferred tax asset not recognised	1,423,484	1,680,675
Non-taxable and non-allowable items	(2,365,825)	(6,894,643)
Short-term timing differences	(427)	(60)
Total taxation expense for the year	**19,749**	**140,072**

10. Deferred tax credit, liability and asset

Deferred tax credit

	Tax Expense		**Tax Liability**		**Tax Asset**	
	2020 US$	2019 US$	**2020** US$	2019 US$	**2020** US$	2019 US$
Undepleted asset retirement obligation	8,527	140,072	579,457	570,930	-	-
Unrealised foreign exchange gain	-	-	157,964	158,500	-	-
Other short term timing differences	-	-	70,770	83,051	-	-
	8,527	**140,072**	**808,191**	**812,481**	**-**	**-**

The differences between the deferred tax credit through the Consolidated Statement of Total Comprehensive Income and the deferred tax liability on the Consolidated Balance Sheet has occurred from translation differences arising on consolidation. Liabilities are translated using the closing foreign exchange rate prevailing at 31December 2020 whereas the foreign currency composition of the statement of total comprehensive income is translated using the average rate for the whole of the year.

Deferred tax asset

For the year ended 31 December 2020 the Group has net unused tax losses of US$61.7 million (2019: US$50.0 million) available for offset against future profits. However, due to the Group's on-going tax losses situation, the deferred asset has not been recognised on the Consolidated Balance Sheet due to uncertainty over its future reversal.

For the year ended 31 December 2020 the Group has net unused tax losses available for offset against future profits as follows:

	2020	*2019*
	US$	*US$*
UK	51,984,989	40,307,118
Philippines*	9,721,944	9,721,944
Group unused tax losses available	**61,706,933**	**50,029,062**

* Although these tax losses are available to be offset against future Philippines sourced profits the Group may not benefit from them due to operation of the government profit sharing provisions of the FTAA. Under the terms of the FTAA, FCF is exempt from numerous taxes including corporate income tax until July 2022. After July 2022 FCF is obligated to pay corporate income tax (and other indirect taxes) plus a government 'profit-share tax' such that all government and business taxes equal at least 50% of the net cash surplus (as defined in the FTAA) generated by the Runruno mine.

11. Earnings per share

	2020	*2019*
	US$	*US$*
Earnings		
Net profit attributable to equity shareholders for the purpose of basic and diluted earnings per share	**9,748,297**	**13,712,200**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,071,334,586	2,071,334,586
Number of dilutive shares under warrant	30,950,049	30,950,049
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,102,284,635**	**2,102,284,635**
Earnings per share		
Basic earnings per share	**0.47**	**0.66**
Diluted earnings per share	**0.46**	**0.65**

The earnings per share was calculated on the basis of net profit attributable to equity shareholders divided by the weighted average number of ordinary shares.

12. Property, plant and equipment - Group

	Motor vehicles	Office furniture & equipment	Buildings & leasehold improvements	Drilling, mining & milling equipment	Construction in progress (CIP)	Process plant	Residual Storage Impoundment (RSI)	Mining properties	*Total*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Cost									
As at 1 January 2019	891,425	1,493,097	3,830,312	19,029,613	6,173,774	114,494,415	20,087,023	125,770,274	291,769,933
Re-allocation	-	-	-	-	-	(1,662,591)	-	1,662,591	-
Additions	49,413	35,296	-	6,118,289	3,242,606	407,266	1,210,195	858,809	11,921,874
Reclassification of CIP	-	-	-	-	(6,083,520)	-	4,279,552	1,803,968	-
Disposals	-	-	-	(2,365,672)	-	-	-	-	(2,365,672)
As at 31 December 2019	940,838	1,528,393	3,830,312	22,782,230	3,332,860	113,239,090	25,576,770	130,095,642	301,326,135
Additions	152,208	50,240	41,966	3,170,094	3,312,978	538,011	-	5,840,718	13,106,215
As at 31 December 2020	**1,093,046**	**1,578,633**	**3,872,278**	**25,952,324**	**6,645,838**	**113,777,101**	**25,576,770**	**135,936,360**	**314,432,350**
Impairment									
As at 1 January 2019	-	-	-	(1,286,883)	-	(40,200,756)	(18,250,483)	(115,261,878)	(175,000,000)
Reversal (refer note 8(a))	-	-	-	1,286,883	-	5,462,634	18,250,483	-	25,000,000
31 December 2019	-	-	-	-	-	(34,738,122)	-	(115,261,878)	(150,000,000)
As at 31 December 2020	**-**	**-**	**-**	**-**	**-**	**(34,738,122)**	**-**	**(115,261,878)**	**(150,000,000)**

