

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019  
FOR  
ANDIAMO EXPLORATION LIMITED**

Numeric Accounting Limited  
Chartered Certified Accountants  
18 New Canal  
Salisbury  
Wiltshire  
SP1 2AQ

**ANDIAMO EXPLORATION LIMITED**

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FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

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**ANDIAMO EXPLORATION LIMITED**

**COMPANY INFORMATION  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

<b>DIRECTORS:</b>	Mr T Botoulas Dr S Berhe Mr M E Parker Mr M J C Ingwersen Mr D K Paxton Mr C R De Bruin Mr A J Turk
<b>SECRETARY:</b>	Cripps Secretaries Limited
<b>REGISTERED OFFICE:</b>	17 Grosvenor Gardens London SW1W 0BD
<b>REGISTERED NUMBER:</b>	06515287 (England and Wales)
<b>ACCOUNTANTS:</b>	Numeric Accounting Limited Chartered Certified Accountants 18 New Canal Salisbury Wiltshire SP1 2AQ
<b>LEGAL ADVISORS:</b>	Cripps Hames Hall LLP Wallside House 12 Mount Ephram Road Tunbridge Wells TN1 1EG

## ANDIAMO EXPLORATION LIMITED

### CHAIRMAN'S REPORT FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

Dear shareholder,

I am pleased to bring you up to date on the progress achieved and activities undertaken by the Company since April 2019.

**A successful Open Offer to shareholders was completed in December 2019, raising almost US\$0.5M and a new CEO was appointed in January 2020, with a mandate to develop the Company's gold assets.**

**On the technical side, our efforts during the period concentrated on developing a business model for the Yacob Dewar gold deposit.**

#### Yacob Dewar Gold Deposit

The Yacob Dewar VMS deposit has a high-grade oxide gold cap, with a JORC-compliant Indicated Mineral Resource of 85,000oz of gold. Bench-scale metallurgical tests have indicated that the gold can be efficiently extracted by cyanide leaching with better than 90% recovery. The project's advantages (shallow depth, low strip ratio, relatively high grade, simple metallurgy and location within 2km of a sealed trunk road) mean that it is likely to be profitable despite its modest size. Future upside is offered by the yet un-drilled underlying VMS mineralisation, high-grade oxide copper mineralisation and known (though not yet fully drilled) satellite gold deposits within the licence area.

Since Andiamo completed the gold resource geology at Yacob Dewar in 2017, it has made good progress with economic, metallurgical and environmental studies. Our conceptual internal financial cashflow modelling indicates revenues of \$60 to 80 million over 3 to 4 years, with profits of \$20 to 40 million. There is significant upside from satellite deposits such as Ber Gebay. To date, the Company has invested approximately US\$8M in the project and a further \$0.5 to \$1M will now be required to obtain a mining permit. The capital requirements to construct the mine and commence production are estimated to be \$5M to \$10M, part of which the Eritrean state mining corporation may provide.

Since taking over as CEO in early 2020, Theo Botoulas has been conducting a thorough review of previous results and has developed a detailed plan for the metallurgical and other testwork needed to optimise the processing flow-sheet and to design the open pit, plant and infrastructure. The environmental and social studies and a management plan will also have to be completed. The results will be input into a financial model and feasibility study, leading to an application for a mining licence in 9 to 18 months.

Andiamo has also been negotiating with potential strategic partners to complete the technical and economic study and finance the construction of the mine.

#### Corporate and financial

In September 2019, Andiamo circulated an Open Offer to shareholders to subscribe for up to 50,000,000 Shares at a discounted subscription price of US\$ 0.01 per share. The proceeds were required for general working capital, to progress the Yacob Dewar gold deposit towards a mining licence and to advance exploration of other targets at Haykota.

When the Offer closed on 5 December 2019, subscriptions had been received for a total of 48,396,509 shares, raising US\$483,965. The costs of the Offer were approximately \$12,000 or 2.5% of the amount raised in the Offer. EmeraldEx subscribed \$250,000 in the Open Offer, taking its holding to 46.9% of the shares in issue. The only other shareholder with more than 10% is now Zedra Trust Company, with 14.8%.

