METALS EXPLORATION PLC

Registered Number 05098945

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Contents

DIRECTORS AND ADVISERS

Directors	G.R. Walker	(Interim Non-Executive Chairman)
	D.P. Bowden	(Chief Executive Officer and Executive Director)
	A. Stancliffe	(Non-Executive Director)
Company Secretary	MSP Corporate Services Limited	
Registered office	200 Strand London WC2R 1DJ	
Bankers	HSBC Bank plc 70 Pall Mall London SW1Y 5EZ	
Auditors	Nexia Smith & Williamson Audit Limited Chartered Accountants 25 Moorgate London EC2R 6AY	
Nominated Adviser & Broker	Strand Hanson Limited 26 Mount Row London, W1K 3SQ	
Corporate Adviser	Hannam & Partners 2 Park Street London, W1K 2HX	
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ	
Registrars	Share Registrars Limited The Courtyard, 17 West Street Farnham, Surrey, GU9 7DR	
Company's registered number	05098945	

CHAIRMAN'S STATEMENT

Dear Shareholder,

At the time of writing the world continues to be in challenging times with the continuing COVID-19 pandemic. Despite a number of restrictions put in place by the Philippine government and other governments around the world that effect our supply chain, we have been able to remain operational with mining and gold production activities continuing, albeit at reduced mining rates and gold recovery rate.

The health and safety of our employees and stakeholders remains a paramount importance and we are pleased to say there has only been one COVID-19 case recorded at the mine site. Although we operate in a very remote mountainous location, in the north of the island of Luzon, the Group has implemented a number of on-site procedures to test for and quarantine potential COVID-19 cases to ensure, as far as possible, the safety of all of our employees and contractors. These protocols have kept several employees and contractors, who were COVID-19 positive, from gaining access to the mine site.

We continue to prioritize the development of our local community and have a strong partnership with the various national agencies and local governments from Barangay to Provincial level. During 2019, we continued to focus on health, education and capacity building amongst others in our local communities. In addition, during the COVID-19 crisis, we have adapted our programs with further community support to provide food relief supplies to local communities/families particularly affected by the COVID-19 quarantine work restrictions.

The operation has achieved over 11 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.

The Group is active in promoting and implementing "responsible mining" practices. 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. Through its various programmes, the Group is responsible for planting almost 2 million endemic and cash crop trees. During 2019 the Group was, for the second consecutive year, the mining industry overall winner of the Philippine Government Best Forestry Management Program award.

During the year ended 31 December 2019 the Group made a number of positive operational improvements to the Runruno project. The mine underwent a number of structural changes in design and the new mine plan was successfully implemented. Key process improvements made by the management team included increasing mill throughput, solutions that have been found for the foaming issues in BIOX® and CIL, and parameter changes that we made in the flotation resulting in cleaner concentrate and incremental gold recoveries.

Importantly, we are pleased to report that these vital operational changes that were made resulted in the production of 68,983 troy ounces ("ozs") contained in gold doré bullion at Runruno, a 43.5% increase from the previous year. The final quarter of 2019 also achieved the highest production level during a quarter, producing 18,941 ozs.

The year ended 2019, was also the first year in the mines operation that the Company was able to record an operating profit since the first commencement of gold production, back in 2016. The resulting gold production improved our cash flows and has enabled the long overdue truck and shovel fleet rebuilds to commence with completion expected in Q2 2020.

We added to our senior management team during the course of 2019. We were pleased to appoint Darren Bowden as the Company's Chief Executive Officer together with strengthening the management team with the addition of a new Chief Financial Officer, General Manager Operations, General Manager Commercial and Technical Manager.

Importantly our new management team and dedicated Filipino workforce, led by Darren, have overseen the Company’s major milestone of recording a first year of operating profit since the first commencement of gold production, back in 2016.

Early in 2019, we approached our lenders and agreed a Standstill Agreement as the Company was unable to meet its obligations under the current terms of the outstanding Senior and Mezzanine debt facilities. Post the year end our two major shareholders purchased all the rights and obligations of the Senior facility. In March 2020 the Company was unable to reach agreement on the continuation of the Standstill Agreement and, due to the material uncertainty of the Company's financial condition, our shares were suspended from trading.

However, as announced on 8 September 2020 the Company has reached an in-principle agreement with its lenders, subject to completion of definitive documents and shareholder approval of certain changes to the Company’s Articles of Association, which the Company believes removes the financial uncertainty that lead to the suspension upon AIM. The Company expects that the suspension to trading of its ordinary shares on AIM will be lifted following the Company entering into definitive deal documentation with its lenders and after the Company’s AGM, subject to shareholders approving the requisite changes to its Articles.

During, what are no doubt difficult times around the world and for this Company, I would like to thank our entire workforce for their continued hard work in getting this Company and the Runruno mine into a more stable position.

Guy Walker, Interim Non-Executive Chairman
10 September 2020

CORPORATE GOVERNANCE STATEMENT

To comply with the AIM Rules for Companies (the "AIM Rules"), the Board has chosen to adhere to the Quoted Companies Alliance's Corporate Governance Code for small and mid-size quoted companies (as updated in April 2018) (the "QCA Code" or the "Code"). Pursuant to AIM Rule 26 the Company hereby reports on a "comply or explain" basis, with respect to the Code's principles.

The Board recognises the importance of maintaining appropriately high standards of corporate governance and, where possible, it has put in place governance structures that would be expected in light of the Group's size, stage of development and resources.

The Company's governance structures are further governed by the Company's Articles of Association ("Articles") and the 2011 Subscription and Shareholders Agreement (the "2011 Agreement") (refer to the investor centre page on the Company website). The 2011 Agreement was approved by shareholder resolution at a General Meeting of the Company on 4 April 2011. The 2011 Agreement, between the Company, its two major shareholders and various minority shareholders, requires the consent of both a majority of directors of the Company and the consent of the director appointed by the Company's second largest shareholder, Runruno Holdings Limited ("RHL"), for a number of board level decisions. The Company's post balance date conditional in-principle agreement with its lenders (refer note 34 Subsequent Events) includes a proposal to terminate the 2011 Agreement and for it to be replaced by a new relationship agreement between the Company and its two largest shareholders such that the Company's governance will become more compliant with the QCA Code, and be considered appropriate for listing upon AIM.

The Company's current application of the principles of the QCA Code, and details of where it may not comply with these principles, are detailed below.

	Principle	Disclosure
1	**Establish a strategy and business model which promotes long-term value for shareholders**	Metals Exploration Plc is a mineral resources exploration and development company. It owns 100% of the Runruno Gold Project located in the north of the Philippines. It is registered in England and Wales and quoted* on the AIM market of the London Stock Exchange with ticker identity MTL. Metals Exploration`s management strategy and corporate plan is to: - Provide shareholders with capital growth potential, delivered by developing a mineral project into a world class mine. - Undertake cost-effective and precise exploration on those targets considered most likely to deliver shareholder returns. - Respect the indigenous culture of the exploration and development areas and to promote social and economic development for the traditional custodians. - Manage the inherent value of its mining properties portfolio by delivering an efficient low-cost mining operation. - Conduct operations in a safe and environmentally responsible manner to industry best practice standards. - Offer employment opportunities to those who live in the project area. This Annual Report sets out a number of the key risks and uncertainties that may represent challenges to the successful execution of the Company's strategy and business model, and how such risks and uncertainties are managed by the Company. These risks are set out in the following Directors Report and Notes 31 and 32.

* The Company's shares were suspended from trading on AIM on 9 March 2020 given material uncertainty surrounding the Company's financial status.

2	**Seek to understand and meet shareholder needs and expectations**	The Company has an established programme of engaging openly with its shareholders. Communications occur via its corporate website, the publication of its Annual Report and the Interim Results, trading and other announcements made via a regulatory information service and at its Annual General Meeting and General Meetings where the Board encourages investors to participate. The Company's website contains information on the Company's business, corporate information and specific disclosures required under the AIM Rules and the QCA Code. Following the announcement of the Company's full year and half yearly results the Company may make presentations to institutional shareholders, private client brokers and investment analysts, as appropriate. Periodic meetings and site visits may be held with existing and prospective institutional and other investors. Formal feedback from shareholder meetings is provided by the Company's broker and discussion of this feedback is a standard item on the Board's agenda.
3	**Consider stakeholder and social responsibilities and their implications for long term-success**	The Company recognises its responsibility to promote its success for the benefit of all its stakeholders and understands that the business has a responsibility towards its shareholders, employees, partners, customers, funders, suppliers and to the local communities where its projects and operations are based. The Board is also conscious that the tone and culture that it sets will impact all aspects of the Company and the way its employees behave and operate. The importance of maintaining sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Company has close ongoing relationships with a broad range of stakeholders, monitoring feedback from them and uses such feedback to develop future policy. The Company undertakes its exploration and mining activities in a manner that seeks to minimise or eliminate negative environmental impacts and that seeks to maximise positive impacts of an environmental nature. As a mining company, the Company ensures proper environmental stewardship on its projects that promotes convergence around common environmental and social standards. The Company operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee's suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement in health and safety management. This results in continuous improvement in the health and safety programme. Employee involvement is fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.
4	**Embed effective risk management, considering both opportunities and threats, throughout the organisation**	The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Company's strategic objectives and business model. The Board monitors financial controls through the setting and approval of an annual budget and the regular review of monthly management accounts. The management accounts contain a number of indicators that are designed to reduce the possibility of mis-statement in the financial statements. Each year, on behalf of the Board, the Audit Committee reviews the effectiveness of the Company's system of internal controls. This is achieved primarily via a comprehensive review of risks which cover both financial and non-financial issues potentially affecting the Group and from discussions with the external auditor. Details of the key risks, and their management, are contained in the Company's Annual Report and Accounts. The Board is not aware of any significant failings or weaknesses in the Company's existing system of internal controls. Although there currently is no internal audit function, the Board will review the need for an internal audit function as the Company's mining operations stabilise and mature.

5	**Maintain the Board as a well-functioning, balanced team led by the chair**	The purpose of the Board is to ensure that the business is managed for the long-term benefit of all shareholders, whilst at the same time having regard for employees, customers, suppliers and our impact on the environment and the communities in which we operate. The full Board is responsible and accountable to shareholders for the management and success of the Group and for providing effective controls to assess and manage the risks that the Company faces. The Group's business is directed by the Board and is managed on a day-to-day basis by the Chief Executive Officer ("CEO"). The Board monitors compliance with the objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews. Pursuant to the 2011 Agreement the appointment, dismissal and conduct of Directors is regulated in accordance with the 2011 Agreement and the Articles of Association ("Articles"). The Company is currently led by a Board comprising: - the interim Non-Executive Chairman nominated to the Board by the substantial shareholder RHL; - the CEO; and - a Non-Executive Director nominated to the Board by the major shareholder MTL Luxembourg Sarl ("MTL Lux"). Those directors nominated by shareholders are not independent but have relevant experience from which the Company can benefit. Whilst the Company has not appointed an independent non-executive director, the Board considers that this does not detract from the impartiality of the Board in effective decision making and each of the Non-Executive Directors bring an independent judgment to bear. The members of the Board have suitable knowledge of the Company and expertise to discharge their duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. Any Director must declare a conflict of interest in relation to a particular item of business before commencement of discussion on the topic. The Board will regularly review, assess and monitor the composition of the Company's Board. The appointment of at least one independent non-executive director with relevant mining industry experience is considered a priority action for the Board to fulfill, however the Board does not envisage making any appointments until completion of the recently announced debt restructuring. There are reciprocal undertakings in the 2011 Agreement given by MTL Lux to RHL, and RHL to MTL Lux, to vote, at any shareholder meetings, for any resolution appointing any person nominated by either MTL Lux or RHL, and against any resolution removing a MTL Lux or RHL appointed director. The Board's role is to oversee and manage the Group as responsibly and efficiently as possible. It meets at least six times a year, to discuss a broad range of significant matters specifically reserved for its decision making including vision, strategy, operations performance, fund-raising and financial performance. All significant decisions are made by the Directors with all Directors participating in the key areas of decision-making, including the appointment of new Directors.. The Board receives timely information on all material aspects for the Group to enable it to discharge its duties. The CEO provides an appraisal of the current status and short-term plans for operational and development activities. In addition to its schedule the Board convenes restricted agenda meetings on an 'as required' basis. Minutes of the meetings of the Directors are also circulated to the Board for approval. On appointment non-executive directors warrant to commit sufficient time on the business of the Company to maintain a full understanding of the business of the Company including visiting the Company's operations in the Philippines on a regular basis. It is expected that non-executive directors spend a minimum of two days per calendar month on Company business. The Directors have delegated some of their responsibilities to various Committees, which operate within specific terms of reference. In the event of a proposal to appoint a new Director, this would be discussed at a Board meeting, with each Director being given the opportunity to meet the candidate prior to any formal decision being taken. Due to the small size of the Company's group ("Group") no Nomination Committee has been established.

Mr Guy Walker currently holds the position as interim Non-Executive Chairman of the Board of Directors of the Company and has been a director of the Company since 2011.

The Chairman has the primary responsibility to deliver the Company's corporate governance model as decided upon by the Board. The Chairman is supported by an experienced Chief Financial Officer ("CFO") for all financial related matters and an experienced Company Secretary ("CoSec") who assists the Chairman prepare for and run effective Board meetings. The CFO and CoSec advise the Chair and the Board on financial, legal and governance developments.