	Motor vehicles	Office furniture & equipment	Buildings & leasehold improvements	Drilling, mining & milling equipment	Construction in progress (CIP)	Process plant	Residual Storage Impoundment (RSI)	Mining properties	*Total*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Depreciation									
As at 1 January 2019	(881,420)	(1,488,758)	(1,278,280)	(9,856,591)	-	(10,503,323)	(1,836,540)	(10,508,396)	(36,353,308)
Reallocation	-	-	-	-	-	138,291	-	(138,291)	-
Charge for the period	(9,224)	(8,677)	(341,558)	(1,401,991)	-	(4,624,579)	(2,492,896)	(411,448)	(9,290,373)
Disposals	-	-	-	1,296,241	-	-	-	-	1,296,241
As at 31 December 2019	**(890,644)**	**(1,497,435)**	**(1,619,838)**	**(9,962,341)**	-	**(14,989,611)**	**(4,329,436)**	**(11,058,135)**	**(44,347,440)**
Charge for the period	(34,566)	(27,127)	(397,339)	(2,391,935)	-	(9,806,883)	(3,268,820)	(999,108)	(16,925,778)
As at 31 December 2020	**(925,210)**	**(1,524,562)**	**(2,017,177)**	**(12,354,276)**	**-**	**(24,796,494)**	**(7,598,256)**	**(12,057,243)**	**(61,273,218)**
Net book value									
As at 31 December 2020	**167,836**	**54,071**	**1,855,101**	**13,598,048**	**6,645,838**	**54,242,485**	**17,978,514**	**8,617,239**	**103,159,132**
As at 31 December 2019	50,194	30,958	2,210,474	12,819,889	3,332,860	63,511,357	21,247,334	3,775,629	106,978,695

Refer note 8(a) for details of the impairment charge reversal recognised against these assets.

The Group's lenders hold fixed and floating security charges over the Group's property, plant and equipment.

13. Other intangible assets

Group	*Exploration expenses US$*	*Software US$*	*Total US$*
Cost			
As at 1 January 2019	-	602,474	602,474
Additions	63,078	-	63,078
As at 31 December 2019	63,078	602,474	665,552
Additions	17,523	58,920	76,443
As at 31 December 2020	**80,601**	**661,394**	**741,995**
Amortisation and impairment			
As at 1 January 2019	-	(503,941)	(503,941)
Charge for the period	-	(48,966)	(48,966)
Impairment charge for the period	(63,078)	-	(63,078)
As at 31 December 2019	(63,078)	(552,907)	(615,985)
Charge for the period	-	(56,457)	(56,457)
Impairment charge for the period	(17,523)	-	(17,523)
As at 31 December 2020	**80,601**	**609,364**	**689,965**
Net Book Value			
As at 31 December 2020	**-**	**52,030**	**52,030**
As at 31 December 2019	-	49,567	49,567

Exploration costs incurred during 2019 and 2020 have been fully impaired as exploration has not progressed to a point where it is considered possible that an inferred resource can be determined.

14. Investments in subsidiaries - Company

	2020	*2019*
	US$	*US$*
Cost	8,783,629	8,783,629
Impairment brought forward	(8,783,629)	(8,783,629)
	-	-

The investments in subsidiaries are as follows:

Company	***Registered address***	***Percentage holding***	***Nature of business***
Metals Exploration Pte	6 Temasek Boulevard, #29-00 Suntec Tower Four Singapore 038986	100%	Holding and investment company
FCF Minerals Corporation	Unit 1407, Pacific Star Building Sen. Gil Puyat Avenue cor. Makati Avenue Makati City 1200, Philippines	100%	FTAA licensee, holder of mining rights and gold production
MTL Philippines	Unit 1407, Pacific Star Building Sen. Gil Puyat Avenue cor. Makati Avenue Makati City 1227, Philippines	100%	Holder of exploration rights

Metals Exploration Pte Ltd is a direct subsidiary of Metals Exploration plc, while FCF Minerals Corporation and MTL Philippines, Inc. are direct subsidiaries of Metals Exploration Pte Ltd.

Metals Exploration plc ROHQ established in the Philippines, is an overseas branch of the Company and therefore its results are reported together with the Company's.

The principal place of business of the subsidiary companies listed above is the same as their country of registration.