There have been a number of board changes since April 2018. Bill Fisher and Anthony Balme retired in June 2019 and were replaced by Ashley Turk and Rudolph de Bruin. Theo Botoulas and Dave Paxton became directors in February 2020 and Tim Williams retired in April 2020. I would like to thank all the retired directors for their efforts over the years, and especially Tim Williams, who did not draw any remuneration for five years and covered some important liabilities from his own pocket during this period, at some personal sacrifice. If not for his dedication, the company would not have survived the challenges of the past 3 years. I look forward to working with Theo, who has the necessary experience to develop a mine at Yacob Dewar.

**ANDIAMO EXPLORATION LIMITED**

**CHAIRMAN'S REPORT (continued)  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

Eritrea in the news

In the last two years, there have been developments with major implications for Eritrea and its mining industry. In mid-2018 the ruling coalition of Ethiopia, headed by new Prime Minister Abiy Ahmed, agreed to implement fully the peace treaty signed with Eritrea in 2000. This led to reopening of the border between the countries, reinstatement of flights between Addis Ababa and Asmara, and lifting of UN sanctions against Eritrea. There is consequently a rush of investment interest in Eritrea, including the mining sector.

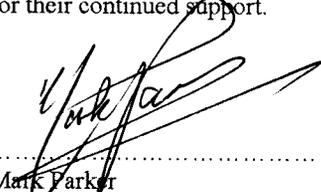
Two mines are operating in Eritrea: Bisha Mine, 60 percent owned by Nevsun Resources Ltd, which is now producing zinc concentrate but has a number of new discoveries with gold and copper resources, and the Zara gold mine 60 percent owned by Shanghai Sfeco Group of China. Mines under development include the Asmara project, where Sichuan Road & Bridge Mining Investment Development Corp. plans to begin mining next year. The mine, which is expected to produce an estimated 381,000t of copper, 850,000t of zinc, 436,000oz of gold and 11 million ounces of silver over 17 years, was bought for \$65 million from Sunridge Gold Corp. Construction of a fourth project, the huge Colluli potash mine (jointly owned by Australia's Danakali Ltd. and the government), is expected to start later this year.

Investor interest in Eritrea is demonstrated by the successful listing of Danakali Limited, the operator of the Colluli potash development, on the London Stock Exchange in July. A hostile bid by Lundin Mining Corp for Nevsun Resources, majority owner of the Bisha Mine, was trumped by an agreed offer of \$1.41bn (C\$6/share) by Zijin Mining Group.

Future plans

The political developments in Eritrea, the improving gold price and the support from EmeraldEx / AMED should improve the outlook for the Company. We intend to concentrate our efforts on developing the Yacob Dewar gold deposit.

On behalf of the Board, I would like to thank our officers and employees for their hard work, dedication and many contributions to the past year's accomplishments, often well beyond the call of duty, and to thank our shareholders for their continued support.



.....  
Mark Parker

Chairman

## **ANDIAMO EXPLORATION LIMITED**

### **STRATEGIC REPORT FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

#### **BUSINESS REVIEW**

A review of the business is provided in the Chairman's statement.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

In common with other companies operating in natural resources exploration, the Company's activities are speculative and involve a high degree of risk.

The Company's exploration work involves participation in geological work programmes. Interpretations of the results of these programmes are dependent on judgements and assessments that are speculative and these interpretations are applied in designing further work programmes to which the Company can commit significant resources.

Work programmes often involve drilling and other geological work that present significant engineering challenges that are subject to unexpected operational problems. Furthermore, activities generally take place in remote locations that can be subject to regulatory and social uncertainties, unexpected climate events, and possible acts of terrorism, criminal threats and potential environmental risks.

#### **FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to financial risks that include credit risk, liquidity risk, and market risks. The Company does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

##### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In keeping with similar sized exploration companies, the Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

##### **Market risks**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

##### **(i) Pricing and risks**

The directors consider there to be minimal price risk to the business.

##### **(ii) Interest rate cash flow risk**

The Company does not have interest-bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

##### **(iii) Foreign exchange risk**

The Company principally operate in US Dollars. Amounts transferred to Eritrea to fund activities in country, and Amounts payable in the local currency, the Eritrean Nakfa ('ERN') can only be converted at the official rate of exchange of ERN15 per US\$1. The directors therefore believe that there would be no benefit gained from hedging these currency exposures contracts in the market. This situation is monitored on a regular basis.