The Board has established corporate governance committees with formally delegated duties and responsibilities and implemented certain policies, with the objective to ensure that:

- the Company is led by an effective Board of Directors which is collectively responsible for the long-term success of the Company;
- the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the Board establishes formal and transparent arrangements for considering how it applies corporate reporting, risk management, and internal control principles;
- it maintains an appropriate relationship with the Company's auditors; and
- there is a dialogue with shareholders based on a mutual understanding of objectives.

The Company has established an Audit Committee comprising two Non-Executive Directors with relevant financial experience. The CFO attends audit committee meetings upon the invitation from the members and provides additional support where required. Directors attendance at audit committee meetings held during the year are disclosed in the following Directors Report.

The Audit Committee is primarily responsible for:

- agreeing the scope of and reviewing the results of the audit
- deciding auditor's remuneration and ensuring auditor independence and objectivity;
- monitoring audit partner tenure;
- recommending adoption of the annual and interim financial statements of the Company;
- ensuring the financial records of the Company have been properly maintained; and
- ensuring the financial statements comply with appropriate accounting standards to give a true and fair view of the Company's financial position and performance, and are efficiently audited.

The Audit Committee may examine any matters relating to the financial affairs of the Company including but not limited to its annual and interim financial statements and announcements, internal control procedures, accounting procedures and accounting policies.

During the financial year the Audit Committee met twice in order to approve the issue of the Company's financial results and to consider the financial risks faced by the business. The Committee will continue to closely monitor the financial risks faced by the business and progress made towards mitigating these.

The external Auditors have direct access to the members of the Audit Committee, without presence of the executive directors, for independent discussions.

The main purpose of the Remuneration Committee is to determine and agree the framework or broad policy for and approval of terms of service, remuneration and other benefits of the Executive Directors and senior officers. The Remuneration Committee comprises two Non-Executive Directors.

The remuneration and terms and conditions of appointment of Non-Executive Directors are set by the Board in accordance with the 2011 Agreement. Details of directors' remuneration are set out in the following Directors Report.

When making remuneration decisions the members take into consideration the size and nature of the business and the importance of retaining and motivating management. The Remuneration Committee meets when appropriate.

		There were no formal meetings of the Remuneration Committee during the financial year as remuneration matters were considered by the full board. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this is kept under regular review. The Board and its various committees receive appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting and board committee papers are distributed several days before meetings take place. Any director can challenge proposals with decisions being taken after due discussion. Any director can ask for a concern to be noted in the minutes of the meeting which are circulated to all directors. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management. All relevant directors attended all board and committee meetings during the Company's last financial year. All directors spend such time as is necessary to effectively carry out their roles and directors have access to advice or services needed to enable them to carry out their roles and duties effectively.
6	**Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	The directors of the Company are: • Guy Walker, Interim Non-Executive Chairman • Darren Bowden, CEO • Andrew Stancliffe, Non-Executive Director The skills and experience of the Board are set out in their biographical details included within the About Us and Investor Centre sections of the Company's website and are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Company for the benefit of its shareholders over the medium to long term. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. MSP Corporate Services Limited, a professional service provider, acts as Company Secretary.
7	**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**	The collective performance of the Board is reflected in the success of the business. Evaluation of the performance of the Board, its Committees and individual members has historically been implemented on an on-going and ad hoc basis given the stage of the Company's development. The Company does not therefore currently comply with Principle 7 and its ability to comply in future will depend on completing the recently announced debt restructuring, following which the board will commence a formal board evaluation process. Succession planning is currently the responsibility of the Board as a whole, the establishment of a Nominations Committee not being considered necessary due to the current size of the Board.
8	**Promote a corporate culture that is based on ethical values and behaviours**	The Board recognises that its decisions will impact the corporate culture of the Group as a whole and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way that employees behave and operate. The importance of maintaining sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of the Group's business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of, *inter alia*, sustained real growth in future profitability. In addition, employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents, which, in turn, as a mining company, the Board considers, to be a fundamental part of recognising and establishing ethical values and behaviours throughout the Group.

9	**Maintain Governance structures and processes that are fit for purpose and support good decision making by the Board**	The Company maintains appropriate governance structures and processes according to its current size and complexity, and its stage of development and level of resources. There is a clear division of responsibility between the Non-Executive Chairman and the CEO. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance. The CEO is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group. The role of the Non-Executive Director includes questioning and challenging the CEO and assisting where possible in developing strategic proposals, reviewing and commenting on the integrity of the Company's financial reporting systems and the information they provide; recommending appropriate standards of corporate governance; reviewing internal control systems; ensuring that risk management systems are robust and reviewing corporate performance and ensuring that performance is reported to shareholders. Notwithstanding the above the 2011 Agreement provides that the consent of the RHL appointed director is required, in addition to the consent of the majority of the Board, over a range of reserved material matters including, the ability to raise additional equity or debt, to grant or amend security over assets, to enter into contracts outside the ordinary course of business, the proposal of shareholders resolutions and the issue of shareholder circulars. These aspects of the 2011 Agreement are exceptions to compliance with Principle 9, which are expected to be addressed as part of the recently announced debt restructuring, whereby the Company has agreed with its major shareholders to cancel the 2011 Agreement and enter into normal course relationship agreements with its major shareholders.
10	**Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	The Company recognises that meaningful engagement with its shareholders is integral to the continued success of the Group. The Company actively engages with its shareholders through meetings, presentations and roadshows, where it is able to without violating any legal restrictions imposed in this regard. The Board believes that the Annual Report and Accounts, and the Interim Results published at the half-year stage, play an important part in presenting all shareholders with an assessment of the Company's position and prospects. All regulatory announcements are published on the Company's website. The Annual General Meeting and General Meetings are an opportunity for shareholders to discuss the Company's business with the Directors. The Board is supported by the Audit and Remuneration Committees, each of which has access to such information, resources and advice that it deems necessary, at the Company's cost, to enable the committee to discharge its duties. These duties are set out in the Terms of Reference of each committee, and each meets as often as is considered necessary.

STRATEGIC REPORT

COVID-19 IMPACT

The world-wide COVID-19 pandemic has had a negative impact on the Group's operations, however notwithstanding the Philippine government quarantine regulations, mining and gold production activities have continued albeit at reduced mining rates and a reduced gold recovery rate.

To comply with the Philippine government COVID-19 guidelines the Group restricted the movement of personnel to and from the mine site. Travel restrictions have resulted in a number of senior personnel being unable to return to site. In particular, senior maintenance managers were unable to return which, together with the delays in sourcing appropriate spare parts, has placed pressure on the Company's operations and maintenance procedures.

Interruptions to the Group's supply chain of operational consumables and spare parts have occurred. Power failures in the national grid and the inability to secure new supplies of bacteria culture for the BIOX® process has had a significant impact on production from the end of March 2020.

Only one COVID-19 positive case has been detected at the mine site to date with the Runruno mine benefiting from its remote mountainous location in the north of the island of Luzon. Nonetheless, the Group has implemented various on-site procedures to test for and quarantine potential COVID-19 cases to ensure, as far as possible, the safety of its employees and contractors. These procedures have ensured that the Company continues to be compliant with relevant government directives and that any COVID-19 infected personnel are restricted from gaining access to the mine site.

The longer the COVID-19 pandemic continues, with the associated government restrictions on movement of senior personnel, the more at risk the mining and processing operations become. Notwithstanding the increasing risk to operations management is hopeful that the medium to long term impact on the Group will not be material.

FINANCIAL YEAR 2019 ("FY 2019") OVERVIEW

The Runruno operation's performance made positive improvements in FY 2019 with increased mill throughput, solutions found for the foaming issues in BIOX® and CIL, and parameter changes in flotation resulting in cleaner concentrate and incremental gold recoveries. The mine underwent structural changes in design and a new mine plan was implemented. Improved cash flows enabled the long overdue truck and shovel fleet rebuilds being started with completion expected in Q2 2020.

During FY 2019 68,983 troy ounces ("ozs") contained in gold doré bullion were produced at Runruno. This was a 43.5% increase from 2018, with Q4 2019 representing the highest production level during a quarter, producing 18,941 ozs. FY 2019 was first year of operation to record an operating profit since the commencement of gold production.

The principal significant operational issue during the first half of 2019 was the reliability and availability of the plant, with failures in the RSI tails-line impacting significantly on operations. The BIOX® circuit was stable during 2019 and no concentrate was required to be bypassed as the circuit maintained an active culture for all of 2019, however oxidation rates at incremental feed tonnes being lower than design negatively affected overall recovery. Notwithstanding significant maintenance issues experienced during FY 2019 (predominately tails line related) the Group's total throughput was 1.78Mt, an increase of 17.7% over FY 2018. The feed grade was impacted by higher than anticipated mining dilution at approximately 25% versus a design of 5%. A total of 97,386 ozs were processed during the year.

Further design considerations are currently being trialed in the plant to enhance recovery through flotation and to meet the requirements for higher plant throughput. FY 2020 will hopefully see operations consolidating FY 2019 gains with a focus on plant maintenance and reliability, and achieving a higher oxidation rate through BIOX®.

MINING OPERATIONS

The mining operations and mining equipment have performed well in 2019 with a revitalized mine plan contributing to the best yearly mine performance to date. Available free cashflow was allocated to equipment rebuilds of our aging fleet, improving reliability and reducing our longer-term requirements on contractors.

The east wall pit design has proven to be inadequate in dealing with the existing fault. Accordingly, in Q1 2019 Xenith Consulting were hired to complete a redesign of this wall and all internal pit stages to improve mine efficiency, ensure a correct material balance can be achieved and update mine planning and equipment requirements for the life of mine ("LOM").

Resource recovery reconciliation performed well until the start of mining in Stage 2 of the mine plan. Stage 2 mining commenced in December 2018 and during 2019 ore recovery compared to the ore resource model, did not perform as well as expected and continues to produce a poor reconciliation. An infill drilling campaign focused on Stage 2, but also including Stages 1 and 1.5, was commenced in August 2019 and provided valuable information regarding the western limits of the orebody. This programme has continued in 2020 to assist in a proposed update of the resource model and to provide for a new reserve statement in 2021.

All relevant permits for operations have been received by the Runruno mine.

PROCESS PLANT

During FY 2019 overall gold recovery from processing operations was 70.8% which is significantly below the feasibility forecast of 91% but well above 2018 levels of 57.9%. Continued improvements in recovery are targeted in 2020 through minor plant upgrades and achieving design oxidation rates in BIOX®.

Plant reliability again had a serious effect on overall performance in 2019 and operations played 'catch up' for the majority of 2019 to maintain operations. The RSI and mill availability were the key concerns in the first half of 2019, while BIOX® shaft failures and pumps impacted in the 2nd half of 2019.

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, and even with a lower than planed plant utilization level, achieving an availability rate of 87.2% for FY 2019;
- The milling circuit operated adequately during FY 2019 with incremental throughput being achieved moving production from approximately 230t/hr to 280t/hr. Further work is required in the circuit with the aim of commissioning the variable speed drive to assist with maintaining throughput and providing a more consistent size faction to flotation. The gravity circuit is operating close to design recoveries of 30%;
- A detailed review of the flotation circuit and the establishment of an on-site metallurgical laboratory led to several significant changes in reagents and operating conditions of the circuit ensuring incremental increases in recovery and improving concentrate grade for BIOX. The circuit operated reliably with only minor maintenance issues. The increased throughput has put further pressure on the circuit design capacity and an ongoing trial of secondary technologies to improve recovery is ongoing;
- The CIL circuit was affected during FY 2019 by the froth created by BiOX®, which, through changes in flotation and concentrate feed to BIOX®, was solved in the 2nd half of 2019. This assisted in achieving an overall CIL recovery of 84% recovery against a design recovery of 96%. Design capacity is more than sufficient to meet current throughput with the circuit marginally over designed. The lower recovery is a function of the oxidation achieved in BiOX® and once the BiOX® circuit is stable and oxidation is improved so this will lead to enhanced gold recovery in CIL;

- The ancillary systems including counter current decantation, neutralisation, reagents, cyanide destruction and residue disposal circuits are all operating adequately but have been affected by a lack of working capital required to undertake necessary maintenance; and
- Plant utilisation continues to suffer from a lack of working capital and associated maintenance with increasing failures in the piping, pumping and support equipment. In Q1 2019 alone over 3 weeks of operations was lost due to repeated failures of the residual tailings line. A management focus during 2020 will be on improving the regular maintenance of fixed plant, moving from a reactive/remedial maintenance regime to more of a preventative/proactive maintenance regime; and on expanding the Group's inventory of critical spares.

A significant amount of management time has been focused on getting the BIOX® circuit to perform as intended and, while we have achieved design throughput, we have yet to achieve this throughput at the required oxidation levels. This lower oxidation has affected final design recovery through the CIL circuit with approximately 84% recovery against a design of 96% being achieved in 2019. It is clear that the circuit is not adequately supplied with air due to inaccurate design assumptions originally made and a fourth air blower was ordered for delivery in late 2020. Other operating parameters are also being studied to assist with the performance of the circuit.