15 Investments in associates - Group

	2020	*2019*
	US$	*US$*
At 1 January 2020	161,408	138,579
Share of profits of associates	2,625	22,829
At 31 December 2020	**164,033**	**161,408**

Associate company	**Domicile**	**Assets**	**Liabilities**	**P&L reserves at 31 Dec 20**	**Sales**	**Gains/(losses)**	**Ownership of ordinary shares on issue**
		US$	*US$*	*US$*	*US$*	*US$*	**%**
Cupati Holdings Corporation	Philippines	3,024,612	2,834,320	190,292	101,309	15,755	39.99%
Woggle Corporation	Philippines	345,528	238,248	107,281	-	(9,191)	39.99%

16. Trade and other receivables due after one year - Group

	2020	*2019*
	US$	*US$*
Other receivables	5,500,577	4,222,863
	5,500,577	**4,222,863**

Other receivables include VAT/Import duties on importations and other goods and services and stamp duties. Although until July 2022 the Group operates under an exemption from these paying taxes the Group continues to have little success in advancing its legal challenges to recover these past paid government imposts. An impairment charge of US$3.57 million against these receivables has been recognised (2019: US$2.98 million).

17. Inventories - Group

	2020	*2019*
	US$	*US$*
Gold doré on hand	732,394	2,588,338
Gold in circuit	2,162,264	2,009,508
Gold in ore stockpiles	4,972,469	1,496,238
Consumable inventories	7,003,616	3,634,373
Provision for obsolete consumable inventories	(250,000)	(250,000)
	14,620,743	**9,478,457**

Gold inventories are recorded at the lower of cost and net realisable value.

During the year ended 31 December 2020 inventories recognised as an expense in cost of sales was US$18,172,877 (2019: US$19,153,185).

18. Cash and cash equivalents

Group	***2020***	*2019*
	US$	*US$*
Cash on hand	3,213	7,107
Current accounts	8,928,579	4,811,874
	8,931,792	**4,818,981**

Company	***2020***	*2019*
	US$	*US$*
Current accounts	569,732	565,166
	569,732	**565,166**

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counter-parties are banks with a high credit rating.

19. Trade and other receivables due within one year

Group	***2020***	*2019*
	US$	*US$*
Receivables from gold sales	7,963,493	175,198
Other receivables	3,515,216	2,988,828
Prepayments	328,565	445,569
	11,807,274	**3,609,595**

Except for a short period, due to impacts arising from the COVID-19 pandemic, receivables from gold doré sales are mostly received within 3 days of the gold doré having been shipped from the Runruno operation. The Group's trade receivables are derived through gold sales to customers whose credit quality is assessed by considering the customers financial position, past performance and other factors. During the financial period the Group commenced selling small amounts of gold concentrate. Terms of trade for these sales are 50% upon export with the balance receivable following further assaying and final processing. Within 5 days of year end, the Group had collected 95% (2019: 100%) of the trade receivables outstanding as at 31 December 2020. The Group believes the credit risk is limited as the customers pay within a short period of time and no provision for impairment of receivables has been made (2019: Nil).

Company	***2020***	*2019*
	US$	*US$*
Receivables from subsidiaries	64,995,679	39,908,999
Other receivables	1,749	10,882
Prepayments	48,224	57,787
	65,045,652	**39,977,668**

A provision for impairment of receivables from subsidiaries was raised in 2018 using an expected credit loss model. The expected credit loss was estimated on the basis that recovery of amounts from the subsidiaries is uncertain. Subsequent reviews of the receivables from subsidiaries resulted in a US$23 million impairment reversal of the 2018 impairment (2019: US$40 million reversal). Refer to note 8(b).

20. Retirement benefits obligations - Group

The Group has an unfunded, non-contributory defined benefit retirement plan covering substantially all regular employees who have rendered at least six months of continuous service. Benefits are dependent on the years of service and the respective employee's compensation. The valuation of the retirement plan obligation is determined using the projected unit credit actuarial cost method. There was no planned termination, curtailment or settlement in either 2020 or 2019.

The relevant Philippine regulatory framework, RA 7641, known as the 'Retirement Pay Law', requires a provision for retirement pay to qualified private sector employees in the absence of any retirement benefits under any collective bargaining and other agreements which shall not be less than those provided under the law.

During the reporting period the retirement plan was adjusted based upon the assumption no new resources are found to extend the project's current remaining life of mine. As a result a corresponding past service costs was recognised in this year's statement of comprehensive income.

The amounts of retirement benefits costs recognised in the statements of comprehensive income are determined as follows:

	2020	*2019*
	US$	*US$*
Current service costs	187,225	115,098
Past service costs	656,015	-
Interest costs	49,919	46,313
	893,159	**161,411**

The amounts were distributed as follows:

	2020	*2019*
	US$	*US$*
Cost of sales		
Current service costs	181,608	111,645
Past service costs	636,334	-
Interest costs	48,422	44,924
	866,364	**156,569**
Administration expenses		
Current service costs	5,617	3,453
Past service costs	19,681	-
Interest costs	1,497	1,389
	26,795	**4,842**
	893,159	**161,411**

Changes in the present value of the unfunded retirement benefits liability are determined as follows:

	2020	*2019*
	US$	*US$*
Balance at beginning of year	973,000	673,819
Current service costs	187,225	115,098
Past service costs	656,015	-
Interest costs	49,919	46,313
Benefits paid	(107,233)	(30,851)
Actuarial loss (gain) due to:		
Changes in financial assumptions	125,838	199,752
Experience adjustments	(122,168)	(27,935)
Changes in demographic assumptions	37,267	(3,196)
Balance at year end	**1,799,863**	**973,000**

The principal assumptions used in determining the defined benefit retirement plan obligations are as follows:

	2020	*2019*
Discount rate	3.94%-4.09%	4.93%
Salary increase rate	2.00%	2.00%
Expected remaining working lives of employees	4-11 years	10 years
Turnover rate	13% at age 18 decreasing to 0% at age 60	13% at age 18 decreasing to 0% at age 60
Mortality rate	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table
Disability rate	1952 Disability Study, Period 2, Benefit 5	1952 Disability Study, Period 2, Benefit 5

The sensitivity analyses below has been determined based on reasonably possible changes of each significant assumption on the defined benefits retirement liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase/	***2020***	*2019*
	(decrease)	*US$*	*US$*
Discount rates	+1%	1,781,544	866,822
	-1%	(1,959,201)	(1,068,527)
Salary pay increases	+1%	1,969,651	1,075,503

Shown below is the maturity analysis of the undiscounted benefit payments:

	2020	2019
	US$	*US$*
Less than one year	98,896	40,758
More than one year to five years	378,213	406,056
More than five years to 10 years	3,727,830	648,879
More than 10 years to 15 years	-	1,074,992
More than 15 years to 20 years	-	1,171,090
More than 20 years	-	2,926,388
	4,204,939	**6,268,163**

21. Trade and other payables due within one year

Group	***2020***	*2019*
	US$	*US$*
Trade payables	5,596,124	10,087,062
Other payables	2,376,044	495,084
Other tax and social security payable	99,079	158,725
Accruals	3,961,239	3,614,417
	12,032,486	**14,355,288**

Company	***2020***	*2019*
	US$	*US$*
Trade payables	138,023	252,511
Other tax and social security payable	50,089	76,128
Accruals	174,570	113,557
	362,682	**442,196**

Trade payables comprise amounts outstanding for trade purchases and on-going costs, and together with other payables and accruals are measured at amortised cost.

22. Loans

Group

On 28 May 2015, the Group entered into the Runruno Facility Agreement loan (the “Senior Facility”) with two foreign international resource banks (the “Senior Lenders”). The original Senior Facility provided US$83,000,000 in project finance. The Senior Facility was subsequently amended on a number of occasions as the Group was granted waivers from repayment of due principal.

No loan principal or interest payments were made during the 2019 year as the Group secured a standstill agreement whereby the Group was relieved of making any principal or interest payments (the “Standstill Agreement”). This Standstill Agreement was initially agreed by the Senior Lenders on 31 March 2019 and was extended a number of times.

The purpose of the Standstill Agreement was to provide the Group and the Senior Lenders (together with the Mezzanine Lenders as noted below) time to negotiate a restructuring of the debt aimed to provide the Group with a sustainable debt position.

On 30 January 2020, Runruno Holdings Ltd and MTL (Guernsey) Ltd, (an associated company of MTL Luxembourg SARL), the Company's two major shareholders and mezzanine lenders, (together the "New Lenders") completed a sale agreement with the Senior Lenders to purchase all the rights and obligations under the Senior Facility.

On 9 March 2020, agreement on the continuation of the Standstill Agreement in respect of the Senior Facility could not be reached and the Group went into default in relation to the Senior Facility.

On 23 October 2020 the Group completed a debt restructuring with New Lenders, the material terms of which were:

- The Group no longer has an obligation to meet any fixed interest and principal repayment schedule. The Group's repayment obligation is now limited to making a quarterly repayment of that amount which equals the available net working capital ("**NWC"**) over and above a minimum US$5 million NWC buffer. NWC is defined as the Group's available cash on hand plus gold sales proceeds due, and gold doré on hand or in transit, less all current liabilities (including budgeted operational, CAPEX and exploration expenses, taxes, hedging costs and government charges, but excluding all unpaid debt principal and interest);
- The risk that the Group will default on its debt facilities due to not meeting a fixed principal and interest repayment schedule has been removed. As a result, the Group is not at risk of the New Lenders enforcing security they hold against the Group, or its assets, in the event there is no quarterly payment of either interest or principal to the New Lenders. However, other events of default common to debt agreements of this nature still apply;
- The Group has the right to hold a US$5 million working capital buffer in excess of current liabilities thus ensuring external creditors can be paid from Group cash flows before debt payments are made;
- The Quarterly Payments will be applied in the following order: (i) to pay any applicable fees or costs of the Lenders under the facilities; (ii) interest on the New Senior Facility; (iii) New Senior Facility principal; (iv) interest on the New Mezzanine Facilities; and (v) New Mezzanine Facilities principal;
- The New Senior Facility interest rate is 7% pa accruing daily and compounding quarterly;
- The New Mezzanine Facilities interest rate will initially be 15% pa accruing daily and compounding quarterly;
- There is no obligation to make any repayment of mezzanine debt until the New Senior Debt is fully repaid.
- The Group is no longer required to pay a 1.3% gross production fee upon gold production (which was a requirement under the previous mezzanine debt facilities in respect of the period up to 30 September 2022);
- In circumstances where the Group is in default an additional penalty interest of 5% pa will apply; and
- The Group was required to pay the reasonable costs and expenses incurred by the Lenders in implementing the debt restructuring.