##### **Capital Risk Management**

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to Shareholders through the optimisation of debt and equity balances. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Company may from time to time issue new shares or raise debt. The capital structure of the Company consists of equity attributable to its shareholders, comprising issued capital, reserves and retained losses as disclosed in the Statement of Changes in Equity.

## **ANDIAMO EXPLORATION LIMITED**

### **STRATEGIC REPORT FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The exposure of the Company to credit risk arises from default of its counterparty, with maximum exposure equal to the carrying amount of cash and cash equivalents in the Statement of Financial Position. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are connected entities.

The Company does not hold any collateral as security.

## **CORPORATE GOVERNANCE**

#### **Corporate Policies**

Andiamo takes its health, safety, environmental and community responsibilities seriously, and has developed policies and systems to ensure that it explores in a safe, low impact and consultative manner, maximising the sustainability of its present and future operations for the benefit of all stakeholders.

#### **Health and Safety**

Andiamo takes the health and safety of its employees and contractors seriously, and strives to exceed statutory obligations and achieve best practice. To this end, a safety management system has been implemented for its exploration operations.

#### **Environment**

Andiamo operates in strict adherence to local and governmental standards with regard to environmental impact on the local community. This procedure includes pre-exploration checks and post-exploration remediation programs. Currently, no unfulfilled commitments exist to remediate land upon which the Company has conducted exploration work.

#### **Community**

The Company is committed to working consultatively and co-operatively within the communities in which it operates, which includes local subsistence farmers and pastoralists and firmly believes that future mining operations should be to the benefit of all.

To this end, the Company's personnel have forged close ties with landholders and maintain a constructive dialogue with the Ministry of Energy and Mines and local community representatives, ensuring local communities gain employment during the exploration campaigns in the Company's licence area.

Andiamo Exploration is constantly looking for practical ways to increase the local content of its projects. In addition, the Company aims constantly to train and improve the skills of its employees to ensure a sustainable future work force for the Yacob Dewar gold and copper project while creating a newly skilled generation of Eritreans to fuel the country's growing economy.

#### **Corporate Governance Code**

Although not required to comply with the requirements of the UK Corporate Governance Code ('the Code'), the Directors take note of its provisions and of the QCA Corporate Governance Guidelines for Smaller Quoted Companies and follow best practice therein to the extent that they believe it is appropriate in light of the size, stage of development and resources of the Company. At present, due to the size of the Company, audit and risk management issues will be addressed by the Board. As the Company grows, the Board will consider establishing an audit and risk management committee and will consider developing further policies and procedures which reflect the principles of good governance.

The Board of directors comprises two full-time executive directors and four part-time non-executive directors who qualify as independent non-executive directors as defined by the Code. The directors are of the opinion that the recommendations of the Code have been implemented to an appropriate level.

**ANDIAMO EXPLORATION LIMITED**

**STRATEGIC REPORT  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

The Board meets as often as is necessary and practicable. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the country manager who is charged with consulting with the board on all significant financial and operational matters.

Consequently, decisions are made promptly and following consultation among directors concerned where necessary and appropriate.

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the Company's expense, as and when required.

**KEY PERFORMANCE INDICATORS**

The key indicator of performance for the Company is its success in identifying, acquiring, developing and divesting investments in projects so as to create shareholder value.

Control of bank and cash balances is a priority for the Company and these are budgeted and monitored with the intention to maintain adequate liquid resources to meet financial commitments as they arise.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Company's performance.

However, a qualitative summary of performance in the year is set out in the Chairman's Statement.

Signed on behalf of the Board of Directors

  
.....  
Mr M/E Parter  
Director

Date 29 SEPT 2020

## **ANDIAMO EXPLORATION LIMITED**

### **REPORT OF THE DIRECTORS FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

The directors present their report with the financial statements of the company for the period 01 April 2019 to 31 December 2019.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of gold and other metallic mining concessions in the state of Eritrea.

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the year from 1 April 2019 to the date of this report.

Mr T Botoulas (Appointed 09/01/2020)

Dr S Berhe

Mr M E Parker

Mr M J C Ingwersen

Mr C R De Bruin (Appointed 16/07/2019)

Mr A J Turk (Appointed 16/07/2019)

Mr D K Paxton (Appointed 09/01/2020)

Dr C T P Williams (Resigned on 07/04/2020)

Mr W J Fisher (Resigned on 01/06/2019)

Mr A D N Balme (Resigned on 01/06/2019)

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO ACCOUNTANTS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's accountants are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's accountants are aware of that information.