RESIDUAL STORAGE IMPOUNDMENT (RSI)
The RSI is operating to design with an excellent environmental performance record. Staged construction of the RSI continues to meet the requirements of current and future operations

Stage 5 of the RSI was completed in 2019 and development of Stage 5.5 has commenced and is expected to be completed in 2020.

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.

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.

In 2020 the Group will require the relocation of illegal miners operating on the back of the existing operations in Stage 3 and Stage 4 of the mine plan. The Group is working closely with the local government to ensure the smooth transition of relocation of these itinerant people outside of the mining areas, to ensure access for the Group is available by the end of 2020 early 2021. Initial approaches and compensation packages have been agreed and executed with the groups and families in the immediate area of operations without incident.

HEALTH AND SAFETY
There have been no material health and safety incidents throughout the operational phase. A safe working culture is actively promoted by a dedicated 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. The operation has achieved in excess of 11 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.

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 Corporate Social Responsibility ("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 is responsible for planting almost 2 million endemic and cash crop trees.

During 2019 the Group was, for the second consecutive year, the mining industry overall winner of the Philippine Government Best Forestry Management Program award.

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.

DEBT FUNDING
In early 2019 the Group approached its lenders on the basis that both the size and terms of debt facilities was unsustainable. The Group sought 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. This standstill request was agreed to by all external lenders from 31 March 2019 and it remained in place at year-end. The purpose of the standstill was to provide the Group and its external lenders time to negotiate a restructuring of the debt that will provide the Group with a sustainable debt position.

Post year-end Runruno Holdings Ltd and MTL (Guernsey) Ltd, (an associated company of MTL Luxembourg SARL), the Company's two major 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”). This purchase was completed on 30 January 2020. The Senior Facility was acquired 70.6% by MTL Guernsey Ltd and 29.4% by Runruno Holdings Ltd. The total principal and capitalised interest owing under this facility at the time of purchase was $69.3 million.

Further on 9 March 2020, the Company announced that it had been unable to reach agreement on the continuation of the Standstill Agreement in respect of the Senior Facility and, due to the material uncertainty of the Company's financial condition, its shares were suspended from trading on the AIM market of the London Stock Exchange.

On 8 September 2020 the Company announced it had reached a conditional in-principle agreement with its lenders, subject to completion of definitive documents and shareholder approval of certain changes to the Company’s Articles of Association. The concessions negotiated in the conditional agreement, in the Company’s opinion, remove the financial uncertainty that brought about the suspension of trading of its shares on the AIM market.

An important key outcome of the in-principle agreement will be the termination of the 2011 Agreement which will be replaced by a new relationship agreement between the Company and its two largest shareholders that will update the Company’s corporate governance practices such that it is in far greater compliance with the QCA Code and which will enable the Company to seek new independent directors to join the Board.

Further details of the terms of the conditional in-principle agreement with the lenders can be found in Note 34 – Subsequent Events.

The Company expects the suspension of its shares to trading on the AIM market to be lifted upon completion of the debt restructure agreement, which is expected to occur in mid-October 2020.

As at year end the Group has total debt, including unpaid interest and fees, of $124.1 million (2018: $110.5 million), much of which was originally short term in nature with high attaching interest and penalty interest rates. The overall cost of the Group’s debt will drop once the in-principle agreement with lenders is implemented. No debt principal repayments were made during FY 2019.

Refer to Note 23 for details of these debt facilities.

OUTLOOK

Since the end of 2018 the Group has implemented significant changes to the board, executive and senior management. We are glad to report that the changes have had a positive impact on operations and the morale and development of our local workforce. Efforts are ongoing on the various studies that are underway with the ultimate objective of improving the cash flow generated by the Runruno operation. The outcome of some of these studies have already provided significant benefits in plant performance and mine operations with further improvements targeted in 2020. Notwithstanding the impact of the COVID-19 pandemic, 2020 will be a year of consolidation with a focus on plant maintenance and reliability.

Further, the Group will continue the process of completing the in-principle agreement with its lenders such that, once completed, the material financial uncertainty surrounding the Group is removed.

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 Company 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.

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.

During the year, the Board committed significant resources into fostering improved relationships with our key contractors and suppliers. 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 improvement in operations has allowed the Group to reduce the aging of key suppliers/contractors creditor balances, which in turn has provided the opportunity for the Group to secure some improved trading terms.

Lenders

For the entire reporting period the CEO and the CFO, on behalf of the Board, have been in regular contact with its lenders. An in-principle agreement with the Company's lenders has been reached which once completed will put the the Group on a stable financial platform.

Customers

The Group's business in mining and selling gold doré means it only deals with one or two end customers, being refiners of doré. The Board ensures a close relationship is maintained with senior personnel at each refinery 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 restrictions placed upon Directors given the debt restructuring negotiations that have been ongoing during this period.

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

Darren Bowden, *Chief Executive Officer*
10 September 2020

DIRECTORS' REPORT

The Directors present their Annual Report together with the audited financial statements of Metals Exploration plc and its subsidiary undertakings (the "Group") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES
The principal activity of the Group is to identify, acquire, explore and develop mining and processing projects, mining companies, businesses or opportunities with particular emphasis on precious and base metals mining opportunities in the Western Pacific Rim region.

The Company was incorporated on 8 April 2004 under the Companies Act 1985 (now Companies Act 2006) and is registered in England and Wales with registered number 05098945.

The principal activity of the Company is that of a holding Company for its subsidiary undertakings, which are set out in Note 15 of the financial statements.

Since the Company's admission to AIM in October 2004, the Group has focused efforts on the acquisition and development of exploration properties in South East Asia.

FINANCIAL RESULTS
For the year ended 31 December 2019 the profit of the Group for the year was $13.71 million (2018: loss of $176.39 million).

DIVIDENDS
The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: $nil).

BUSINESS REVIEW AND FUTURE DEVELOPMENTS
A review of the current and future development of the Group's business is given in the Chairman's Statement on page 3 and the Strategic Report on page 11.

NOMINATED ADVISOR & BROKER
The Company's nominated advisor and broker is Strand Hanson Limited.

AUDITOR
Nexia Smith & Williamson was re-appointed as auditor of the Company at the Annual General Meeting held in 2019 and it is proposed that they be re-appointed at the Company's forthcoming Annual General Meeting.

DIRECTORS & DIRECTORS' INTERESTS
The Directors of the Company during the year and since the year end were:

Guy Walker	(Interim Non-Executive Chairman)
Darren Bowden	(Chief Executive Officer and Executive Director) *appointed 1 January 2019*
Andrew Stancliffe	(Non-Executive Director) *appointed 5 February 2019*
Lucian Simovici	(Non-Executive Director) *resigned 5 February 2019*
Ian Holzberger	(Executive Chairman) *resigned 24 January 2019*

As at the date of this report no Director held a beneficial interest in the Company nor did any Director have any interest in unissued ordinary shares granted by the Company under share options in his name and/or under controlled subsidiaries.

DIRECTORS' REMUNERATION

The Directors' remuneration for the year was as follows:

- Mr Darren Bowden $720,000 (2018: Nil) for his services provided as an Executive Director and Chief Executive Officer of the Company;
- to Mr Ian Holzberger $15,145 (2018: $750,000) for his services provided as Executive Director and Chairman of the Company;
- to MTL (Luxembourg) Sarl[1] $28,070 (2018: $56,696) for services provided by two Non-Executive Directors; and
- to Runruno Holdings Limited[2] $128,547 (2018: $67,024) for services provided by the interim Chairman and Non-Executive Director.

Note:

[1] Further details relating to a Services Agreement between MTL (Luxembourg) Sarl and the Company are provided in Note 7 to the Financial Statements.

[2] Further details relating to a Services Agreement between Runruno Holdings Limited and the Company are provided in Note 7 to the Financial Statements.

No element of the Directors' remuneration is currently related to the Company's future share price.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or any of its subsidiary companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the year other than:

- Both G Walker and A Stancliffe, being director nominees of Runruno Holdings Ltd and MTL Lux respectively, are conflicted in all matters relating to the debt facilities owned by the shareholders they represent. Mr Stancliffe has not taken any part in any matters relating to the debt facilities, while Mr Walker has entered into a deed of undertaking with the Company to regulate his involvement in these matters while acting as an agent for Runruno Holdings Ltd.

DIRECTORS' MEETINGS

The Directors hold meetings on a regular basis, special telephone meetings as required and written resolutions circulated by email as and when required to deal with items of business from time to time. In accordance with the Company's Articles of Association a written resolution requires to be signed by all Directors of the Company. Where it was necessary the non-conflicted Director of the Company dealt with matters where other Directors may be conflicted. Meetings held and attended by each Director during the year of review were:

		SUMMARY OF MEETING ATTENDANCE				
		GUY WALKER	DARREN BOWDEN	ANDREW STANCLIFFE	EDI SIMOVICI	IAN HOLZBERGER
Board general meetings		100%	100%	100%	100%	100%
Board written resolutions		100%	100%	100%	-	-
		100%	**100%**	**100%**	**100%**	**100%**
Attended		***17 out of 17***	***17 out of 17***	***15 out of 15***	***2 out of 2***	***1 out of 1***
Audit Committee	2	100%	-	100%	-	-

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Board of Directors review the principal risks and uncertainties facing the Group on an ongoing and regular basis. Assessments are made as to how to manage these and mitigate as much risk as possible through various controls. Many of these risks and uncertainties are common to all mining projects. The principal risks and uncertainties facing the Group are identified as follows:

COVID-19 pandemic

Although the Group has to date managed to limit the impact of the world-wide COVID-19 pandemic on its employees, contractors and operations, there can be no guarantee that the Group will be able to withstand a future worsening of the pandemic, or the spread of a different but equally dangerous pandemic. 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, and supply chain interruptions affecting receipt of spares and consumables. The broad impact of this crisis has been a reduction in the rate of gold production and an increasing risk to stability of operations.

Availability of funding

The Group's access to further financing as a source of funding for the Runruno Project and other projects is subject to various factors, many of which are outside of its control, such as political instability, an economic downturn, social unrest, or changes in the Philippine regulatory environment, changes to the Company’s regulatory environment (including but not limited to the AIM Rules, the Financial Conduct Authority’s Rules and Regulations) which result in an increase in the cost of borrowing of the Group or restrict its ability to obtain financing. There is no assurance that the Group will be able to arrange financing on acceptable terms, if at all. If the Group were unable to obtain financing from banks and other sources or from capital markets this would adversely affect the ability of the Group to execute its development and growth strategies as well as its financial condition and prospects.

If adequate funds are not available to satisfy either short or long-term capital requirements, the Group may be required to limit its operations significantly.

The Group has reached an in-principle agreement with its lenders that attempts to mitigate this risk as far as possible.

Market risk

The profitability of the Group’s development projects is impacted by the general risks associated with the gold market. Profitability can be affected by factors beyond the Group’s control, such as a prolonged decline in world gold prices. The Group regularly tracks gold prices and regularly refines its models on financial profitability in order to have available for the Board at all times, a current view on the future financial viability of its active projects.

The Group is exposed to currency risks in operations; (i) Philippine domestic peso currency exposure from costs associated with mining and gold recovery, (ii) US dollar currency exposure due to sales of its gold output, purchase of spares, fuel and process consumables and certain legal fees and borrowings are US dollar denominated or linked, and (iii) GB Pounds currency exposure from UK costs associated with the parent entity and AIM listing compliance. These currency exposures require careful management to maximise shareholder value but the exposure cannot be diversified away altogether.

Nature of mining, resource estimation and mineral processing

Exploration and development of mineral deposits involve a wide range of significant risks over an extended period of time. These risks are seldom constant with new types invariably arising and adding to the industry's and Group's challenges.

Mineral resource and reserves estimation provides no assurance that the potential tonnage and grades will be achieved. The exploration of mineral rights is speculative in nature and any published results are expressions of judgement developed using industry tested measuring techniques, none of which can be relied upon with complete certainty. Each set of published results builds upon the previous published information and includes any new and reliable information from systematic drill results, mining, and recovery and reconciliation activities and is independently verified by qualified persons. However, this still involves experience, judgement, skill and estimation, all of which are imprecise, interpretative and open to challenge. The actual results of mining may differ upwards and downwards from the published reserves upon which the Group relies in its business projections.

The size of the deposit, its grade, depth and type of orebody, are only some of the particular attributes which determine the costs and recovery methods required to be employed. There is also the length of haul to the processing plant, age and maintenance programmes for plant and equipment, land access, environmental protection and community relations, capital costs, reclamation and closure costs and labour and host community relations. The quantities, costs and assumptions used to identify and interpret these variables can be modelled to the lowest level of detail possible, but they do not provide absolute certainty that the expected cost of mining will be achieved.

The metallurgy of the Group's ore deposit requires a complex set of processes to extract economic levels of gold doré. Maintaining efficient processing operations requires specialized equipment and consumables, combined with an experienced and motivated processing team. It is also subject to numerous factors some of which are within the Group's ability to control, and some that are external factors outside the control of the Group. A key element that is within the Group's control that continues to be a major risk, due to lack of funding, is having a satisfactory level of critical spare parts held on site to minimise the risk of significant process interruptions.

Mining regulatory risk

Mining investors are exposed to a high level of regulatory risk under the governing bodies responsible for the Philippine mining sector. There are a wide array of 'rules and regulations' ("Rules") that govern the regulatory regime for foreign mining investment in the Philippines and the Rules are created and enforced by several layers of government and government agencies nationally, provincially and locally. The Philippines mining industry is subject to frequent audit and review activity by regulatory agencies.