In the year ended 31 December 2020 the Group made repayments of interest and principal totalling US$12 million.

As at 31 December 2020 the Group's outstanding loan position was:

	2020	*2019*
	US$	*US$*
Senior Lenders loans due within one year*	30,000,000	68,088,376
Mezzanine Lenders loans due within one year	-	44,705,987
Less: Capitalised debt restructuring transaction costs**	(735,782)	-
Total loans due within one year	**29,264,218**	**112,794,363**
Senior Lenders loans due after one year*	31,289,409	-
Mezzanine Lenders loans due after one year	68,083,454	12,514,159
Less: Fair value of warrants issued in conjunction with mezzanine loans	(486,695)	(1,231,585)
Less: Capitalised debt restructuring transaction costs**	(735,782)	-
Total loans due after one year	**98,150,386**	**11,282,574**

* Given the Group is not subject to a fixed repayment schedule then, in accordance with the new debt facilities, there is no certainty to what amount of debt will be repaid within one year from balance date. Thus the determination of what debt is deemed current and what is deemed non-current is subject to estimation.

In making this calculation the Group has taken into account the Group's estimate of what principal repayments will be made during the 2021 year. Refer to Note 2 for further discussion of this estimation. As at the date of this report, repayments of senior debt principal and interest since 31 December 2020 have totaled US$18.6 million (US$17.5 million principal; US$1.1 million interest).

** Transaction costs incurred during 2020 in relation to the October 2020 debt restructuring have been capitalised in accordance with accounting standard IFRS9. The capitalised debt restructuring transaction costs will be amortised to profit and loss over the relevant expected debt repayment terms.

Company

In the period 2015-2018, the Company entered into numerous facility agreements with its two major shareholders, MTL (Luxembourg) Sarl ("MTLL") and Runruno Holdings Limited ("RHL") (together the "Mezzanine Lenders"). The purpose of these advances was for general corporate and working capital requirements of the Company and to enable completion of the Runruno project.

As at 31 December 2019, the total owing under the mezzanine facilities was US$55,988,561 attracting various interest rates as high as 20% pa (plus penalty interest of up to 10% pa where applicable).

During 2019 and 2020, in accordance with the Standstill Agreement (refer above), no payments of principal, interest or production fees on any mezzanine debt facility were made. As noted above the Standstill Agreement was not continued beyond 9 March 2020; however a debt restructuring was completed in October 2020. Notwithstanding the Standstill Agreement penalty interest charges accrued until the completion of the debt restructuring.

Under the October 2020 debt restructuring the various original mezzanine facilities were consolidated into two New Mezzanine Facilities and a £100,000 Revolving Credit Facility ("**RCF**") the key terms of which were:

- There is no obligation to make any repayment of New Mezzanine Debt until the New Senior Debt is fully repaid;
- The New Mezzanine Facility interest rate will initially be 15% pa accruing daily and compounding quarterly;
- Upon full repayment of the New Senior Facility, the New Senior Facility will be amended and restated so that all amounts then due under the New Mezzanine Facilities as at such date will instead become due under the New Senior Facility without any other amendment to the terms of the New Senior Facility. This would result in the outstanding amount becoming secured as per the New Senior Facility, in exchange for the interest rate being reduced to 7% pa;
- The Group is no longer required to pay a 1.3% gross production fee upon gold production (which was a requirement under the previous mezzanine debt facilities in respect of the period up to 30 September 2022);
- The 2011 Shareholder Agreement was replaced by new relationship agreements with RHL and MTLL, respectively, consistent with current corporate governance guidance;
- The RCF facility has a term of 10 years from the date the Company repays in full all amounts owed under the New Senior Facility and the New Mezzanine Facilities, unless terminated earlier by the New Lenders or by the Company repaying all amounts under all debt facilities and the RCF, together with a redemption premium of £2 million to each of RHL and MTLL;
- The Company undertakes not to implement certain operational decisions without prior approval of the Mezzanine Lenders.