**ANDIAMO EXPLORATION LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

**ACCOUNTANTS**

The accountants, Numeric Accounting Limited, will be proposed for re-appointment.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
Mr M E Parker - Director

Date: 29 SEPT 2020

ANDIAMO EXPLORATION LIMITED

STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

	Notes	Period Ended 31.12.19 \$	Year Ended 31.03.19 \$
<b>CONTINUING OPERATIONS</b>			
Revenue		-	8,990
Administrative expenses		<u>(20,785)</u>	<u>(39,334)</u>
<b>OPERATING LOSS</b>		<u>(20,785)</u>	<u>(30,344)</u>
<b>LOSS BEFORE INCOME TAX</b>	5	(20,785)	(30,344)
Income tax	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE PERIOD</b>		<u>(20,785)</u>	<u>(30,344)</u>
Earnings per share expressed in pence per share:			
Basic	7	-0.03	-0.05
Diluted		<u>-0.03</u>	<u>-0.05</u>

The notes form part of these financial statements

**ANDIAMO EXPLORATION LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

	<b>Period Ended 31.12.19 \$</b>	<b>Year Ended 31.03.19 \$</b>
<b>LOSS FOR THE PERIOD</b>	<b>(20,785)</b>	<b>(30,344)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>_____ -</b>	<b>_____ -</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(20,785)</u></b>	<b><u>(30,344)</u></b>

The notes form part of these financial statements

**ANDIAMO EXPLORATION LIMITED (REGISTERED NUMBER: 06515287)**

**STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

	Notes	31.12.19 \$	31.03.19 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	12,429,111	12,325,642
Property, plant and equipment	9	<u>12,202</u>	<u>20,057</u>
		<b><u>12,441,313</u></b>	<b><u>12,345,698</u></b>
<b>CURRENT ASSETS</b>			
Inventories	10	253,215	253,467
Trade and other receivables	11	40,639	38,170
Cash and cash equivalents	12	<u>266,513</u>	<u>18,337</u>
		<b><u>560,367</u></b>	<b><u>309,974</u></b>
<b>TOTAL ASSETS</b>		<b><u>13,001,679</u></b>	<b><u>12,655,672</u></b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	150,703	89,683
Share premium	14	13,966,921	13,544,517
Retained earnings	14	<u>(1,213,302)</u>	<u>(1,192,518)</u>
<b>TOTAL EQUITY</b>		<b><u>12,904,322</u></b>	<b><u>12,441,682</u></b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	97,357	213,990
Financial liabilities - borrowings			
Bank overdrafts	16	<u>-</u>	<u>-</u>
		<b><u>97,357</u></b>	<b><u>213,990</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>97,357</u></b>	<b><u>213,990</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>13,001,679</u></b>	<b><u>12,655,672</u></b>

For the period ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the companies act 2006 relating to small companies.

Directors' Responsibilities:

1. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
2. The directors acknowledge their responsibilities for complying with the requirements of the companies act 2006 with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime of Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Directors on 15 SEPT 2020 were signed on its behalf by:

  
.....  
Mr M E Parker - Director

The notes form part of these financial statements

ANDIAMO EXPLORATION LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

	Called up Share Capital \$	Retained earnings \$	Share premium \$	Total equity \$
<b>Balance at 1 April 2018</b>	89,683	(1,162,172)	13,544,517	12,472,028
<b>Changes in equity</b>				
Issue of share capital	-	-	-	-
Total comprehensive loss	-	(30,344)	-	(30,344)
<b>Balance at 31 March 2019</b>	<u>89,683</u>	<u>(1,192,518)</u>	<u>13,544,517</u>	<u>12,441,682</u>
<b>Changes in equity</b>				
Premium			422,404	422,404
Total comprehensive loss	-	(20,785)	-	(20,785)
<b>Balance at 31 December 2019</b>	<u><u>89,683</u></u>	<u><u>(1,213,303)</u></u>	<u><u>13,966,921</u></u>	<u><u>12,843,302</u></u>