Failure to receive, extend or amend any Regulatory Approval, or delays in receiving, extending or amending any Regulatory Approval may adversely affect the properties, business or operations of the Group including, but not limited to, increasing the costs of the Group's activities; limiting the Group's capacity to produce gold; delaying the implementation of any planned changes to the Group's activities; or requiring the full or partial suspension of the Group's operations.

The Group has almost 500 approvals, licences and permits to conduct mining, processing and related activities at its Runruno Gold Project in the Philippines (collectively "Regulatory Approvals") and is routinely required to obtain new permits and Regulatory Approvals or to amend, renew or extend its existing permits and Regulatory Approvals.

As at the date of this Report, neither the Group nor its mining project is subject to any suspension or closure order. The Group has applied for or is in the process of, applying for the issue, extension or renewal of a number of Regulatory Approvals and cannot be certain that they will be issued, extended or renewed on acceptable terms or within the required timeframes.

Key personnel

The Group’s future success is substantially dependent upon the continued service of senior management, and its highly skilled and trained personnel in all levels of management, however the retention of relevant members of staff cannot be guaranteed. There can be no certainty that the Group can recruit suitably qualified or skilled employees in a competitive, highly skilled, specialist industry and it is very probable the Group will face periods of varying lengths of management and skills shortages. Where key personnel cannot be retained in the medium to long term, the Group’s commercial production could be compromised at various intervals. Further as noted above several of the Group’s senior management have been unable to travel to the project site given COVID-19 travel restrictions.

Environmental risk

Mining operations are by nature environmentally risky ventures. As a responsible miner the Group takes its environmental responsibilities very seriously and is subject to stringent rules and regulations before, during and after its period of exploration and mining development. Open pit mining is mining on a large-scale and has the potential to become entangled in environmental disputes. The Group employs every effort to avoid and mitigate even the most minor of damage to the environment but it is aware it will always be exposed to these risks for as long as it is present at Runruno.

Any breach of its environmental code or obligations to the environment as dictated in its Financial or Technical Assistance Agreement (“FTAA”) or its Environmental Compliance Certificate may result in a temporary suspension of operations, fines, and even the possibility of closure of mining operations at Runruno. The Group is aware there will be further environmental standards imposed throughout the life of its mining operations which will involve further costs, time and compromises to be compliant.

Political and Country Risk

The Philippines is a challenging jurisdiction for foreign mining companies to succeed. During the early 1970’s mining accounted for nearly 20% of the country’s GDP but currently accounts for only approximately 3% of GDP. Philippine political and country perceived risk issues have hindered the development of a world class Philippine mining industry. The Group has no control or influence in these matters and these risks are a constant.

In an effort to reduce these risks, the Group applied for and was granted a FTAA, a contract in law with the government. The 1995 Mining Act allows 100% foreign ownership of mining entities where there is a $50 million investment or higher, through the ownership of a FTAA. Mines operating under a FTAA have recourse for disputes to be arbitrated offshore. Despite opposition to the 1995 Mining Act successive Presidents have supported the framework.

Further, it is noted that during the COVID-19 crisis the Government strongly supported the industry such that the Group was able to continue to operate, albeit on a reduced level.

Access to Tenement Areas

Further development of the Runruno project into planned Stages 3 & 4 are dependent upon the successful completion of the resettlement of up 1,500 illegal gold miners operating on Group owned land in those areas. A program of resettlement of these illegal miners has begun, but it is not certain that this process will be effectively completed without disruption to existing operations. Indeed, further delays in completing this process may result in longer term mine plan scheduling issues.

In order to mitigate this risk, the Group has worked diligently with the local and provincial government departments with the aim of ensuring the process proceeds on as smooth as possible basis, and without disruption to existing and near term operations.

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 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, and supply chain interruptions affecting receipt of spares and consumables. These pressures are being managed although gold production has yet to ramp back up towards target levels. The longer the impacts of the pandemic continue the more at risk the operations become, however the Group's ability to keep the project in a positive cash flow position to date during the pandemic gives the Group reason to believe the impact of COVID-19 will not affect the future going concern status of the Group.

Operational performance showed consistent improvement over 2019 and, for the first time since commencing production, the operation produced a pre-tax operational profit of $8.96 million, compared to a pre-tax operating loss of $18.82 million in 2018.

Notwithstanding these operational improvements, as at 31 December 2019, the Group's current liabilities exceeded its current assets by $109.24 million (2018: $84.62 million), primarily due to the portion of Group external borrowings that is either overdue or scheduled to be repaid by 31 December 2020. During FY 2019, the Group made no principal repayments under its external finance facilities.

However, the Group has reached a conditional in-principle agreement with its lenders and believes that there is a reasonable expectation that this agreement will be finalised and that this agreement will provide a sustainable financial structure that will allow the Group to continue to operate the project to produce sustainable cashflows and to pay its liabilities as and when they fall due.

Over the next financial periods, 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 Runruno Project to enable the Group to settle its liabilities (including the expected restructured debt facilities) as they fall due.

As a consequence of all the above matters, the Group's directors have concluded that material uncertainties exist, including the potential impact of COVID-19, that may cast significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Group financial statements.

Nevertheless, after making enquiries and considering the uncertainties 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 conditional in-principle agreement with its lenders removes the obligation for the Group to meet fixed interest and principal repayment schedules. It is proposed that only available cash over and above a minimum pre-agreed working capital level will be paid each quarter to lenders as repayment of interest and principal;
- The Group's conditional in-principle 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 Company 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 conditional in-principle agreement with its lenders provides the Company with the ability to hold a working capital buffer in excess of current liabilities thus ensuring all external creditors can be paid;
- The Group currently believes, once the COVID-19 pandemic abates, it will achieve its revised forecast levels of gold production; and
- The Group currently believes, once the COVID-19 pandemic abates, its operations will produce sufficient positive cash flow to enable the Group to pay its debts (including the expected restructured debt facilities) as and when they fall due.

This Financial Report does not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classifications of liabilities that might be necessary should the Group not continue as a going concern.

KEY PERFORMANCE INDICATORS
The Directors monitor the performance of the Group through the following key performance indicators:

- Ensuring sufficient timely reporting such that the Group continues to obtain permits sufficient for its operation to continue. The Group is confident of its satisfaction of the compliance obligations imposed on its operations and its ability to maintain and renew permits as required;
- The outcome of technical work undertaken on the Company's projects measured against budgets, forecasts, expectations and industry benchmarks. Since the commencement of production operations the Runruno project gold recoveries have been well below feasibility forecasts. Significant studies were undertaken in the past year in order to better understand the issues surrounding the poor recovery levels and how to economically improve gold recovery. As a result improved gold recoveries were achieved during the 2019 year. Gold recoveries are continuously monitored to provide detailed information for ongoing studies; and
- The cost efficiencies of operations measured against budgets and forecasts. Detailed annual budgets are approved by the Board. Detailed monthly reviews of actual expenditure and committed expenditure are undertaken. Projected costs and physical performance are re-forecast at regular intervals. Please refer to the Strategic Report.

EVENTS AFTER THE BALANCE SHEET DATE
Details of significant events occurring after the balance sheet date are set out in Note 34 to the consolidated financial statements.

FINANCIAL RISK MANAGEMENT
Details of the Group's policies with respect to financial risk management are given in Note 31 to the financial statements.

Given the size of the Group the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Group's finance departments implement policies set by the Board of Directors.

CORPORATE RESPONSIBILITY AND ENVIRONMENTAL POLICY
The Group's policy is to conduct operations in a safe and environmentally responsible manner to industry best practice standards, to respect the indigenous culture of the mining project areas, to promote social and economic development for the traditional custodians and to offer employment and training opportunities to those who live in the mining project areas.

POLITICAL CONTRIBUTIONS AND CHARITABLE CONTRIBUTIONS
During the year of review the Group did not make any political contributions or charitable donations.

ANNUAL GENERAL MEETING
This report and the financial statements will be presented to shareholders for their approval at the Annual General Meeting ("AGM").

The Company's AGM is expected to be held on or around 15 October 2020 at 11.00 am to be held at the offices of Kerman & Co LLP located at 200 Strand, London WC2R 1DJ. The Notice of the AGM will be issued shortly.

The Notice includes items of Special Business and an explanation regarding such business can be found at the end of the Notice. Included in the Special Business will a proposal to amend the Company's Articles of Association to accompany various conditions precedent to the in-principle agreement with the Company's lenders.

Darren Bowden, Chief Executive Officer, will retire by rotation and will offer himself for re-election at the AGM.

SHARE CAPITAL
On 1 January 2019 and 31 December 2019 there were 2,071,334,586 ordinary shares of 1p each in issue.

SUBSTANTIAL SHAREHOLDINGS
At 31 December 2019, the Company is either aware of or has been notified of the following shareholders who hold disclosable interests of 3% or more of the nominal value of the Company's shares:

Substantial Shareholders	Shares held as of 31 December 2019	%	Shares held as of 31 December 2018	%
MTL (Luxembourg) Sarl[1]	970,532,143	46.9%	970,532,143	46.9%
Runruno Holdings Ltd	393,513,302	19.0%	393,513,302	19.0%
Baker Steel Capital Managers LLP[2]	136,433,376	6.6%	143,077,681	6.9%
Jarvis Securities[3]	79,009,692	3.8%	N/a	N/a
Interactive Investor Trading[3]	77,470,460	3.7%	N/a	N/a

[1] MTL (Luxembourg) Sarl includes 1 million shares owned by Ms. Crompton Candy, a related party.
[2] Baker Steel Capital Managers LLP acting on behalf of various funds for which it acts as full discretionary Investment Manager.
[3] Acting on behalf of its clients.

BUSINESS RELATIONSHIPS STATEMENT
Please refer to the Board Engagement with Stakeholders section of the Strategic Report. Creating and maintaining relationships with our suppliers is considered to be of key importance.

EMPLOYEE INVOVLEMENT
The Group maintains a policy of continual information flow to its managers and employees through issuing regular operational updates on matters affecting safety and operational performance. In addition regular meetings our held with management and employees to debate all aspects of the Group's activities.

DISCLOSURE OF INFORMATION TO THE AUDITORS
The Directors at the date of approval of this Annual Report individually confirm that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

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

Darren Bowden, Chief Executive Officer
10 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Corporate Governance Report, Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALS EXPLORATION PLC

Opinion

We have audited the financial statements of Metals Exploration Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements concerning the Group's ability to continue as a going concern.

As at 31 December 2019 the Group is dependent on securing an agreement with the new loan providers for the restructuring of its debt in order to meet its liabilities as they fall due. The Group has reached an agreement in-principle with its lenders, subject to the completion of definitive documentation and shareholder approval of certain changes to the Company's Articles of Association.

In the event that this debt is not restructured the Group cannot meet current debt repayments as at 31 December 2019. In this instance plant and equipment held by the Group at $106,978,695 may be impaired should the Group cease to be a going concern or the assets require sale, additional liabilities may arise and assets and liabilities currently classified as non-current may become current.

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation, the impact of which has affected businesses globally. Particularly for the Group, this has meant reduced gold production and limited ability to internationally move goods and personnel.

As stated in note 1, these conditions represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

In addition to the material uncertainty related to going concern we identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Key audit matter	***Description of risk***	***How the matter was addressed in the audit***
Carrying value and impairment of: plant and equipment, construction in progress and mining properties (Group); investments in subsidiaries and amounts owed by group undertakings (Company)	The Group has significant mining properties asset balances and the Company has significant investments in subsidiaries and amounts owed by group undertakings. In accordance with IAS 36 "Impairment of Assets" the Directors are required to perform a review for impairment of long-lived assets at any time an indicator of impairment exists. The Directors assessed that due to increasing gold price and improved production a reduction in the impairment at the Runruno Cash Generating Unit ("CGU") was appropriate. The assessment of the carrying value requires significant judgement in assessing forecast cash flows which are in part dependent on gold recovery rates, expected costs, market gold prices; and discount rates. The assessment of the carrying value of these balances and consequently any required impairment is sensitive to these assumptions.	We challenged the assumptions used in the impairment model, as described in note 8. These assumptions were used in assessing the carrying value and impairment of construction in progress and mining properties, investments in subsidiaries and amounts owed by group undertakings. As part of our procedures we: • reviewed management's assessment of whether there were any indicators of impairment to ensure that their conclusions were consistent with our understanding of the Group; • reviewed the findings of the component auditor's impairment reviews; • assessed the appropriateness of the assumptions concerning forecast market gold prices and inputs to the discount rate against available market data as at 31 December 2019; • agreed estimated gold reserves to the most recent Competent Person's Mineral Resource and Ore Reserve Report and assessed the suitability of this management expert; • used data tools to review the mathematical robustness of the model; • performed sensitivity analysis to calculate the minimum production volumes and gold price and maximum discount

		rate to result in a reduction in the impairment reversal and compared them to those achieved in previous years; and • considered whether COVID-19 represented an adjusting post balance sheet event or not.
Revenue recognition (Group)	Revenue is a key performance indicator of the Group. Cash generation is required in order to be able to meet loan capital and interest repayments as they fall due. Revenue based targets may place pressure on management to distort revenue recognition. This may result in overstatement to assist in meeting current targets or expectations.	The Group's revenue recognition policies are stated in note 1. In testing revenue recognition we have reviewed the component auditor's working papers in respect of: • cut-off testing around year end shipments; • review of revenue recognition in line with revenue contracts; and • testing of a sample of revenue transactions, including confirmation of metal delivery, to ensure that revenue had been recognised in accordance with the Groups accounting policies.