As at 31 December 2020 the mezzanine loan position was:

	2020	*2019*
	US$	*US$*
Mezzanine Lenders loans due within one year*	-	44,705,987
Mezzanine Lenders loans due after one year*	68,083,454	12,514,159
Less: Fair value of warrants issued in conjunction with loans	(486,695)	(1,231,585)
Total loans due after one year	**67,596,759**	**11,282,574**

* Under the new debt structure no mezzanine debt is payable until the full repayment of the New Senior Debt. This is not expected to occur within the next 12 months.

These Company loan liabilities are included in the Group loans above.

	2020	*2019*
	US$	*US$*
At 1 January 2020	2,880,092	2,150,633
Unwinding of discount	411,296	729,459
At 31 December 2020	**3,291,388**	**2,880,092**

The Company makes provision for the future cost of rehabilitation of the process plant on a discounted basis. Provision for mine rehabilitation and decommissioning represents the present value of future rehabilitation and decommissioning costs. These provisions have been created based on the Company's internal estimates. Estimated costs include labour, equipment hire, consumables and transportation for disposal. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

24. Called up share capital

	2020	*2019*
	US$	*US$*
Allotted ordinary shares at 1 January 2020 (2,071,334,586 ordinary shares of £0.01 par value)	27,950,217	27,950,217
Allotted ordinary share at 31 December 2020 (2,071,334,586 ordinary shares of £0.01 par value)	**27,950,217**	27,950,217

Share rights
Ordinary shares confer the right to vote and to participate in dividends, capital, and other distributions including on winding up. Ordinary shares are not redeemable.

25. Compound financial instruments

Warrants
There were no warrants issued during 2020 or 2019.

During the year ended 31 December 2017, two tranches of warrants were issued by the Company in conjunction with securing a mezzanine funding package.

	Tranche 1	Tranche 2
Exercise Price	£0.055	£0.070
Expiry Date	31 December 2023	31 December 2023
Number of warrants	75,000,000	25,000,000

The fair value of these warrants as at the date of issue was independently calculated to be US$1,526,937. The fair value of these warrants was brought to account as an equity reserve in the year ended 31 December 2019. The unwinding of the fair value of these warrants is charged through the statement of comprehensive income and loss.

26. Net cash provided by/(used in) operating activities

Group	***2020***	*2019*
	US$	*US$*
Profit before tax	9,768,046	13,852,272
Depreciation	16,925,778	9,290,373
Provisions	929,756	130,578
Impairment charge/(reversal)	1,292,814	(22,963,749)
Amortisation	56,457	48,966
Share of profits of associates	(2,625)	(22,829)
Loss on disposal of asset	-	569,434
Foreign exchange loss/(gain)	2,156,859	1,480,638
(Increase)/decrease in receivables	(10,383,175)	293,672
(Increase) in inventories	(5,142,286)	(2,505,219)
Increase in payables	12,529,899	13,517,523
Net cash provided by operating activities	**28,131,523**	**13,691,659**

Company	***2020***	*2019*
	US$	*US$*
Profit before tax	11,308,987	28,662,780
Impairment (reversal)	(22,987,091)	(38,778,397)
Foreign exchange (gain)/loss	(46,850)	147,956
(Increase) in receivables	(2,314,211)	(2,040,734)
Increase in payables	11,514,472	9,939,381
Net cash used in operating activities	**(2,524,693)**	**(2,069,014)**

27. Reconciliation of liabilities from financing activities

Group	*1 January 2020 US$*	*Cash flow US$*	*Non-cash movements US$*	*31 December 2020 US$*
Loans (current)	112,794,363	(7,322,074)	(76,208,071)	29,264,218
Loans (non-current)	11,282,574	-	86,867,812	98,150,386
	124,076,937	(7,322,074)	10,659,741	127,414,604

Company	*1 January 2020 US$*	*Cash flow US$*	*Non-cash movements US$*	*31 December 2020 US$*
Loans (current)	44,705,987	-	(44,705,987)	-
Loans (non-current)	11,282,574	-	56,314,185	67,596,759
	55,988,561	-	11,608,198	67,596,759

28. Capital commitments

As at 31 December 2019, the Group noted that it had commenced a review of its RSI closure obligation which may have a potential impact on the provision for mine closure costs as per note 23. The Group is in the process of determining a reliable estimate of the cost of complying with its RSI closure obligations.

These studies, including geotechnical drilling continue, however, the Group has determined that it will undertake these works commencing Q1 2022 as part of its sustaining CAPEX program. The Group expects that it will complete its in-rock closure spillway well before the scheduled mine closure. Hence, the Group expects that it will have no additional mine closure costs in relation to this matter and no further adjustment to the provision in note 23 is required.