The notes form part of these financial statements

ANDIAMO EXPLORATION LIMITED

STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

		Period Ended 31.12.19 \$	Year Ended 31.03.19 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(139,141)</u>	<u>(180,743)</u>
Net cash from operating activities		<u>(139,141)</u>	<u>(180,743)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(96,107)	(179,793)
Purchase of tangible fixed assets		<u>-</u>	<u>-</u>
Net cash from investing activities		<u>(96,107)</u>	<u>(179,793)</u>
<b>Cash flows from financing activities</b>			
Share issue		<u>483,424</u>	<u>-</u>
Net cash from financing activities		<u>483,424</u>	<u>-</u>
		<u>                    </u>	<u>                    </u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>248,176</b>	<b>(360,536)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>18,337</u>	<u>378,873</u>
<b>Cash and cash equivalents at end of period</b>	2	<u><u>266,513</u></u>	<u><u>18,337</u></u>

The notes form part of these financial statements

ANDIAMO EXPLORATION LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	<b>Period Ended</b> <b>31.12.19</b>	Year Ended 31.03.19
	\$	\$
Loss before income tax	<b>(20,785)</b>	(30,344)
Depreciation charges	<u>494</u>	<u>891</u>
	<b>(20,291)</b>	(29,453)
Decrease/(increase) in inventories	252	4,402
Decrease/(increase) in trade and other receivables	<b>(2,469)</b>	(18,590)
(Decrease)/increase in trade and other payables	<b>(116,633)</b>	<u>(137,102)</u>
<b>Cash generated from operations</b>	<b><u>(139,141)</u></b>	<b><u>(180,743)</u></b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Period ended 31 December 2019**

	<b>31.12.19</b>	<b>1.4.19</b>
	\$	\$
Cash and cash equivalents	<b>266,513</b>	<b>19,364</b>
Bank overdrafts	<u>-</u>	<u>(1,027)</u>
	<b><u>266,513</u></b>	<b><u>18,337</u></b>

**Year ended 31 March 2019**

	31.03.19	31.03.2018
	\$	\$
Cash and cash equivalents	<u>18,337</u>	<u>378,873</u>

## ANDIAMO EXPLORATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

#### 1. NATURE OF OPERATIONS

These financial statements are for Andiamo Exploration Limited ("the Company"). The Company's financial statements are presented in US Dollars (\$) which is also the functional currency of the Company.

The registered office of the Company is 17 Grosvenor Gardens, London, England, SW1W 0BD. The Company is domiciled in England and Wales and incorporated under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the Directors Report. The principal place of business of the Company is in Eritrea.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of evaluation and exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's exploration assets are located outside of the United Kingdom and are subject to the risks of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realise assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and/or through raising equity.

#### 2. STATUTORY INFORMATION

Andiamo Exploration Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 3. ACCOUNTING POLICIES

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of the standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted, will have a material impact on the financial statements.

The financial statements comprise the financial statements of the Company and incorporate the results and balances of the Company's branch in Eritrea. The results and balances of the Eritrean branch are prepared using the same accounting policies as those of the Company and to the same reporting date.

All balances, transactions, income and expenses and profit and losses resulting from transactions between the Company and its Eritrean branch that are recognised in assets are eliminated in full.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

**Going Concern**

The Directors recognise that the current Covid-19 pandemic means that there is material uncertainty over future revenues and ability to trade. The directors acknowledge the uncertainty arising from the potential effects on their business of current public health restrictions both domestic and abroad, and how things may evolve during the pandemic. The directors believe that the company is well positioned to deal with the short-term consequences of the pandemic over the next 12 months from the date that the financial statements are authorised for issue, and therefore they have been prepared on the Going Concern basis.

The directors have prepared cash flow projections for the 12 months from the date of signing the financial statements and beyond. Based on those projections, the directors consider that the Company will be able to meet its essential financial obligations as they fall due during the year of the projections from the funds now available, but will require additional financial resources to enable it to undertake exploration activities in the year.

The directors will enter discussions with shareholders and other parties and expect to raise new funds through the issue of share capital in order to finance the exploration activities. The company continues to enjoy the support of its largest shareholder Emerald Ex B.V. and its parents Nurture Ex B.V. and AMED II Fund.