Materiality

The materiality for the group financial statements as a whole was set at $1,400,000. This has been determined with reference to the benchmark of the group's turnover, which we consider to be one of the principal considerations for members of the parent company in assessing the performance of the group. Materiality represents 1.5% of turnover.

The materiality for the parent company financial statements as a whole was set at $910,000. This has been determined with reference to the benchmark of the parent company's total assets, which we consider to be one of the principal considerations for members of the parent company in assessing performance of the company in the current year. Materiality represents 2.2% of total parent company assets.

An overview of the scope of our audit

Of the group's 7 reporting components, we subjected 2 to audits for group reporting purposes

The components within the scope of our work covered: 100% of group revenue and 99.9% of group net assets.

For the remaining 5 components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The group audit team visited one component location in the UK. Telephone conference and virtual meetings were held with the component auditors in the Philippines. At these meetings, the group audit team discussed the component auditors' risk assessments and planned audit approach. Once the audit work was completed, the findings reported to the group audit team were discussed in more detail, and any further work required by the group audit team was then performed by the component auditor. In addition to these meetings, the group audit team sent detailed instructions to the component audit teams and reviewed their audit working papers virtually.

Other information

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

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

We have nothing to report in this regard.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Nicholas Jacques
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson Audit Limited
Statutory Auditors and Chartered Accountants

25 Moorgate
London
EC2R 6AY

11 September 2020

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	*2019 US$*	*2018 US$*
Continuing Operations			
Revenue	3	94,280,289	61,414,966
Cost of sales		(75,819,654)	(69,883,233)
Gross profit/(loss)		18,460,635	(8,468,267)
Administrative expenses		(9,496,897)	(10,352,002)
Operating profit/(loss)	4	**8,963,738**	**(18,820,269)**
Impairment reversal/(loss)	8	23,213,749	(179,833,796)
Loss on sale of assets		(569,434)	-
Net finance and other costs	8	(17,778,610)	20,735,018
Share of profit of associates	16	22,829	5,851
Profit/(loss) before tax		**13,852,272**	**(177,913,196)**
Tax (expense)/credit	9/10	(140,072)	1,526,455
Profit/(loss) for the period attributable to equity holders of the parent		**13,712,200**	**(176,386,741)**
Other comprehensive income:			
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translating foreign operations		1,566,525	57,880
Items that will not be re-classified subsequently to profit or loss:			
Re-measurement of pension liabilities		(118,035)	162,938
Total comprehensive profit/(loss) for the period attributable to equity holders of the parent		**15,160,690**	**(176,165,923)**
Profit/(loss) per share:			
Basic cents per share	11	**0.66**	**(8.51)**
Diluted cents per share		**0.64**	**(8.51)**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	*2019* *US$*	*Restated 2018* *US$*
Non-current assets			
Property, plant and equipment	12	106,978,695	80,416,625
Other intangible assets	14	49,567	98,533
Investment in associate companies	16	161,408	138,579
Trade and other receivables	17	4,222,863	3,333,083
		111,412,533	**83,986,820**
Current assets			
Inventories	18	9,478,457	6,973,238
Trade and other receivables	20	3,609,595	6,166,463
Cash and cash equivalents	19	4,818,981	1,497,431
		17,907,033	**14,637,132**
Non-current liabilities			
Loans	23	(11,282,574)	(26,286,052)
Retirement benefits obligations	21	(973,000)	(673,819)
Deferred tax liabilities	10	(812,481)	(722,977)
Provision for mine rehabilitation	24	(2,880,092)	(2,150,633)
		(15,948,147)	**(29,833,481)**
Current liabilities			
Trade and other payables	22	(14,355,288)	(15,053,100)
Loans - current portion	23	(112,794,363)	(84,203,230)
		(127,149,651)	**(99,256,330)**
Net liabilities		**(13,778,232)**	**(30,465,859)**
Equity			
Share capital	25	27,950,217	27,950,217
Share premium account		195,855,125	195,855,125
Shares to be issued reserve		-	4,928,152
Acquisition of non-controlling interest reserve		(5,107,515)	(5,107,515)
Translation reserve		14,744,085	13,177,560
Re-measurement reserve		66,803	184,838
Other reserves	26	1,526,937	-
Profit and loss account		(248,813,884)	(267,454,236)
Equity attributable to equity holders of the parent		**(13,778,232)**	**(30,465,859)**

The financial statements were approved by the Board of Directors on 10 September 2020 and were signed on its behalf by:

GR Walker

Guy R. Walker, *Non-Executive Chairman*
10 September 2020

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 the other of 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 2018

	Share capital	*Share premium account*	*Shares to be issued reserve*	*Acquisition of non-controlling interest reserve*	*Translation reserve*	*Re-measurement reserve*	*Profit and loss account*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Balance at 1 January 2018	**27,950,217**	**195,855,125**	**4,928,152**	**(5,107,515)**	**13,119,680**	**21,900**	**(91,067,495)**	**145,700,064**
Exchange differences on translating foreign operations	-	-	-	-	57,880	-	-	57,880
Change in pension liability	-	-	-	-	-	162,938	-	162,938
Loss for the year	-	-	-	-	-	-	(176,386,741)	(176,386,741)
Total comprehensive income/(loss) for the year	-	-	-	-	57,880	162,938	(176,386,741)	(176,165,923)
Balance at 31 December 2018	**27,950,217**	**195,855,125**	**4,928,152**	**(5,107,515)**	**13,177,560**	**184,838**	**(267,454,236)**	**(30,465,859)**

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
- 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 the other of comprehensive income
- Profit and loss account; being the cumulative loss attributable to equity shareholders

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	*2019* *US$*	*2018* *US$*
Net cash generated/(used in) operating activities	27	**13,691,659**	**(6,078,235)**
Investing activities			
Purchase of property, plant and equipment		(11,335,992)	(6,627,567)
Purchase of intangible assets		(63,078)	(97,285)
Proceeds from sale of plant and equipment		250,000	-
Net cash (used in) investing activities		**(11,149,070)**	**(6,724,852)**
Financing activities			
Repayment of borrowings	23	-	(500,000)
Proceeds from borrowings	23	899,257	11,720,176
Settlement of gold forward contracts		-	(343,436)
Settlement of interest rate swap contracts		-	(8,100)
Net cash arising from financing activities		**899,257**	**10,868,640**
Net increase/(decrease) in cash and cash equivalents		3,441,846	(1,934,447)
Cash and cash equivalents at beginning of year		1,497,431	725,201
Foreign exchange difference		(120,296)	2,706,677
Cash and cash equivalents at end of year		**4,818,981**	**1,497,431**

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	*2019* *US$*	*Restated 2018* *US$*
Non-current assets			
Investment in subsidiaries	15	-	-
		-	-
Current assets			
Trade and other receivables	20	39,977,668	487,126
Cash and cash equivalents	19	565,166	664,642
		40,542,834	**1,151,768**
Non-current liabilities			
Loans	23	(11,282,574)	(26,286,052)
		(11,282,574)	**(26,286,052)**
Current liabilities			
Loans	23	(44,705,987)	(20,324,082)
Trade and other payables	22	(442,196)	(508,922)
		(45,148,183)	**(20,833,004)**
Net liabilities		**(15,887,923)**	**(45,967,288)**
Equity			
Share capital	25	27,950,217	27,950,217
Share premium account		195,855,125	195,855,125
Shares to be issued reserve		-	4,928,152
Translation reserve		(940,976)	(830,624)
Other reserves	26	1,526,937	-
Profit and loss account		(240,279,226)	(273,870,158)
Equity attributable to equity holders of the parent		**(15,887,923)**	**(45,967,288)**

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 profit/(loss) for the year ended 31 December 2019 dealt with in the financial statements of the Company was $28,552,428(2018: ($239,264,452)).

The financial statements were approved by the Board of Directors on 10 September 2020 and were signed on its behalf by:

Guy R. Walker; Interim Executive Chairman
10 September 2020

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2019 & 31 DECEMBER 2018

	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 2018	**27,950,217**	**195,855,125**	**4,928,152**	**-**	**-**	**(35,436,330)**	**193,297,164**
Exchange differences on translating foreign currencies	-	-	-	(830,624)	-	-	(830,624)
Loss for the year	-	-	-	-	-	(238,433,828)	(238,433,828)
Total comprehensive income/(loss) for the year	-	-	-	(830,624)	-	(238,433,828)	(239,264,452)
Balance at 31 December 2018	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 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)**

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 2019

	Notes	*2019*	*2018*
		US$	*US$*
Net cash used in operating activities	27	**(2,069,014)**	**(11,191,002)**
Financing activities			
Proceeds from borrowings	23	899,257	11,720,176
Advances from subsidiary		1,100,000	-
Net cash from financing activities		**1,999,257**	**11,720,176**
Net (decrease)/increase in cash and cash equivalents		(69,757)	529,174
Cash and cash equivalents at beginning of year		664,642	175,796
Foreign exchange difference		(29,719)	(40,328)
Cash and cash equivalents at end of year		**565,166**	**664,642**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 these financial statements.

Basis of preparation
The financial information has been prepared on a historical cost basis and in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 their 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 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, and supply chain interruptions affecting receipt of spares and consumables. These pressures are being managed although gold production has yet to ramp back up towards target levels. The longer the impacts of the pandemic continue the more at risk the operations become, however the Group's ability to keep the project in a positive cash flow position to date during the pandemic gives the Group reason to believe the impact of COVID-19 will not affect the going concern status of the Group.

Operational performance showed consistent improvement over 2019 and, for the first time since commencing production, the operation produced a pre-tax operational profit of $8.96 million, compared to a pre-tax operating loss of $18.82 million in 2018.

Notwithstanding these operational improvements, as at 31 December 2019, the Group's current liabilities exceeded its current assets by $109.24 million (2018: $84.62 million), due primarily to the portion of Group external borrowings that is either overdue or scheduled to be repaid by 31 December 2020. During 2019 the Group made no principal repayments under its external finance facilities.

However, the Group has reached a conditional in-principle agreement with its lenders and believes that there is a reasonable expectation that this agreement will be finalized and that this agreement will provide a sustainable financial structure to continue to operate the project to produce sustainable cashflows and to pay its liabilities as and when they fall due.

Over the next financial periods, 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 Runruno Project to enable the Group to settle its liabilities (including the expected restructured debt facilities) as they fall due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

As a consequence of the above matters, the Group's directors have concluded that material uncertainties exist, including the potential impact of COVID-19, that may cast significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Group financial statements.

Nevertheless, after making enquiries and considering the uncertainties 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 conditional in-principle agreement with its lenders removes the obligation for the Group to meet set interest and principal repayment schedules. It is proposed that only available cash over and above a minimum pre-agreed working capital level will be paid each quarter to lenders as repayment of interest and principal;
- The Group's conditional in-principle agreement with its lenders removes the risk that the Company will default on its debt facilities due not meeting fixed principal and interest repayment schedules. As a result the Company is not at risk of 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 conditional in-principle agreement with its lenders provides the Company with the ability to hold a working capital buffer in excess of current liabilities ensuring all external creditors can be paid;
- The Group currently believes, once the COVID-19 pandemic abates, it will achieve its revised forecast levels of gold production; and
- The Group currently believes, once the COVID-19 pandemic abates, its operations will produce sufficient positive cash flow to enable the Group to pay its debts (including the expected restructured debt facilities) as and when they fall due.

These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classifications of liabilities that might be necessary should the Group not continue as a going concern.

Changes in accounting policies and disclosures
In the current year, the Group has adopted the disclosure requirements as a result of the issue *IFRS 16: Leases*. The adoption of this accounting standard has not had a material impact on these financial statements as in accordance with the transition exemptions the new disclosures have not been applied to low value or short term leases. All other accounting policies and disclosures applied in the preparation of these financial statements are consistent with the accounting policies and disclosures applied in the preparation of the prior period financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

New standards and interpretations
The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 January 2019. The new standards, interpretations and amendments effective from 1 January 2019 had no significant impact on the group.

The following new and amended Standards and Interpretations are not currently relevant to the Group or Company; however, they may have an impact in future years:

- IFRIC 23 "Uncertainty over Income Tax Treatments"
- Amendment to IFRS 9: "Prepayment Features with Negative Compensation"
- Amendment to IAS 28: "Investments in Associates and Joint Ventures"
- Amendment to IAS 19: "Employee Benefits"
- Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 in "Annual Improvements 2015-2017 cycle"

At the date of authorisation of these financial statements, the following standards and relevant interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to the definition of material.

These changes apply a new definition of materiality and will apply for the first time in the next financial year. The amendments clarify the definition of what is material to the financial statements and how to apply the definition. The amendments will have an impact on the presentation and disclosure in the financial statements. After applying the new definition, the financial statements may have fewer disclosures as it may be easier to justify that certain disclosures are immaterial to users of financial statements. Furthermore, more meaningful disclosures may be presented in a more prominent manner due to the additional guidance on the effects of obscuring information.