Other than as noted above, as at 31 December 2020 the Group had US$nil outstanding capital commitments (2019: US$nil).

29. Related party transactions

Only members of the Board of Directors of Metals Exploration plc are deemed to be key management personnel. The Board has responsibility for planning, controlling and directing the activities of the Group. Key management compensation is disclosed in Note 7, Directors' emoluments section. At period end the following amounts were due in relation to Directors' emoluments:

Amounts owing to Directors	***2020***	***2019***
	US$	***US$***
D Bowden	6,000	6,000
Amounts owing to related parties		
MTL Luxemburg	-	7,862
Runruno Holdings Limited	8,487	83,299
	8,487	91,161

During the year, the Company received funds from its subsidiaries to fund operations. At the year end, the Company had loans due by its subsidiaries totaling US$272 million (2019: US$247 million). As at 31 December 2020 these loan amounts owed by subsidiaries were impaired to a net recoverable amount of US$57 million (2019: US$40 million). (Refer Note 8(b)).

At the year end, the Company owed US$92,500 (2019: US$78,000) to its associates and the Group was owed US$3.07 million (2019: US$2.84 million) from its associates.

30. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, borrowings and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group holds no gold price or interest rate hedging financial instruments.

The carrying values of financial assets at the year-end are as follows:

Group	***Cash and cash equivalents***	***Trade and other receivables***	***Total***
	US$	*US$*	*US$*
As at 31 December 2020	8,931,792	17,307,851	26,239,643
As at 31 December 2019	4,818,981	7,832,458	12,651,439
Company			
As at 31 December 2020	569,732	65,045,652	65,615,384
As at 31 December 2019	565,166	39,977,668	40,542,834

Cash and cash equivalents and trade and other receivables are held at amortised cost.

The carrying values of financial liabilities at the year-end are as follows:

Group	*Trade payables*	*Accruals and other payables*	*Loans*	*Total*
	US$	*US$*	*US$*	*US$*
As at 31 December 2020	5,596,514	5,948,623	127,414,604	138,959,741
As at 31 December 2019	10,087,062	4,268,226	124,076,937	138,432,225
Company				
As at 31 December 2020	138,023	224,659	67,596,759	67,959,441
As at 31 December 2019	252,511	189,685	55,998,561	56,440,757

Trade payables, accruals and other payables and loans are held at amortised cost.

The Group's operations expose it to a variety of financial risks including liquidity risk, foreign currency exchange rate risk, commodity price risk, credit risk and interest rate risk. The policies set by the Board of Directors are implemented by the Group's finance departments and senior management.

Liquidity risk

The Group actively monitors its cash resources to ensure it has sufficient available funds for operations and planned expansions. The Group has been cash flow positive in both 2019 and 2020 and surplus funds are being applied to reduce the Group's borrowings. The October 2020 debt restructuring provides the Group with a greater degree of liquidity certainty due to the ability to hold a minimum of US$5 million in net working capital without risk of default under the Group lending facilities.

The contractual maturities of the financial liabilities at the year-end are as follows:

Group	*Trade and other payables*	*Loans**	*Total**
	US$	*US$*	*US$*
As at 31 December 2020			
1 – 6 months	11,544,747	15,632,109	27,176,856
6 – 12 months	-	13,632,109	13,632,109
1 – 2 years	-	30,553,627	30,553,627
2 – 5 years	-	67,596,759	67,596,759
Total contractual cash flows	11,544,747	127,414,604	138.959,351
As at 31 December 2019	*US$*	*US$*	*US$*
1 – 6 months	14,196,563	104,218,889	118,415,452
6 – 12 months	-	8,575,474	8,575,474
1 – 2 years	-	7,150,948	7,150,948
2 – 5 years	-	4,131,626	4,131,626
Total contractual cash flows	14,196,563	124,076,937	138,273,500

Company	*Trade and other payables*	*Loans**	*Total**
	US$	*US$*	*US$*
As at 31 December 2020			
1 – 6 months	362,682	-	362,682
6 – 12 months	-	-	-
1 – 2 years	-	-	-
2 – 5 years	-	67,596,759	67,596,759
Total contractual cash flows	362,682	67,596,759	67,959,441
As at 31 December 2019			
1 – 6 months	366,068	36,130,513	36,496,581
6 – 12 months	-	8,575,474	8,575,474
1 – 2 years	-	7,150,948	7,150,948
2 – 5 years	-	4,131,626	4,131,626
Total contractual cash flows	366,068	55,988,561	56,354,629

* The Group and Company's contractual future loan interest is presently not capable of being calculated. In addition the timing of future loan principal repayments can only be estimated (Refer note 2 – Accounting estimates).