The directors have a reasonable expectation that a fundraising will be successfully completed so that the Company will have adequate additional resources to fund the exploration activities in due course. Based on the above, and having considered any mitigating actions that the Company is able to take to manage the future cash flows of the Company in the event of a lower than anticipated fundraising, the directors continue to adopt the going concern basis in preparing these financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**Exploration and evaluation and development costs**

Exploration and evaluation costs related to an area of geological interest are carried forward as an intangible asset in the statement of financial position where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale. This expenditure will be carried at costs less accumulated amortisation and impairment. Where these conditions are not met, such costs will be written off as incurred.

Development expenditure incurred by or on behalf of the Company or acquired from a third party is also classified as an intangible asset and is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises acquisition costs and other incurred costs directly attributable to the construction of the mine and the related infrastructure. This expenditure is carried at cost less accumulated amortisation and impairment.

Exploration, evaluation and development expenditure are categorised under the deferred exploration and development costs, exploration data and prospecting rights and mining licences in the statement of financial position accordingly to the nature of the expenditure. Exploration and development costs will include all directly attributable expenditure.

Once a development decision has been taken, the carrying amount of the exploration, evaluation and development expenditure in respect of the area of interest will be aggregated with the development expenditure and classified under non-current assets as "exploration and development and mining property" within property, plant and equipment.

No amortisation will be recognised in respect of exploration, evaluation and development expenditure until it is reclassified as a development property and production commences.

Exploration, evaluation and development expenditure and mining property is tested for impairment annually if facts and circumstances indicate that impairment may exist.

Exploration, evaluation and development expenditure will also be tested for impairment once commercial reserves are found, before the assets are transferred to "mining property".

Under the Company's accounting policy net cash proceeds from any disposal or farm-out of an intangible asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

**3. ACCOUNTING POLICIES - continued**

**Licences**

Payments to acquire licence rights acquired will be amortised over the year of the licence to exploit such rights, typically three to thirty years. Provision will be made for any impairment in value, and the provision will be reviewed on an annual basis.

The carrying value of tangible fixed assets will be assessed annually and any impairment will be charged to the statement of comprehensive income. The expected useful economic life of tangible fixed assets will be reviewed annually.

**Impairment of non-financial assets**

The directors assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the directors estimate the asset's recoverable amount. An asset's recoverable amount will be the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset will be considered impaired and will be written down to its recoverable amount. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model will be used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the directors make an estimate of the recoverable amount. A previously recognised impairment loss will be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

**Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Field machinery and equipment	- at varying rates on cost
Furniture and equipment	- at varying rates on cost
Motor vehicles	- 20% on cost
Computer and accessories	- 33% on cost

Fixed assets used directly in exploration activities contribute towards the realisation of mineral deposits, and add value to the licence interest. Depreciation costs relating to these assets are not therefore written off to the Profit or Loss account, but instead capitalised as deferred exploration costs under intangible fixed assets. This also ensures that all contributing expenditure towards the minimum agreed licence spend requirement is recognised.

**Inventories**

Inventories comprise fuel, consumables and spares and are stated at the lower of cost of net realisable value. The cost of inventories is calculated on a first in first out basis. Net realisable value is determined with reference to current market prices.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount can be reliably measured and when it is probable that future economic benefits will flow to the Company.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

**3. ACCOUNTING POLICIES - continued**

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply in the year when the liability is settled or the asset is released. Deferred tax is charged or credited to the statement of comprehensive income. Deferred tax assets or liabilities are offset when the Company has a legally enforceable right to offset them and when they relate to taxes levied by the same tax authority.

**Foreign currencies**

The financial information of the Company is presented in the currency of the primary economic environment in which it operates (its functional currency). The US Dollar is both the functional currency and presentation currency for the Company and the Company's financial information.

The functional currency of the Company's branch in Eritrea is the Eritrean Nakfa ('ERN') which is translated into US Dollars for the presentational purposes at the fixed official rate of exchange of 15 ERN / 1 USD.

In preparing the financial statements, transactions in currencies other than the Company's functional currency ("foreign currencies") will be recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary items denominated in foreign currencies will be retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items will be included in the statement of comprehensive income for the year.

For the purpose of presenting combined financial information, the assets and liabilities of the Company's Eritrean branch operations (including comparatives) will be expressed in US Dollars at the official exchange rate prevailing at the balance sheet date. Income and expense items will be translated at the average exchange rates for the year. Exchange differences arising, if any, will be held in equity and where material will be transferred to the translation reserve.