Basis of consolidation
The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Business combinations and goodwill
On acquisition, the assets, liabilities and contingent liabilities of the Company's subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill arising on consolidation is recognised as an asset in the consolidated balance sheet and tested annually for impairment and any impairment is accounted for as a reduction in the value of the asset. Goodwill is considered to have an indefinite useful life.

Where there is an acquisition of an increased share of an existing subsidiary's net assets after the Company has previously gained, or had effective control of the decision making of the subsidiary, such that there is no dilution or loss of effective control in the subsidiary, then the transaction is accounted for in equity and reserves in the consolidated balance sheet. This particular type of acquisition transaction does not add to the value of goodwill on consolidation.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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 and 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.

For equity instruments granted that do not vest until the counterparty completes a specified period of service, the expense is recognised as the services are being rendered by the counterparty during the vesting period. The expense recognised is based on the best available estimate of the number of equity instruments expected to vest and on the vesting date, the expense is revised to reflect the actual number of equity instruments that vested.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

For equity instruments granted that vest immediately and the counterparty is unconditionally entitled to the equity instruments, the expense is recognised in full on the grant date.

In the event that the warrants and/or share options do not vest and ultimately lapse then the shares to be issued reserve or other reserve is reduced accordingly.

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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 Mezzanine Debt facility, are recognised in profit or loss in the period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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.

<u>Financial liabilities</u>
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, 2019 and 2018, 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 derecognition 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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:

Estimates

Impairment of tangible and intangible assets, Group

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 for year ended 31 December 2018 the net present value of these expected future cash flows was less than the carrying cost of the relevant tangible and intangible assets. As a result in the year ended 31 December 2018 the Group booked an impairment loss against its mining properties, plant and equipment, deferred exploration, mining licence and goodwill on consolidation.

For the ended 31 December 2019 the review of the net present value of expected future cash flows was greater than the carrying cost of the relevant tangible and intangible assets. As a result in the year ended 31 December 2019 the Group booked a reversal of a portion of the 2018 impairment charge against its mining properties, plant and equipment.

Recovery of intercompany receivable accounts, Company

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 2018 the Company booked impairment against its loans receivable from its subsidiaries, a portion of which has been reversed in 2019, in accordance with the above noted estimate of impairment of tangible and intangible Group assets.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

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 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 provisions for decommissioning and restoration.

Subsequent to the end of the financial year a new estimation of mineral resources and ore reserves was calculated. 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 method. Stockpile tonnages are verified by periodic surveys.

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.

Judgements
Debt Facilities
At the date of this report the Group has reached a conditional in-principle agreement with its lenders that, if completed, it believes will remove the financial uncertainty that led the Company to be suspended upon the AIM market.

Judgement is required in assessing the possible impact of whether this agreement will be indeed be settled with legally binding documentation and certain changes to the Articles of Association approved by shareholders, and it does in fact result in a satisfactory restructure of the Company's debt facilities such that the Company remains solvent.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Revenue

	2019	2018
	US$	US$
Revenue from sale of gold	94,280,289	61,414,966

All revenue from the sale of gold was received from one customer.

4. Operating profit/(loss) for the year is stated after charging:

	2019	2018
	US$	US$
Depreciation of property, plant and equipment (see note 12)	9,290,373	24,852,156
Amortisation (see note 14)	48,966	48,364
Foreign exchange losses	1,480,638	666,291
Staff costs (see note 7)	10,155,565	9,310,513
Auditors remuneration (see note 5)	217,158	145,679

5. Auditor's remuneration

	2019	2018
	US$	US$
Fees payable to the Group and Company's auditor for the audit of the Group and Company's accounts	147,379	100,060
Fees payable to the Company's auditor and its associates for other services	21,550	-
Taxation compliance services	48,229	45,619
	217,158	145,679

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 '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 2019 and 2018 and the reconciliation of the segment measures to the respective statutory items in the consolidated financial information are as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Segmental analysis (continued)

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)**	**42,027,908**	**(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	-	11,921,874	-	11,921,874

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Segmental analysis (continued)

Year ended 31 December 2018	Restated UK	Restated Philippines	Singapore	Restated Total
	US$	US$	US$	US$
Segment results				
Sales revenue	-	61,414,966	-	61,414,966
Group operating loss	(5,720,184)	(13,083,213)	(16,872)	(18,820,269)
Other income & charges	-	(179,790,866)	(42,930)	(179,833,796)
Finance income/(costs)	(7,639,457)	28,375,364	(889)	20,735,018
Share of profits of associates	-	-	5,851	5,851
Profit/(loss) before tax	**(13,359,641)**	**(164,498,715)**	**(54,840)**	**(177,913,196)**
Segment assets				
Segment tangibles & intangibles	-	80,515,158	-	80,515,158
Segment receivables & inventories	487,126	15,983,631	2,027	16,472,784
Segment cash	664,642	831,029	1,760	1,497,431
Equity-accounted investees	-	138,579	-	138,579
Total segment assets	1,151,768	97,468,397	3,787	98,623,952
Segment liabilities				
Segment loans	(46,610,134)	(63,879,148)	-	(110,489,282)
Segment trade & other payables	(508,922)	(14,531,137)	(13,041)	(15,053,100)
Segment provisions and retirement benefits obligations	-	(2,824,452)	-	(2,824,452)
Segment deferred tax	-	(722,977)	-	(722,977)
Total segment liabilities	(47,119,056)	(81,957,714)	(13,041)	(129,089,811)
Total segment net (liabilities)/assets	**(45,967,288)**	**15,510,683**	**(9,254)**	**(30,465,859)**
Segment other information				
Amortisation of intangible assets	-	(48,364)	-	(48,364)
Depreciation of property, plant and equipment	-	(24,852,158)	-	(24,852,158)
Transfer of capitalised expenditure to cost of sales	-	(2,330,221)	-	(2,330,221)
Additions to property, plant and equipment	-	6,627,567	-	6,627,567

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FOR THE YEAR ENDED 31 DECEMBER 2019

7. Staff numbers and costs - Group

	2019	*2018*
The average number of persons, including Directors, was:	*Number*	*Number*
Administration	38	37
Development & operations	658	665
	696	**702**

	2019	*2018*
Staff costs of the above persons were:	*US$*	*US$*
Wages and salaries	9,805,664	9,080,649
Social security costs	313,921	167,894
Pension costs	229,063	61,970
	10,348,648	**9,310,513**

Directors' emoluments:	***2019***	*2018*
	US$	*US$*
Directors		
D Bowden	720,000	-
I Holzberger	15,145	750,000
Sums paid to third parties in respect of Directors of the parent Company		
MTL Luxembourg Sarl appointees:		
A Stancliffe	28,070	-
T Dean	-	13,702
J Wilson	-	13,702
L Simovici	-	29,292
Runruno Holdings Limited appointee – G Walker	128,547	67,024
	891,762	**873,720**

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

Pursuant to the Subscription and Shareholders' Agreement of 8 March 2011, MTL Luxembourg Sarl (formerly Solomon Capital Limited) and Runruno Holdings Limited subsequently entered into separate Services Agreements which detailed the terms of remuneration each of these companies receives for the supply of their representative Directors.

Share options held by Director:

As at 31 December 2019, there were no share options outstanding (2018: none).

Further details relating to key management are given in note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Other charges and income applied against profit and loss

8. (a) Impairment charge/reversal - Group

Under IAS 36 - *Impairment of Assets*, each asset that forms a cash generating unit 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 cash generating unit 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 2019 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 the updated 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;
- 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 7 years; and
- risk discount rates of up to 16% (2018: 17.85%) being the Company's estimated weighted average cost of capital.

Although the remaining estimated reserves and resources have decreased since the 2018 estimate mainly due to 2019 production, there has been a sustained improvement in gold recoveries together with a significant rise in gold prices. Future gold price forecasts have also increased substantially. The changes in these variables have resulted in the estimated December 2019 recoverable value of the Runruno project being significantly higher than as forecast as at December 2018.

As a result the Group formed the view that $25 million of the December 2018 $176.4 million impairment charge be reversed to reflect the updated estimated recoverable value of the Runruno project. Thus a $25 million impairment charge reversal has been recorded as income for the 2019 financial year (refer note 12 - property, plant and equipment).

Impairment charges have been raised against trade and other receivables due, both within and after one year, in relation to withholding tax paid on intra-group management fees and VAT on importations and other goods and services. Under the FTAA these withholding taxes and VAT 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 17 - trade and other receivables due after one year; note 20 - trade and other receivables due within one year).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Other charges and income applied against profit and loss (continued)

8. (b) Impairment charge/reversal – Company

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. The December 2019 review of the future estimated cash flows that the Runruno project may produce showed that the Company's subsidiaries should produce positive cash flows over the remaining life of the project, enabling it to partially repay parent company advances. From a review of the subsidiaries net assets as at December 2019 it was estimated that $40 million of these parent company advances could be repaid. As a result the Company has reversed $40 million of the 2018 impairment of receivables due from subsidiaries (note 20 – trade and other receivables due within one year).

8. (c) Finance costs and other income

	2019	*2018*
	US$	*US$*
Exchange (loss)/gain	(1,280,545)	33,436,775
Loan interest and fees	(16,202,713)	(12,695,377)
Warrant fair value expense	(295,352)	-
Bank interest and fees	-	(6,380)
Finance costs and other income	**(17,778,610)**	**20,735,018**

9. Taxation

The taxation expense/(credit) comprises the following

	2019	*2018*
	US$	***US$***
Current year corporation tax expense/(credit)	-	(40,648)
Current year deferred tax expense/(credit)	140,072	(1,485,807)
Total tax expense/(credit) for the year	**140,072**	**(1,526,455)**

The total tax expense/(credit) for the year can be reconciled to profit/(loss) for the year as follows:

	2019	*2018*
	US$	*US$*
Profit/(loss) before tax	13,852,272	(177,913,916)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Taxation (continued)

Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	2,631,932	(33,803,507)
Effects of:		
Income not taxable	(46,316)	(50,274,425)
Differing tax rates in different jurisdictions	2,768,484	37,031,825
Deferred tax asset not recognised	1,680,675	1,128,174
Impairment (reversal)/charges not allowable	(6,894,643)	44,391,538
Short-term timing differences	(60)	(60)
Total taxation expense/(credit) for the year	**140,072**	**(1,526,455)**

10. Deferred tax credit, liability and asset

Deferred tax credit

	Tax Expense/(Credit)		Tax Liability		Tax Asset	
	2019	2018	**2019**	2018	**2019**	2018
	US$	US$	US$	US$	US$	US$
Derivative assets	-	(4,643)	-	-	-	-
Undepleted asset retirement obligation	140,072	(70,636)	570,930	430,858	-	-
Unrealised foreign exchange gain	-	(1,306,295)	158,500	158,482	-	-
Other short term timing differences	-	(104,233)	83,051	133,637	-	-
	140,072	**(1,485,807)**	**812,481**	**722,977**	**-**	**-**

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 2019 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 2019 the Group has net unused tax losses of $53.8 million (2018: $40.6 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 2019 the Group has net unused tax losses available for offset against future profits as follows:

	2019	*2018*
	US$	*US$*
UK	40,307,118	30,658,104
Philippines	9,721,944	9,952,032
Group unused tax losses available	**50,029,062**	**40,610,136**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Profit/(loss) per share

	2019	*2018*
	US$	*US$*
Profit/(loss)		
Net profit/(loss) attributable to equity shareholders for the purpose of basic and diluted profit/(loss) per share	**13,712,200**	(176,386,741)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	2,071,334,586	2,071,334,586
Number of dilutive shares under warrant	30,950,049	-
Weighted average number of ordinary shares for the purpose of diluted profit per share	**2,102,284,635**	2,071,334,586
Earnings per share		
Basic profit/(loss) cents per share	**0.66**	(8.51)
Diluted Profit/(loss) per share	**0.64**	(8.51)

The profit/(loss) per share was calculated on the basis of net profit/(loss) attributable to equity shareholders divided by the weighted average number of ordinary shares. For the year ended 31 December 2018 the basic and diluted profit/(loss) per share is the same, as the exercise of share warrants would not reduce the profit/(loss) per share and are therefore, anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2018	1,043,758	1,493,097	2,086,898	18,040,895	182,019,852	-	-	38,477,372	243,161,872
Additions	-	-		327,000	6,173,774	126,793	-	-	6,627,567
Reclassification of CIP	-	-	1,816,229	912,232	(205,531,124)	114,898,191	18,657,361	69,247,111	-
Transfer from intangibles	-	-	-	-	-	-	-	13,414,068	13,414,068
Transfers to cost of inventories	-	-	(61,512)	(73,252)	-	(1,599,059)	(596,398)	-	(2,330,221)
Correction to accruals	-	-	-	-	-	(594,101)	-	-	(594,101)
Foreign exchange differences	(152,333)	-	(11,303)	(177,262)	23,511,272	1,662,591	2,026,060	4,631,723	31,490,748
As at 31 December 2018	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**
Impairment									
As at 1 January 2018	-	-	-	-	-	-	-	-	-
Additions (refer note 8(a))	-	-	-	(1,286,883)	-	(40,200,756)	(18,250,483)	(115,261,878)	(175,000,000)
31 December 2018	-	-	-	(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
As at 31 December 2019	**-**	**-**	**-**	**-**	**-**	**(34,738,122)**	**-**	**(115,261,878)**	**(150,000,000)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Property, plant and equipment – Group (continued)

	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 2018	(962,973)	(1,471,761)	(960,594)	(8,387,783)	-	-	-	-	(11,783,111)
Charge for the period	(70,342)	(16,997)	(322,888)	(1,593,670)	-	(10,503,323)	(1,836,540)	(10,508,396)	(24,852,156)
Transfer from intangibles	-	-	-	-	-	-	-	(337,393)	(337,393)
Foreign exchange differences	151,895	-	5,202	124,862	-	-	-	337,393	619,352
As at 31 December 2018	(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)**
Net book value									
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**
As at 31 December 2018	10,005	4,339	2,552,032	7,886,139	6,173,774	63,790,336	-	-	80,416,625

Refer note8 (a) for details of the impairment reversal/charge recognised against these assets.