As at 31 December 2020, the average interest rate applicable to the Group's outstanding loans was 10.96% (2019: 11.53%). The average interest rate applicable to the Company's outstanding loans was 15% (2019: 16.90%). Note that as part of the Company's mezzanine loan facilities a further production fee of 1.3% of gross gold sales (subject to a quarter minimum fee of US$250,000 and a maximum quarter fee of US$500,000) was eliminated upon the completion of the October 2020 debt restructuring (Refer note 22).

Credit risk

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

The Group and Company are exposed to credit risk attributable to its cash balances; however, this risk is limited because the counterparties are large international banks.

The Group is exposed to credit risk for other receivables due from third parties. This risk is limited because the counterparties to the gold sales are internationally recognised. Further, the Group receives significant payment for the gold upon the presentation of transportation documents.

Other receivables include VAT on importations and other goods and services. An impairment charge has been raised on the basis that the Group continues to have little success in advancing its legal challenges to recover VAT receivables.

The Company is exposed to credit risk to the extent that amounts owed by its subsidiaries and associates may not be recoverable in the future. An impairment reversal has been raised in relation amounts owed by its subsidiaries and associates to partly reverse a 2018 expected credit loss.

The maximum exposure to credit risk at the year-end is best represented by the carrying amounts of trade and other receivables, cash and cash equivalents.

Market risk and sensitivity analysis

Commodity price risk

The market price of gold is one of the most significant factors in determining the profitability of the Group's operations. The price of gold is subject to volatile price movements over short periods of time and is affected by numerous industry and macro-economic factors that are beyond the Group's control. In 2020 the gold price ranged from US$1,471 to US$2,063 per ounce, and the Group received an average gold selling of US$1,782 per ounce (2019: US$1,400 per ounce). The Group's policy is to sell gold at prevailing market prices. As at 31 December 2020 none of the Group's financial instruments have exposure to gold prices.

The impact of a 10% increase/decrease in the Group's average gold sale price achieved during the financial year would have resulted in the Group's profit before tax being decreased/increased by US$12,210,000. The impact is expressed on the assumption that the market price changes by 10% with all other variables held constant.

Interest rate risk

The Group has interest bearing assets comprising cash and cash equivalents which earn interest at a variable rate. Interest income is not material to the Group.

The Group has interest bearing liabilities and the impact on the reported profit for the year is an interest expense of US$14,914,952 (2019: US$13,562,259).

The Group no longer has interest-bearing borrowings that are exposed to changes in the 3 month US$ LIBOR rate as all the Group's borrowings bear interest at a fixed rate.

Foreign currency exchange rate risk

The Group and Company are exposed to foreign currency exchange rate risk having cashflows predominantly in US Dollars, Pounds Sterling and Philippine Pesos. The Group monitors exchange rates actively and converts funds raised to other currencies when deemed appropriate in order to meet expected future foreign currency commitments. The Group does not use hedging instruments to protect against currency risk.

The Group's exposure to foreign currency translation risk due to accounts being in different currencies to the Group's presentational currency is limited to movements in Pounds Sterling. Exposures to movements in other currencies are not material.

As at 31 December 2020, if the Pound Sterling exchange had weakened/strengthened by 10% against US Dollars, with all other variables held constant, the profit before tax profit would have been US$14,000 higher/lower.

31. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments.

The Group is not subject to any externally imposed capital requirements.

32. Contingent liabilities

The Group has no contingent liabilities identified as at 31 December 2020 (2019: US$nil).

33. Post balance sheet events

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods, other than:

- the Group has made interest and principal debt repayments of US$18.6 million.

34. Ultimate controlling parties

As part of the October 2020 debt restructuring, the Company entered into a Revolving Credit Facility (RCF) under which the Company is obligated to seek prior approval from both the mezzanine lenders, MTL Luxemburg SARL (MTLL) and Runruno Holdings Limited (RHL), for a number of operational matters. If these prior approvals are not properly sought the RCF deems an 'event of default' to have occurred. In this situation all outstanding debt becomes due and payable, and MTLL and RHL become entitled to a penalty/termination payment of £2 million each. The RCF operates for 10 years after the full repayment of the existing Group debt unless otherwise terminated by the Company by payment of the £2 million termination penalty to both MTLL and RHL. In March 2021, RHL assigned its interests in both the senior facility and the major mezzanine facility to D & A Holdings Limited (an associated company controlled by the same entity).

Although the Company has no ultimate controlling party, as a result of the above both MTLL and RHL are considered parties holding significant influence. MTLL owns 46.8% of the Company, while RHL holds 19.0% of the Company.