**Critical accounting estimates and judgements**

The directors make estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

**Valuation of exploration, evaluation and development expenditure, mining property and mining equipment**

The value of the Company's exploration, evaluation and development expenditure, mining property and mining equipment will be dependent upon the success of the Company in discovering economic and recoverable mineral resources, especially in the countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors.

The estimation of future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates between the US Dollar, the UK pound and the Eritrean Nakfa, and potential new legislation and related environmental requirements.

The Company's ability to continue its exploration programs and develop its projects is dependent on future fundraising, the outcome of which is uncertain.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

**3. ACCOUNTING POLICIES - continued**

The ability of the Company to continue operating within Eritrea is dependent on a stable geopolitical environment which is uncertain based on the history of the country. This may also affect the Company's legal title to assets held which would also impact on the Company.

**Impairment testing**

The recoverable amounts of cash generating units and individual assets will be determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may impact the directors' estimates and may then require a material adjustment to the carrying value of goodwill, tangible assets and intangible assets.

The directors review and test the carrying value of tangible and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets will be grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates will be prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible and intangible assets will be inherently uncertain and could materially change over time.

There has been no impairment charge for the period ended 31 December 2019 (March 2019 \$Nil).

**Events after the Balance Sheet Date**

Post year-end events that provide additional information about the Company's position are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

**4. EMPLOYEES AND DIRECTORS**

	<b>31.12.19</b>	31.03.19
	\$	\$
Wages and salaries	<b>28,467</b>	79,965
Social security costs	-	-
	<u><b>28,467</b></u>	<u>79,965</u>

The average monthly number of employees during the year was as follows:

	<b>31.12.19</b>	31.03.19
Directors	<b>6</b>	6
Employees	<u><b>7</b></u>	<u>7</u>
	<u><b>13</b></u>	<u>13</u>

	<b>31.12.19</b>	31.03.19
	\$	\$
Directors' remuneration	<u><b>-</b></u>	<u>-</u>

ANDIAMO EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	<b>Period Ended</b> <b>31.12.19</b>	Year Ended 31.03.19
	\$	\$
Depreciation - owned assets	494	891
Auditors' remuneration	-	11,282
Foreign exchange differences	<u>266</u>	<u>(22,501)</u>

6. INCOME TAX

**Analysis of tax expense**

No liability to UK corporation tax arose for the period ended 31 December 2019 nor for the year ended 31 March 2019.

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>Period Ended</b> <b>31.12.19</b>	Year Ended 31.03.19
	\$	\$
Loss before income tax	<u>(20,785)</u>	<u>(30,344)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2019 - 19%)	(3,949)	(5,765)
Effects of: Deferred tax not provided	<u>3,949</u>	<u>5,765</u>
Tax expense	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available against which the deductible temporary difference can be utilised.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

ANDIAMO EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

	Earnings \$	31.12.19 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(20,785)	81,732,717	(0.03)
Effect of dilutive securities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	(20,785)	81,732,717	(0.03)
		31.03.19 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(30,344)	57,561,462	-0.05
Effect of dilutive securities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	<u>(30,344)</u>	<u>57,561,462</u>	<u>-0.05</u>

8. INTANGIBLE ASSETS

	Deferred exploration costs \$
<b>COST</b>	
At 1 April 2019	12,325,642
Additions	103,469
Grants & Other	-
	<u>-</u>
At 31 December 2019	<u>12,429,111</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>12,429,111</u>
At 31 March 2019	<u>12,325,642</u>

Exploration activities are deferred until a reasonable assessment can be made of the existence or otherwise of economically recoverable reserves. No amortisation has been charged in the year.

The directors have reviewed the carrying value of the exploration assets and consider them to be fairly stated and not impaired as at the balance sheet date. The recoverability of intangible assets is dependent upon the future realisation or disposal of gold, base metals or other mineral resources.