Fixed and floating security charges are held over the Group's plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Goodwill

	2019	*2018*
	US$	*US$*
Cost	**-**	1,363,977
Allowance for impairment losses	**-**	(1,363,977)
Net book value	**-**	-

Goodwill arose from the acquisition of a 70% share in FCF Minerals Corporation in February 2005, and a further 15% in August 2007. No goodwill was recognised on the acquisition of the remaining 15% shareholding in FCF Minerals Corporation in 2011, following the adoption of IAS27; *Consolidated and Separate Financial Statements (revised 2008)*. Instead, the fair value of the consideration less the value of the non-controlling interest was accounted for in equity reserves as the 'Acquisition of Non-Controlling Interest Reserve' in the consolidated balance sheet.

The goodwill asset is considered a component of the Runruno project cash generating unit and was fully impaired in the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Other intangible assets

Group	*Exploration expenses US$*	*Licences US$*	*Software US$*	*Total US$*
Cost				
As at 1 January 2018	7,861,503	5,524,053	575,456	13,961,012
Additions	-	-	97,285	97,285
Reclassified to mine development	(7,861,503)	(5,552,565)	-	(13,414,068)
Foreign exchange differences	-	28,512	(70,267)	(41,755)
As at 31 December 2018	-	-	602,474	602,474
Additions	63,078	-	-	63,078
As at 31 December 2019	**63,078**	**-**	**602,474**	**665,552**
Amortisation and impairment				
As at 1 January 2018	-	(337,393)	(525,576)	(862,969)
Charge for the period	-	-	(48,364)	(48,364)
Reclassified to mine development	-	337,393	-	337,393
Foreign exchange differences	-	-	69,999	69,999
As at 31 December 2018	-	-	(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)**
Net Book Value				
As at 31 December 2019	**-**	**-**	**49,567**	**49,567**
As at 31 December 2018	-	-	98,533	98,533

Costs associated with obtaining a license to mine at Runruno and deferred exploration were previously capitalised and are considered components of the Runruno project cash generating unit and were fully impaired in the year ended 31 December 2018. Exploration costs incurred during 2019 have also been fully impaired as exploration has not progressed to a point where it is considered possible that an inferred resource can be determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Investments in subsidiaries - Company

	2019	*2018*
	US$	*US$*
Cost	8,783,629	8,783,629
Impairment brought forward	(8,783,629)	(610,361)
Impairment charge for the year	-	(8,173,268)
Net book value	-	-

Refer to note 8(b) regarding the impairment charge raised against these assets. 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	22F, Salcedo Towers, 169 H.V. dela Costa St, Salcedo Village, Makati City 1227, Philippines	100%	FTAA licensee, holder of mining rights and gold production
MTL Philippines	22F, Salcedo Towers, 169 H.V. dela Costa St, Salcedo Village, 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.

16 Investments in associates - Group

	2019	*2018*
	US$	*US$*
At 1 January	138,579	130,980
Share of profits of associates	22,829	5,851
Foreign exchange movements	-	1,748
At 31 December	**161,408**	138,579

Associate company	**Domicile**	**Assets** *US$*	**Liabilities** *US$*	**P&L reserves at 31 Dec 19** *US$*	**Sales** *US$*	**Gains/(losses)** *US$*	**Ownership of ordinary shares on issue** **%**
Cupati Holdings Corporation	Philippines	2,809,630	(2,620,209)	189,421	88,727	75,074	39.99%
Woggle Corporation	Philippines	326,648	(217,213)	109,435	-	(18,000)	39.99%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	US$	US$
Other receivables	4,222,863	3,333,083
	4,222,863	3,333,083

Other receivables include VAT on importations and other goods and services. An impairment has been calculated on the basis that the Group continues to have little success in advancing its legal challenges to recover VAT receivables. An impairment charge of $2.98 million against these receivables has been recognised (2018: $2.26 million).

18. Inventories - Group

	2019	2018
	US$	US$
Gold doré on hand	2,588,338	1,509,132
Gold in circuit	2,009,508	1,712,017
Gold in ore stockpiles	1,496,238	2,636,387
Consumable inventories	3,634,373	1,615,702
Provision for obsolete consumable inventories	(250,000)	(500,000)
	9,478,457	6,973,238

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

During the year ended 31 December 2019 inventories recognised as an expense in the cost of sales was $19,153,185 (2018: $15,511,953).

19. Cash and cash equivalents

Group	***2019***	*2018*
	US$	*US$*
Cash on hand	7,107	6,638
Current accounts	4,811,874	1,490,793
	4,818,981	1,497,431

Company	***2019***	*2018*
	US$	*US$*
Current accounts	565,166	664,642
	565,166	664,642

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.

NOTES TO THE FINANCIAL STATEMENTS
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20. Trade and other receivables due within one year

Group	***2019***	*2018*
	US$	*US$*
Receivables from gold sales	175,198	2,090,727
Other receivables	2,988,828	3,850,782
Prepayments	445,569	224,954
	3,609,595	6,166,463

For the financial period receivables from gold sales were generally 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 a customer whose credit quality is assessed by considering the customers financial position, past performance and other factors. Within 5 days of year end, the Group had collected 100% of the trade receivables outstanding as at 31 December 2019. The Group believes the credit risk is limited as the customer pays within a short period of time.

Other receivables include withholding tax paid on intra-group management fees. Under the FTAA these withholding taxes are recoverable, however given the Group continues to have little success in securing appropriate refunds of various taxes paid. An impairment charge of $0.41 million against these receivables has been recognised (2018: Nil).

Company	***2019***	*2018*
	US$	*US$*
Receivables from subsidiaries	39,908,999	-
Other receivables	10,882	404,247
Prepayments	57,787	82,879
	39,977,668	487,126

A provision for impairment of receivables from subsidiaries was raised in 2018 using an expected loss model. The expected loss was estimated on the basis that recovery of amounts from the subsidiaries is uncertain. A review of the receivables from subsidiaries as at December 2019 resulted in a $40,000,000 reversal of the 2018 impairment. Refer to note 8(b).

Other receivables include withholding taxes paid as noted above. An impairment charge of $0.41 million against these receivables has been recognised (2018: Nil).

21. 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 2019 or 2018.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Retirement benefits obligations – Group (continued)

	2019	*2018*
	US$	*US$*
Current service costs	115,098	144,541
Interest costs	46,313	37,984
	161,411	182,525

The amounts were distributed as follows:

	2019	*2018*
	US$	*US$*
Cost of sales		
Current service costs	111,645	115,633
Interest costs	44,924	30,387
	156,569	146,020
Administration expenses		
Current service costs	3,453	28,908
Interest costs	1,389	7,597
	4,842	36,505
	161,411	182,525

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

	2019	*2018*
	US$	*US$*
Balance at beginning of year	673,819	724,692
Current service costs	115,098	144,541
Interest costs	46,313	37,984
Benefits paid	(30,851)	(8,209)
Actuarial loss (gain) due to:		
Changes in financial assumptions	199,752	(98,543)
Experience adjustments	(27,935)	(78,718)
Changes in demographic assumptions	(3,196)	(47,928)
Balance at year end	**973,000**	673,819

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

	2019	*2018*
Discount rate	4.93%	7.33%
Salary increase rate	2.00%	2.00%
Expected remaining working lives of employees	10 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

NOTES TO THE FINANCIAL STATEMENTS
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21. Retirement benefits obligations – Group (continued)

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/ (decrease)	***2019*** US$	*2018* US$
Discount rates	+1%	866,822	583,270
	-1%	(1,068,527)	(695,713)
Salary pay increases	+1%	1,075,503	576,880

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

	2019 US$	*2018* US$
Less than one year	40,758	54,632
More than one year to five years	406,056	258,728
More than five years to 10 years	648,879	722,395
More than 10 years to 15 years	1,074,992	932,986
More than 15 years to 20 years	1,171,090	922,996
More than 20 years	2,926,388	2,436,169
	6,268,163	5,327,906

22. Trade and other payables due within one year

Group	***2019*** US$	*Restated 2018* US$
Trade payables	10,087,062	11,262,360
Other payables	495,084	2,361,906
Other tax and social security payable	158,725	217,719
Accruals	3,614,417	1,211,115
	14,355,288	15,053,100

Company	***2019*** US$	*2018* US$
Trade payables	252,511	323,919
Other tax and social security payable	76,128	75,420
Accruals	113,557	109,583
	442,196	508,922

Trade payables comprise amounts outstanding for trade purchases and on-going costs, and together with other payables and accruals are measured at amortised cost. In 2018 outstanding interest and fees on debt facilities (Group $7,247,958; Company $6,668,810) were included in accruals but in 2019 are included in loan amounts payable (Refer note 23).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

23. Loans

Group

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

In the period to 31 December 2017 principal totalling $19,200,000 was repaid by the Group. A further $500,000 of loan principal was paid in December 2018 as part of negotiating a new amendment to the Facility Agreement. The balance owing by the Group under the Facility Agreement as at 31 December 2018 was $63,300,000.

A key element of the December 2018 Facility Agreement amendment was a condition precedent that the Group raise a net $20,000,000 in fresh equity; of which $15,000,000 would be utilised to repay loan principal on 31 March 2019. Further deferred rescheduling of the remaining principal repayments was also part of this proposed amendment.

However, in early March 2019 the Group advised the Senior Lenders that the equity raise was not achievable, and the Group could not make the $15,000,000 principal repayment by 31 March 2019. At this point the Group sought a standstill period within which the Group was relived of making any principal or interest payments (the “Standstill Agreement”). This Standstill Agreement was initially agreed by the Senior Lenders for a period until 2 May 2019. Subsequently the Standstill Agreement was extended a number of times and was in place as at 31 December 2019.

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.

No loan principal payments were made during the 2019 year. The balance owing by the Group under the Facility Agreement as at 31 December 2019 was $68,088,376, including all accrued and unpaid interest.

In January 2020 the Facility Agreement was acquired by companies associated with the Mezzanine Lenders (the “New Lenders”). On 9 March 2020 the Company advised that terms to continue the Standstill were not agreed with the New Lenders, and a default event had occurred under the original Facility Agreement.

In September 2020 the Group reached a conditional in-principle agreement with its lenders to restructure its borrowings such that it will no longer be in default and result in a sustainable debt profile.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

23. Loans (continued)

As at 31 December 2019 the Group's outstanding loan position was:

	2019*	*Restated 2018**
	$	*$*
Senior Lenders loans due within one year	68,088,376	63,879,148
Mezzanine Lenders loans due within one year	44,705,987	20,324,082
Total loans due within one year	**112,794,363**	**84,203,230**
Mezzanine Lenders loans due after one year	**12,514,159**	26,286,052
Less: Fair value of warrants issued in conjunction with loans	**(1,231,585)**	-
Total loans due after one year	**11,282,574**	**26,286,052**

* As at December 2018 accrued unpaid interest and fees ($7,247,958) were disclosed in Note 22 as part of the Accruals amounts. As at December 2019 accrued unpaid interest and fees are included in the loan liabilities numbers noted above.

Company
In 2015 the Company entered into a facility agreement with two major shareholders, MTL (Luxembourg) Sarl and Runruno Holdings Limited (the "Mezzanine Lenders"). The purpose of this advance was for general corporate and working capital requirements of the Company and to enable completion of the Runruno project. The facility amount of $5,000,000 was repayable in 5 years, with interest capitalised against the facility at 20% per annum.

In 2017, the Company entered into a $21,000,000 mezzanine debt facility (subsequently increased to $23,240,851) with the Mezzanine Lenders payable within 60 months. On $12,000,000 of loan principal the interest rate is 8% pa plus 3 month US$ LIBOR, while the balance of principal attracts an additional 4% margin. While the loan is in default a further 2% default interest is charged on the overdue amounts. The proceeds from the facility were used to repay two short-term loans received from the same shareholders with the balance being utilised to facilitate capital and interest payments to the Group's Senior Lenders. A production fee is payable over a 60-month period in quarterly instalments equivalent to 1.3% of the gross gold sales of the Group from first drawdown, where the minimum quarterly fee payable is $250,000 and the maximum quarterly fee is capped at $500,000.

During 2018, the Company continued to seek short term unsecured loan facilities from the Mezzanine Lenders to make principal and interest payments to the Group's Senior Lenders and to provide working capital. In total, three separate facilities were advanced to the Company totaling $11,720,176. In January 2019 an additional $899,257 in loan principal was advanced to the Company. These three loans attract a 20% pa interest rate, with $6,000,000 of these loans attracting an additional 10% penalty interest if interest is not paid when due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

23. Loans (continued)

During 2019 in accordance with the Standstill Agreement (refer above) no payments of principal, interest or production fees on any Mezzanine debt facility were made. As a result penalty interest charges have applied.

As noted above the Standstill Agreement was not continued beyond 6 March 2020. Under the terms of an existing Inter-creditor Deed, the Mezzanine Lenders cannot take legal action to seek repayment of any amounts due under the Mezzanine Facilities until the Senior Facility Agreement has been fully repaid.

As at 31 December 2019 the mezzanine loan position was:

	2019	*Restated 2018**
	US$	*US$*
Mezzanine Lenders loans due within one year	44,705,987	20,324,082
Mezzanine Lenders loans due after one year	**12,514,159**	26,286,052
Less: Fair value of warrants issued in conjunction with loans	**(1,231,585)**	-
Total loans due after one year	**11,282,574**	26,286,052

* As at December 2018 accrued unpaid interest and fees ($6,668,810) were disclosed in Note 22 as part of the Accruals amounts. As at December 2019 accrued unpaid interest and fees are included in the loan liabilities numbers noted above.

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

24. Provision for mine rehabilitation and decommissioning

	2019	*2018*
	US$	*US$*
At 1 January	2,150,633	1,949,738
Unwinding of discount	729,459	200,895
At 31 December	**2,880,092**	2,150,633

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

25. Called up share capital

	2019	*2018*
	US$	*US$*
Allotted ordinary shares at 1 January (2,071,334,586 ordinary shares of £0.01 par value)	27,950,217	27,950,217
Allotted ordinary share at 31 December (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.

26. Compound financial instruments

Warrants
There were no warrants issued during 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 $1,526,937. The fair value of these warrants has been brought to account as an equity reserve in the year ended 31 December 2019. This warrant fair value was not previously brought to account. The unwinding of the fair value of these warrants is charged through the statement of comprehensive income and loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Group	***2019***	*2018*
	US$	*US$*
Profit/(loss) before tax	13,852,272	(177,913,196)
Depreciation	9,290,373	24,852,158
Provisions	130,578	200,916
Impairment (reversal)/charge	(22,963,749)	179,833,796
Fair value gain on forward sales contracts	-	(227,268)
Fair value loss on interest rate swaps	-	14,722
Amortisation	48,966	48,364
Share of profits of associates	(22,829)	(5,851)
Loss on disposal of asset	569,434	-
Foreign exchange loss/(gain)	1,480,638	(33,436,754)
Decrease/(increase) in receivables	293,672	(1,832,819)
Increase in inventories	(2,505,219)	(6,973,238)
Increase in other assets	-	1,151,753
Increase in payables	13,517,523	8,209,224
Net cash provided by/(used in) operating activities	**13,691,659**	(6,078,235)

Company	***2019***	*2018*
	US$	*US$*
Profit/(loss) before tax	28,662,780	(238,418,911)
Impairment (reversal)/charge	(38,778,397)	229,478,926
Foreign exchange loss	147,956	1,720,531
(Increase) in receivables	(2,040,734)	(10,179,284)
Increase in payables	9,939,381	6,207,736
Net cash used in operating activities	**(2,069,014)**	(11,191,002)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

28. Reconciliation of liabilities from financing activities

Group	Restated 1 January 2019	Cash flow	Non-cash movements	31 December 2019
	$	$	$	$
Loans (current) – including accrued interest/fees	84,203,230	899,257	27,691,876	112,794,363
Loans (non-current)	26,286,052	-	(15,003,478)	11,282,574
	110,489,282	899,257	12,688,398	124,076,937

Company	Restated 1 January 2019	Cash flow	Non-cash movements	31 December 2019
	$	$	$	$
Loans (current) – including accrued interest/fees	20,324,082	899,257	23,482,648	44,705,987
Loans (non-current)	26,286,052	-	(15,003,478)	11,282,574
	46,610,134	899,257	8,479,170	55,998,561

29. Capital commitments

As at 31 December 2019 the Group had $nil outstanding capital commitments (2018: $nil).

30. 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. Amounts due at period end the following amounts were due in relation to Directors' emoluments:

Amounts owing to Directors	*2019*	*2018*
	$	$
D Bowden	6,000	-
Amounts owing to related parties		
MTL Luxemburg	7,862	-
Runruno Holdings Limited	83,299	-
	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 $247 million (2018: $214 million). As at 31 December 2019 these loan amounts owed by subsidiaries were impaired to a net recoverable amount of $40 million (2018: Nil). (Refer Note 8(b)).

At the year end, the Company owed $78,000 (2018: $75,000) to its associates and the Group was owed $2.84 million (2018: $2.62 million) from its associates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

31. 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 2019	4,818,981	7,832,458	12,651,439
As at 31 December 2018	1,497,431	9,466,546	10,963,977
Company			
As at 31 December 2019	565,166	39,977,668	40,542,834
As at 31 December 2018	664,642	487,126	1,151,768

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***	***Restated Accruals and other payables***	***Restated Loans***	***Total***
	US$	*US$*	*US$*	*US$*
As at 31 December 2019	10,087,062	4,268,226	124,076,937	138,432,225
As at 31 December 2018	11,262,360	3,790,740	110,489,282	125,542,382
Company				
As at 31 December 2019	252,511	189,685	55,998,561	56,440,757
As at 31 December 2018	323,919	185,003	46,610,134	47,119,056

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. Fund-raising activity is, where possible, timed to meet cash requirements however, as noted in Note 23 above the Group is currently unable to raise fresh equity capital and has sought, and has been granted, a standstill period during which it is not required to make any principal or interest repayments on its debt facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

31. Financial instruments (continued)

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

Group	*Trade and other payables*	*Restated Loans*	*Restated Total*
	US$	*US$*	*US$*
As at 31 December 2019			
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
As at 31 December 2018	*US$*	*US$*	*US$*
1 – 6 months	15,053,100	82,268,134	97,321,234
6 – 12 months	-	1,935,096	1,935,096
1 – 2 years	-	3,064,904	3,064,904
2 – 5 years	-	23,221,148	23,221,148
Total contractual cash flows	15,053,100	110,489,282	125,542,382

Company	*Trade and other payables*	*Restated Loans*	*Restated Total**
	US$	*US$*	*US$*
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
As at 31 December 2018			
1 – 6 months	508,922	18,388,986	18,897,908
6 – 12 months	-	1,935,096	1,935,096
1 – 2 years	-	3,064,904	3,064,904
2 – 5 years	-	23,221,148	23,221,148
Total contractual cash flows	508,922	46,610,134	47,119,056

* The Group’s and Company’s contractual future loan interest is presently not capable of being calculated.

As at 31 December 2019 the average interest rate applicable to the Group’s outstanding loans was 11.53% (2018: 11.95%). The average interest rate applicable to the Company’s outstanding loans was 16.90% (2018: 17.19%). Note that a further production fee of 1.3% of gross gold sales (subject to a quarter minimum fee of $250,000 and a maximum quarter fee of $500,000) is payable quarterly (until September 2022) as part of the Company’s mezzanine loan facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

31. Financial instruments (continued)

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 has been calculated 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 expected credit loss has been recognised in relation amounts owed by its subsidiaries and associates.

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 2019 the gold price ranged from $1,269 to $1,583 per ounce, with an average market price of $1,400 per ounce (2018: $1,268 per ounce). The Group's policy is to sell gold at prevailing market prices. As at 31 December 2019 no 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 loss before tax being decreased/increased by $9,424,000. 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 $13,562,259 (2018: $12,740,445).

The portion of the Group's interest-bearing borrowings exposed to changes in the 3 month US$ LIBOR rate is $95,104,992 (2018: $86,521,148). The remainder of the Group's borrowings bears interest at a fixed rate. A 5% increase in 3 month US$ LIBOR over the financial year would have resulted in an additional $106,000 in losses for the year (2018: $96,000). The analysis is based on the assumption that the applicable interest rate increased with all other variables held constant. All financial instruments with fixed interest rates are not subject to the interest rate sensitivity analysis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

31. Financial instruments (continued)

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.

Since 1 January 2019 the functional currency of all Group entities except the Parent Company has been US Dollars. 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 2019, if the Pound Sterling exchange had weakened/strengthened by 10% against US Dollars, with all other variables held constant, the loss before tax profit would have been $14,000 higher/lower.

32. 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.

33. Contingent liabilities

The Group has no contingent liabilities identified as at 31 December 2019 (2018: $nil), other than:

- The Company has commenced a review of its options to comply with its RSI closure spillway obligations, which is a direct link to the provision in note 24. A preliminary assessment has been received from an external consulting group in relation to this matter. The Company is reviewing the implications of the conclusions in this report and as a result will implement various studies to assess the optimum engineering and logistical method to satisfy its RSI closure obligations.

  These studies are at an early stage and will take several months to advance to a point where the Company can reliably estimate is the potential cost of its future RSI closure obligations with any degree of certainty.

  Accordingly, it is currently not practicable to reliably estimate this RSI closure obligation, however it is possible that the Company's potential closure cost estimation could change materially. The Company expects that to complete its studies within the next twelve months such that it can reliably estimate these additional closure costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

34. Post balance sheet events

COVID-19
Since year end the world-wide COVID-19 pandemic has unfolded which has impacted the Runruno operations. To date the impact of the Philippine government quarantine regulations combined with the interruption to international movement of goods and people has been managed such that operations at Runruno have continued, albeit at reduced levels. Although gold production has reduced since the general lockdown commenced in the Philippines in early March, the Company is currently hopeful that the pandemic can be managed with no medium or long term impact on the profitability of the Group.

Debt restructure and AIM Listing
In 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, completed a sale agreement with HSBC and BNP Paribas to purchase all the rights and obligations under Runruno Facility Agreement (the “Senior Facility”). This purchase was completed on 30 January 2020. The Senior Facility was acquired 70.6% by MTL Guernsey Ltd and 29.4% by Runruno Holdings Ltd.

On 9 March 2020, the Company announced that it had been unable to reach agreement on the continuation of a Standstill Agreement in respect of the Senior Facility and, due to the material uncertainty of the Company's financial condition; its shares were suspended from trading on the AIM market of the London Stock Exchange. The Company’s shares remain suspended from trading as at the date of this report.

However in September 2020 the Group reached an in-principle agreement with its lenders, subject to the completion of definitive documentation and shareholder approval of certain changes to the Company’s Articles of Association, the material terms of which are:

- The Group will no longer be subject to set fixed principal and interest repayment schedules and will no longer be in default with effect from completion of the proposed restructuring ;
- The Group will be required to repay to lenders to the Lenders (a “**Quarter Payment**”) within 5 business days of each quarter end, being an amount that is equal to the Group’s net working capital (“**NWC”**), subject to first establishing and maintaining a $5 million cash buffer. NWC is to be 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 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 Facility; and (v) New Mezzanine Facility principal;
- The Company is to pay RHL and MTLL US$4,000,000 in aggregate, being interest from 30 January 2020 to 31 August 2020 and a repayment of principal of approximately US$650,000 under the Senior Facility, within 2 business days of the execution of the term sheets;
- The New Senior Facility interest rate will be set at 7% pa accruing daily and compounding quarterly;
- The New Mezzanine Facility interest rate will initially be set at 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 Facility 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 per cent. per annum;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

34. Post balance sheet events (continued)

- The Group will no longer be required to pay a 1.3 per cent. gross production fee upon gold production (which is a requirement under the existing 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;
- In contrast to what the Company had communicated in prior announcements, there will not be any debt swapped for new equity as part of the Proposed Restructuring;
- The 2011 Shareholder and Subscription Agreement will, on completion of the Proposed Restructuring, be replaced by new relationship agreements with RHL and MTLL, respectively, consistent with current corporate governance guidance;
- The Proposed Restructuring is conditional, amongst other things, upon: (i) the agreement and entry into of definitive documentation to effect the Proposed Restructuring; (ii) the replacement of the 2011 Shareholder and Subscription Agreement with the relationship agreements referred to above; (iii) the approval of shareholders being granted to certain amendments being made to the Company's articles of association as required by the agreements; and (iv) the satisfaction of the requirements of Rule 13 of the AIM Rules for Companies as the Proposed Restructuring constitutes a related party transaction;
- Each of the Company and the Lenders have entered into a legally binding commitment to use their respective reasonable endeavours to enter into definitive agreements which reflect the terms set out in the term sheets by no later than 31 October 2020; and
- The Company is to pay the reasonable costs and expenses incurred by the Lenders in implementing the Proposed Restructuring.

As a result of this conditional in-principal agreement the Company's expectation is that the Company's shares will be requoted on AIM upon completion of the debt restructure.

35. Ultimate controlling party

The Company has no ultimate controlling party however; MTL Luxemburg SARL owns 46.9% of the Company. Although RHL holds only 19% of the Company, under the 2011 Subscription and Shareholder Agreement a number of Board reserve matters require the consent of the RHL appointed director, in addition to the consent of a majority of the Board. The 2011 Subscription and Shareholder Agreement remains in place as at the date of this report.

As a result both MTL Luxemburg SARL and Runruno Holdings Ltd are considered parties holding significant influence.