ANDIAMO EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT

	Field machinery and equipment \$	Furniture and equipment \$	Motor vehicles \$	Computer and accessories \$	Totals \$
<b>COST</b>					
At 1 April 2019	387,693	45,982	91,585	41,264	566,524
Additions/(Disposals)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>387,693</u>	<u>45,982</u>	<u>91,585</u>	<u>41,264</u>	<u>566,524</u>
<b>DEPRECIATION</b>					
At 1 April 2019	375,818	38,392	91,585	40,671	546,466
Charge for year	4,962	2,401	-	494	7,856
Additions/(Disposals)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>380,780</u>	<u>40,793</u>	<u>91,585</u>	<u>41,165</u>	<u>554,322</u>
<b>NET BOOK VALUE</b>					
At 31 December 2019	<u>6,913</u>	<u>5,189</u>	<u>-</u>	<u>99</u>	<u>12,202</u>
At 31 March 2019	<u>11,875</u>	<u>7,590</u>	<u>-</u>	<u>593</u>	<u>20,057</u>

10. INVENTORIES

	31.12.19	31.03.19
	\$	\$
Inventories	<u>253,215</u>	<u>253,467</u>

11. TRADE AND OTHER RECEIVABLES

	31.12.19	31.03.19
	\$	\$
Current:		
Other debtors	7,101	7,551
VAT	31,896	28,924
Prepayments and accrued income	<u>1,642</u>	<u>1,695</u>
	<u>40,639</u>	<u>38,170</u>

12. CASH AND CASH EQUIVALENTS

	31.12.19	31.03.19
	\$	\$
Asmara cash account	1,306	(1,027)
Bank accounts	<u>265,207</u>	<u>19,364</u>
	<u>266,513</u>	<u>18,337</u>

ANDIAMO EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	<b>31.12.19</b>	31.03.19
105,903,971	Ordinary	<b>£0.001</b>	\$ <b>150,703</b>	\$ <b>89,683</b>

14. RESERVES

	Retained Earnings \$	Share premium \$	Totals \$
At 1 April 2019	(1,192,518)	13,544,517	12,352,001
Deficit for the year	(20,785)		(20,785)
Premium		422,404	422,404
At 31 December 2019	<b>(1,213,302)</b>	<b>13,966,921</b>	<b>12,753,619</b>

15. TRADE AND OTHER PAYABLES

	<b>31.12.19</b>	31.03.19
	\$	\$
Current:		
Trade creditors	<b>68,014</b>	117,073
Other creditors	<b>27,143</b>	92,517
Accruals and deferred income	<b>2,200</b>	4,400
	<b>97,357</b>	213,990

16. EVENTS AFTER THE REPORTING YEAR

There are no events after the year end that require disclosure in the financial statements in order that the accounts show a true and fair view.

17. ULTIMATE CONTROLLING PARTY

The directors consider that the Company is not controlled by any one party.

**ANDIAMO EXPLORATION LIMITED**

**INCOME STATEMENT SUMMARIES  
FOR THE PERIOD 1 APRIL 2019 TO 31 DECEMBER 2019**

	<b>Period Ended 31.12.19 \$</b>	<b>Year Ended 31.03.19 \$</b>
<b>REVENUE</b>		
Other Revenue Income	-	<b>(8,991)</b>
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Establishment costs</b>		
Purchases	<b>170</b>	1,962
Rent	<b>8,055</b>	<b>20,277</b>
Rates and water	<b>751</b>	<b>5,633</b>
Office costs	<b>304</b>	975
<b>Administrative expenses</b>		
Wages	<b>819</b>	12,263
Staff Pension	-	130
Telephone	<b>2,227</b>	4,169
Printing, post and stationery	-	34
Advertising	-	149
Travelling and subsistence	<b>43</b>	511
Computer sundries	-	68
Subscriptions	<b>404</b>	210
Staff Training	-	245
Sundry expenses	-	139
Books, journals and magazines	-	-
Accountancy	<b>6,293</b>	8,390
Entertainment	<b>12</b>	222
Legal and professional fees	<b>939</b>	1,013
Auditors' remuneration	-	11,282
Consultancy Fees	-	10,003
Donations	-	-
Foreign exchange (gains)/losses	<b>266</b>	(22,501)
Depreciation of tangible fixed assets		
Computer equipment	<b>494</b>	891
Bank Charges	<b>8</b>	-
<b>Finance costs</b>		
Bank charges	-	-
<b>Over/under provision</b>		
Asmara W/off	-	(16,731)
	<hr/>	<hr/>
	<b>20,785</b>	<b>30,344</b>

This page does not form part of the statutory financial statements